

Portland Group helped a private equity group deliver procurement savings to each of its portfolio companies through aggregation and best practice procurement

Procurement Project Scope

Procurement Diagnostic	Procurement Strategy
Strategic Sourcing	Category Management
Low Cost Country Sourcing / International Purchasing	
Organisation and Skills	Policies and Systems

Industry Segments

Industrial	Construction
Mining	Utilities
Consumer Goods	Food & Beverage
Retail	Services
Financial	Transport
Healthcare	Government

Business Challenge

- Portland's client is a leading Australasian private equity firm focused on buyouts and late stage expansion capital in Australia and New Zealand
- Limited procurement synergies have been realised across their indirect cost base
- Their companies purchase similar goods and services from common suppliers
- Commercial arrangements are inconsistent eroding potential benefits from leveraging the portfolio's combined spend
- The entire portfolio is facing increasing pressure to cut costs and increase operational effectiveness

Our Solution

- Portland conducted a procurement diagnostic to identify potential opportunities to reduce costs across the portfolio
- Diagnostic findings highlighted the opportunity to leverage the portfolio's combined requirements across a number of indirect categories including Insurance, Print, Travel, Office Supplies and Permanent and Temporary Labour
- A sourcing program comprising two waves commenced immediately following the diagnostic to pursue the cost reduction opportunities
- Each stream involved establishing a robust baseline and comprehensive understanding of each company's requirements
- Combined volumes were aggregated and an optimal sourcing strategy established and executed to address market conditions and the necessity to realise immediate benefits
- Preferred supplier selection included fact-based negotiations in order to extract the maximum value from the supply market
- On completion of sourcing, implementation plans were developed including prescriptive details of the on-going category management activities required to deliver and sustain the identified benefits

Outcomes

- Cost savings exceeded high-end targets and achieved an aggregate 20% reduction
- Savings were realised by applying a combination of strategies, including strategic sourcing (e.g. competitive bidding, volume aggregation), category management (e.g. driving internal compliance to preferred arrangements) and demand management (e.g. driving down usage through reporting and process improvement)

