

## Case Study: Transforming Purchasing in A Leading Italian EnergyCo.

### I. Description

The CEO and the Senior Management of one of the Italian leading Energy companies were committed to improve the performance of the purchasing processes, defining a new operational model and achieving significant financial benefits.

### II. Key Findings

After the completion of the assessment phase, the team identified several findings of poor operating performance leading to high purchasing costs:

- Unclear roles and responsibilities, especially between the Purchasing Dept. and other company functions.
- Excessive number of small orders; poor use of open contracts.
- Insufficient leverage of competitive bids.
- Weak scouting of new suppliers.

### III. Methodology and Approach

The project was structured in three phases along a road map, with the aim of aligning the purchasing process to best practices:

- *Phase 1.* The team performed an assessment of the current situation, built an accurate spending map, identified some product/service categories to be tackled immediately ("pilots").
- *Phase 2.* For each target category ("pilot") a cross-functional work-team was set up and a new purchasing strategy defined and implemented.
- Key improvement levers have been benchmarking, full-costing, on-line competitive bidding, demand planning and aggregation, vendor list review.
- In parallel to this hand-on, bottom-up approach, the overall purchasing organization, processes and tools were redesigned and re-launched.
- *Phase 3.* The new purchasing organization rolled-out the new approach to other spending categories, with an increasingly light consulting support.

### IV. Results

- Achieved over €10 Mln of annual cost savings (on some categories savings of over 25% of the spending baselines).
- Implemented a new purchasing organization and new cross-functional processes.
- Mobilised the overall company in adopting the new purchasing approach.

*\* Specific project results are proprietary. For more information regarding this case study or to request an introductory meeting, email us at [info@tefen.com](mailto:info@tefen.com)*