



«An outsourced procurement function, a solution to speed up progress»

In an economic context that is causing a large number of companies to streamline their costs, it is important to provide a suitable response to the needs of procurement organisations without imposing prefabricated models upon them! Outsourcing procurement generates considerable jumps in performance if it is adaptable, streamlined and highly progressive.

Olivier Hosteins
Senior Director, **KLB GROUP**

«HAVE YOUR TEAMS
FOCUS ON THEIR
STRATEGIC EXPERTISE
AND OUTSOURCE THE REST
TO MOVE FASTER»

Décodeurs. In the current economic context of contracting budgets, what role does the procurement manager play from this point on?

Olivier Hosteins. In times of crisis, companies look to streamline their costs. Crises are generally periods conducive to the development of the procurement function, since it is on the front line. This was the case with regards the automobile in the face of the Japanese offensive in the 80s, or defence at a time of budgets cuts after the fall of the Berlin Wall. It is today the case with banks and certain operators in the public sector. They even have an effect on luxury which, in order to support its growth, must strengthen the control of its relationship with its subcontractors. Since the last decade, the new constraint is the speed of necessary changes. Businesses look for strategic competitive leverages and the procurement function must focus on their strategic purchases, i.e. those that directly contribute to their challenges.

Décodeurs. What key factors enable the accomplishment of quick and durable improvements in terms of procurement?

O. H. Organisations are becoming increasingly lighter, and it is important to become "efficient". The great danger is embarking on a vast and complex optimisation programme. It is important to prioritise short loops, stack up simple actions and undertake them in the shortest possible time, implement, in a restricted scope, the solutions that provide rapid results. It is essential to create a dynamic, attending to issues one at a time.

Resources are reduced, therefore it is essential to make savings with objectives that are easy to achieve, and optimise liquidity. We advise our customers to implement their projects in a cashless scope, where immediate results finance profound changes.

Décodeurs. What are the benefits of outsourcing procurement?

O. H. Outsourcing procurement enables company workforces to focus on their high value-added portfolios. They must apply their own make-or-buy practices. It is not economical to look to internally rely on experts in all fields. Attempting to cover all sectors and all specialities is to risk becoming experts in nothing, lacking credibility, even internally. It is important for a company to focus its teams on aspects of expertise in accordance with

SUCCESS STORY

KLB Group created an outsourced procurement function for SNCF Réseau, designed to improve the contribution of procurement in the strategic challenges of the rail network. Strengthening an existing procurement function, focussed on the procurement and management of public markets, the KLB Group solution has, due to its provision of varied expertise and flexibility, enabled the improved positioning of procurement within engineering and projects. Today it continues to accompany the development of the procurement function, in the framework of the merge between RFF and SNCF Infra.



their means and use outsourcing as tactical leverage for service and progress.

Décodeurs. Outsourcing procurement is not a priority for improvement for procurement functions. It seems, however, to be gaining ground. At what point are we in France?

O. H. Outsourcing has been in place for a long time in procurement functions, but it is conceived as a load-shedding solution. Procurement functions rely heavily on temporary work. For the last decade, several management boards have also attempted to entrust their small-sum purchases to external service providers. These attempts aim to spread procurement costs, which may seem paradoxical taking into account the fact that their leverage effect is immense: the returns are much greater than the costs.

Some forerunners go one step further and outsource part of their procurement function to concentrate their efforts on strategic performance leverages. The market is structured and external solutions enable the availability, in a flexible manner, of a plethora of expertise.

Décodeurs. How, in terms of the outsourcing of procurement, is your business model “innovative and unique in the market”, as your website indicates?

O. H. For their jumps in performance, businesses have taken to constructing ad hoc projects with or without the support of consulting-type solutions. These projects have their own rhythm and generally endeavour to implement the transformation at the deepest core of the organisations. KLB Group proposes another approach: the external solution, combining the know-how of transformation, operational support and specialists in the optimisation of cash. Together with our teams we complete the organisation of our customers in order for them to gain time, be better managed, cooperate better, and become more streamlined both internally and externally.

We can do that because we adapt our remuneration models to the needs of our customers: we offer them several business models: success fees on their cost-cutting operations, delegation of fixed-price resources, and modular solutions with zero-based budgets.

FOCUS ON OLIVIER HOSTEINS

Olivier Hosteins is the Senior Director of BU Breakthrough Performance at KLB Group. After more than 20 years, he leads projects for improving operational performance and procurement transformation in the public and private sectors.

These types of response enable businesses to obtain advice perfectly suited to their transformation projects. It is the assurance for our customers of a personalised solution without imposing a prefabricated approach on them, conditioned by the economic model of a service provider. This flexibility enables us to redirect our work in accordance with the opportunities in order to move faster, all the while offering support. Thus, this is the case up to the completion of the implementation. We provide agility, speed and comprehensive support to our partners. ♦

