

# PROCUREMENT PERFORMANCE MANAGEMENT



*V&G Procurement - solutions for business in consulting, outsourcing and skills development in procurement*

*We are changing the look at procurement and cost management of the business to guarantee the effectiveness and sustainable competitive advantage on the market.*

# V&G Procurement

- *Over 20 years of practical worldwide experience in the Procurement*
- *Professional tandem of procurement and enterprise performance management competencies*
- *Best practices + innovative Cost Management tools*
- *Drivers of Cultural, Organizational and Digital Procurement Transformation*

We are changing the procurement culture in Russia together with



# PURPOSES OF THE PROCUREMENT FUNCTION

- *Efficient use of funds, savings in procurement projects*
- *On-time and In-full satisfaction of the needs of the organization*
- *Improving / maintaining the quality of supplies of materials and services*
- *Development of fair competition*
- *Ensuring transparency in procurement, reducing corruption and other risks*
- *Simplified administration, Increasing the satisfaction of internal and external customers*
- *Development of sustainable procurement*
- ...



## PROCUREMENT 1.0 SUPPLY

- Administrators of purchase requests
- Service function for supply of materials and services
- Impact on prices



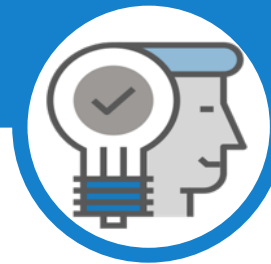
## PROCUREMENT 2.0 COST-KILLERS

- Challenging the needs
- Contribution to company result
- Cost management initiative



## PROCUREMENT 3.0 INNOVATORS

- Providers of new trends into the company
- Custom Substitution Solutions
- Digitalization, Automation and Analytics



## PROCUREMENT 4.0 BUSINESS PARTNERS

- Sources of Added Value
- Center for Cross-Functional Interaction
- Sources of a new Culture



*WE ACCOMPANY THE  
TRANSFORMATION OF  
PROCUREMENT FUNCTION*



### At the entrance to the project

- Indirect Procurement are decentralized
- No department of Indirect Procurement
- No procurement procedures
- No reporting and cost analysis
- No payment terms management
- No procurement training
- No P2P automation

## Indirect Procurement Management Leroy Merlin / ADEO Group (2016-2019)

### Implemented

- Indirect Procurement Service created
- Symbiosis of Procurement and Performance Management functions
- Procurement Policies and Procedures implemented
- Procurement reporting, methodologies and analytics
- Training for buyers and employees
- Payment terms management
- Implemented P2P Oracle iProcurement and ECM
- Procurement Savings Tracking (Per Angusta) Implemented

### Figures

- Cost Management ~ **1 B Euro** per year
- **92** procurement projects realized
- **34 M Euro** or **19%** Realized Savings
- **34 M Euro** Free Cash due to the increase in payments delay terms from **-0,5** to **19** days.

### Main Projects:



Loading equipment – **4,1 M Euro** or **21%**



Repair and maintenance – **5,4 M Euro** or **27%**



Transport logistics – **0,8 M Euro** or **3%**



# OUR APPROACH



Procurement Barometer  
- primary diagnostics (free)

Procurement Diagnostics  
- Diagnostics of processes: maturity level, recommendations  
- Detailed analysis of Spend and Savings potential by category

Procurement organization  
- Description / revision of processes  
- Procurement Team Profile  
- Reporting

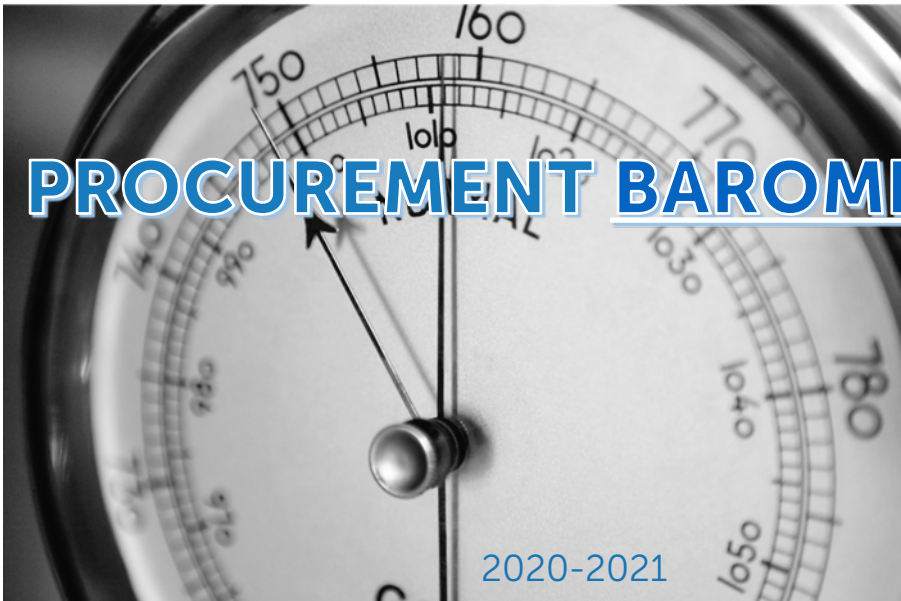
Procurement Outsourcing  
- Outsourcing of a whole bidding process or dedicated steps  
- Negotiations

Procurement Performance Management  
- Procurement analytics  
- Methodology of procurement savings calculation  
- Outsourcing Savings Tracking  
- WCR management  
- Cost management  
- Stock management

Automation support  
- SRM, e-Sourcing, P2P, ECM  
- SPM, RSM – savings  
- BI systems and reporting  
- Technical specification for development  
- User training

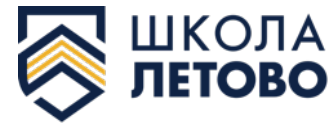
Skills development  
- Offline trainings  
- Online courses  
- Coaching

# OUR CASES



## PROCUREMENT BAROMETER

2020-2021



# OUR CASES

**Tasks at the entrance to the project:**

- describe current procurement processes
- structure and optimize processes
- develop process regulations

**Implemented:**

- Functional express diagnostics ([Procurement Barometer](#)) with recommendations for organizational and digital transformation
- Comprehensive diagnostics of current processes and documents
- Diagnosis of total costs (ABC analysis)
- Top-level requirements for a P2P tool
- User Router

Optimization of the processes of Procurement Department of Samolet Group of Companies (2021)

+



**Procurement Code of Ethics**

Rules of relations between Employees of Samolet Group of Companies and Suppliers/Contractors  
  
Helps to act in accordance with the values of the Company



**Planning Regulation**

Procurement and Supply planning principles for the implementation of the Production Program and Non-Production Projects



**Uniform Procurement Regulation**

Determines the conditions for the sourcing and selection of Suppliers / Contractors from the emergence of a Need to the conclusion of a Contract  
  
Regulates the relations that arise in connection with such a choice.



**Supply Regulation**

Defines the rules for the process of supply the Company with Nominated Materials, from Order to Acceptance  
  
Describes the roles, tools and tasks of process participants



**Procurement Savings**

Methods for calculation the Target, Expected and Realized Savings in Procurement  
  
Methods for evaluation the contribution of Savings to the financial results of the Company

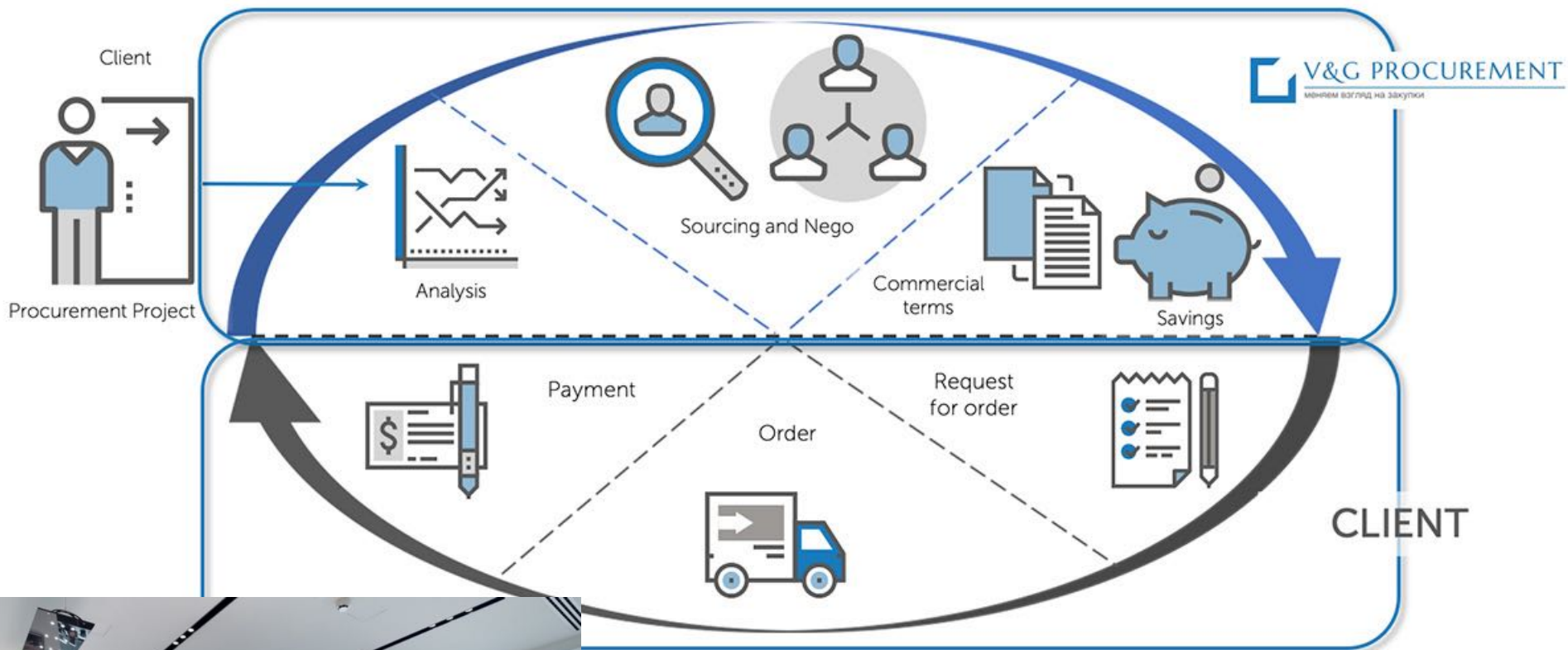


**Procurement Benchmarking**

Principles of Internal and Market Benchmarking  
  
Procurement Strategy in Changing Markets



# STRATEGIC PROCUREMENT OUTSOURCING



*outsourcing cost: fixed part + % of savings*

# OUR CASES

*Tasks at the entrance to the project:*

*Improving the commercial conditions for the procurement of production categories in the moment and in the long term, cost reduction:*

*palm oil, sugar, flour, packaging, etc.*

## Outsourcing of direct procurement Confectionery factory Uslada (2021-2022)

*Implemented:*

- *Analysis of costs and needs*
- *Analysis of commodity markets and exchange trends*
- *Analysis of the supplier market and building a procurement strategy (within categories)*
- *Global Sourcing and Alternative Procurement*
- *Strategy in changing markets*
- *Organizing and conducting tenders, procurement negotiations*
- *Reduction of costs and increase in deferred payment*



*RBD Palm Oil (Global Sourcing):*

*Savings ~ 40 000 Euro.*

*Cost reduction ~ 15%*



*Caxap:*

*Savings ~ 45 000 Euro.*

*Cost reduction ~ 7%*



# OUR CASES

## *Corporate catering of the plant*

*In progress*



## *Tasks at the entrance to the project:*

*Search for the most effective (in terms of assortment, quality and cost) solution for catering for employees of ACG Flat Glass Clean LLC through a competitive selection of contractors that meet the requirements for the prospect of cooperation in 2022-2023.*

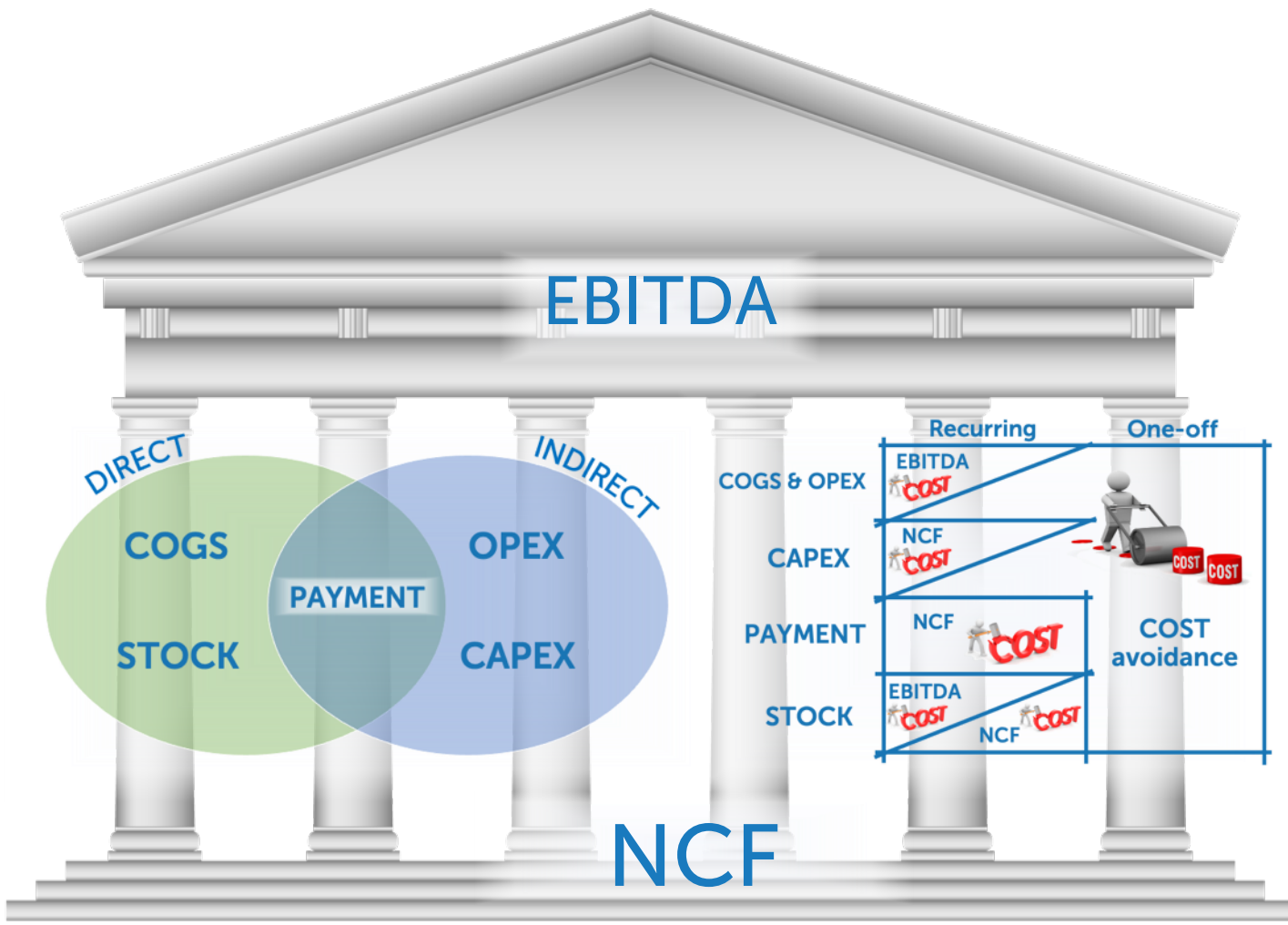
## *Outsourcing of indirect procurement AGC Glass Russia (2022)*

### *Implemented:*

- *spend and needs analysis;*
- *building a pricing model using the white sheet method;*
- *market analysis and prequalification of suppliers;*
- *conclusions on the results of sourcing and determination of the procurement position;*
- *modeling market trends and building a procurement strategy and (within a category);*
- *organization and holding of a tender, procurement negotiations;*
- *organization of production control, qualification tables;*
- *analysis of technical and commercial proposals with recommendations.*



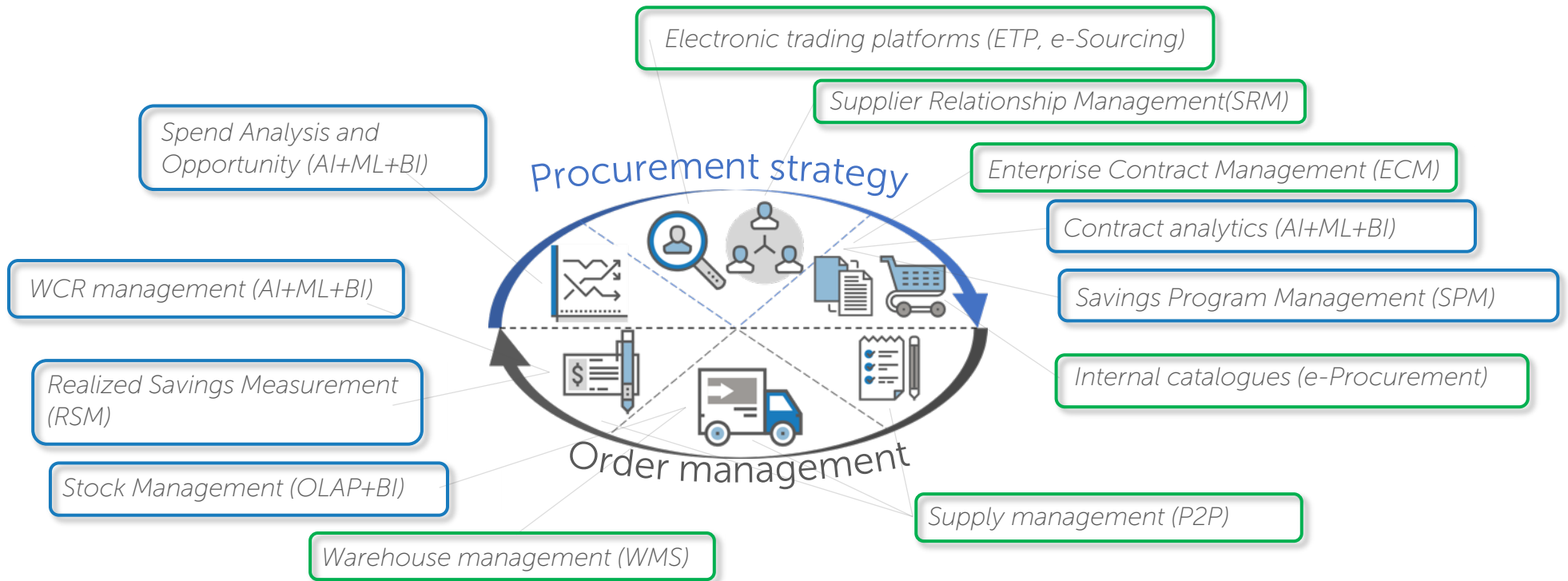
# METHODOLOGY OF PROCUREMENT SAVINGS CALCULATION



Implemented:



# DIGITALISATION SUPPORT



- Evaluation and selection of transactional and analytical procurement tools
- Formalization of business requirements for implementation
- Minimization of custom solutions and optimal parameterization
- Acting as a BPO (business process owner) and BPD (business process designer) in the digitalization of procurement



## Elena Vyshlova

*19 years in corporate procurement: Michelin, Arval (BNP Paribas), Modis, Leroy Merlin (Russia) / ADEO (France), V&G Procurement (worldwide).*

*Creation and management of procurement departments from scratch, development and implementation of strategies, team building, management perimeter ~ 1 B € per year, more than 6 thousand suppliers, thousands of negotiation sessions (master of business negotiations according to EIPM version); actual savings 34 million €. Economist, EIPM certificate*

*Since 2019 – co-founder and Partner of V&G Procurement (consulting and procurement outsourcing).*

## CORE TEAM



## Andrey Germanchuk

*20 years of practical experience in management and entrepreneurship. Business process organizations, cost management and project management: Greyhound Petroleum (USA), Auchan (Russia), Castorama (Russia), Leroy Merlin (Russia) / ADEO (France), V&G Procurement (worldwide).*

*Procurement Digitization: P2P, e-Sourcing, ECM, SPM, RSM and BI reporting. Creation of the performance management function in procurement from scratch. Creation of innovative methods, diagnostic systems and business intelligence in procurement.*

*Since 2019 – co-founder and Partner of V&G Procurement (consulting and procurement outsourcing).*



# V&G PROCUREMENT

we are changing your look at procurement

