

# Management Engineering and Purchasing

Università degli Studi di Parma - May 2019

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## Agenda

### • Introduction to Purchasing and Management Engineer

- Introduction to SRM 2.0 Program:
- Objectives and Plan
- New Buying Policy and Purchasing Process
- Plant Buyer - Role and Responsibility
- Procurement Service Center (PSC) - Role and Responsibility
- Indirect - Buying Channels
- Conclusions

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## Purchasing: main objectives and targets

Ensure the supply of products and services to the business at the best market conditions

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Ensure transparency to the process



Improve cost competitiveness



Keep tracking of the process



Guarantee high quality standards



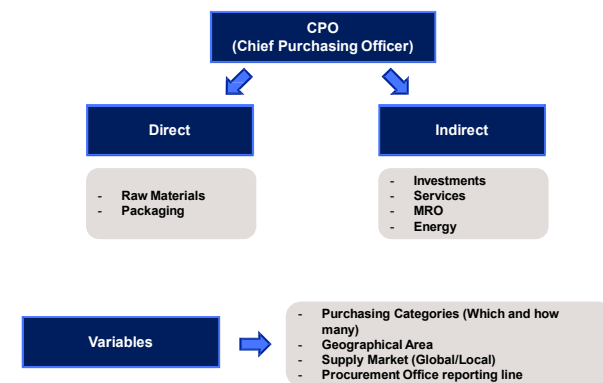
Compliance to Company policies



Minimize risk factors & Secure the supply

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## Purchasing Organization

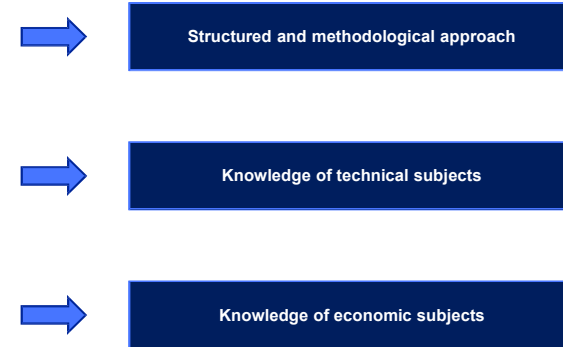


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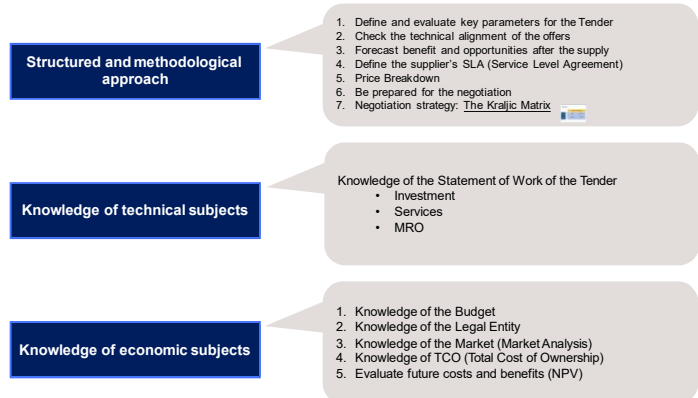
### Indirect Categories Description

| Category Buyer                     | Description   |
|------------------------------------|---|
| Investment (Building & Machinery)  | All investment categories such as raw material handling lines/equipment, production lines/equipment, packaging lines/equipment, warehousing equipment, buildings and general equipment)   |
| Operational Services               | Services, mainly necessary for plant activities, such as: maintenance services (capex or opex), cleaning and sanitation, handling services, gardening and snow shoveling, pest control, water/waste treatment, recycling services, metal/plastic/wood/paper waste sale, environmental analysis and services, laboratory analysis services, technical services, safety services, temporary labor, medical surveillance   |
| MRO                                | Materials for Maintenance, Repair and Operation (MRO: e.g. spare parts, personal protective equipment, lubricants, chemicals, production items – dies, inserts, pans, coatings- air filters, belts/conveyors, industrial gases, tools, working clothes + laundry services)  |
| Energies                           | Energies, Cogeneration and related Services   |
| Corporate Services and HQ Services | Corporate Services (e.g. short terms cars and long term cars rental, business travel, parcels/couriers, office supply and consumables, payment/credit cards, document management) and the other services related to the Barilla Headquarter and the HR Services (e.g. canteen and cafeteria, security and reception services, External Communication services, newspaper subscription, Meetings and events, post office, relocation activity, Lab training activities, recruitment and talent attraction services (e.g. LinkedIn), services for Compensation and Benefit) |
| IT                                 | IT and Telecommunication services and materials, including outsourced services  |
| Consultancies                      | Managerial and technical consultancies  |

### “Know how” of the Management Engineer (1/2)



### “Know how” of the Management Engineer (2/2)



### Kraljic Matrix

|                          |      | Complexity of the Supplymarket |                 |
|--------------------------|------|--------------------------------|-----------------|
|                          |      | Low                            | High            |
| Importance of Purchasing | High | LEVERAGE                       | STRATEGY SUPPLY |
|                          | Low  | TRANSACTIONAL                  | BOTTLENECK      |

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## Introduction to SRM Program: objectives and plan

### Supplier Relationship Management

The goals of the project:

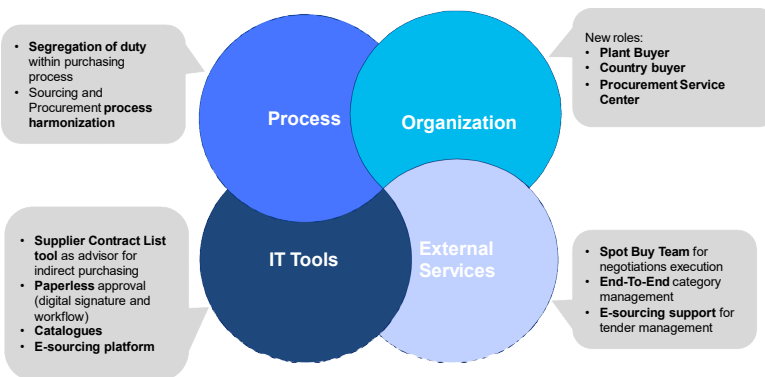
- Improve Cost Competitiveness**
  - Generate **saving**
  - **Rationalize the Supply Base**
  - **Leverage volumes and synergies at group Level**
- Standardize the Purchasing Process**
  - **Standardize** and make transparent Purchasing **Processes**
  - Increase the **usage of contract already negotiated**
  - Develop a strong **collaboration between Purchasing Office and internal function**
- Assign Purchasing activities to specific and dedicated roles**
  - **Guarantee that purchasing activities are performed by professional buyer**

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## Introduction to SRM Program: objectives and plan

### Involved Business Functions

The project has involved several business functions:

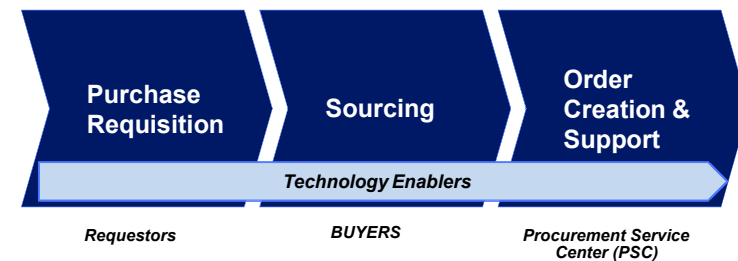


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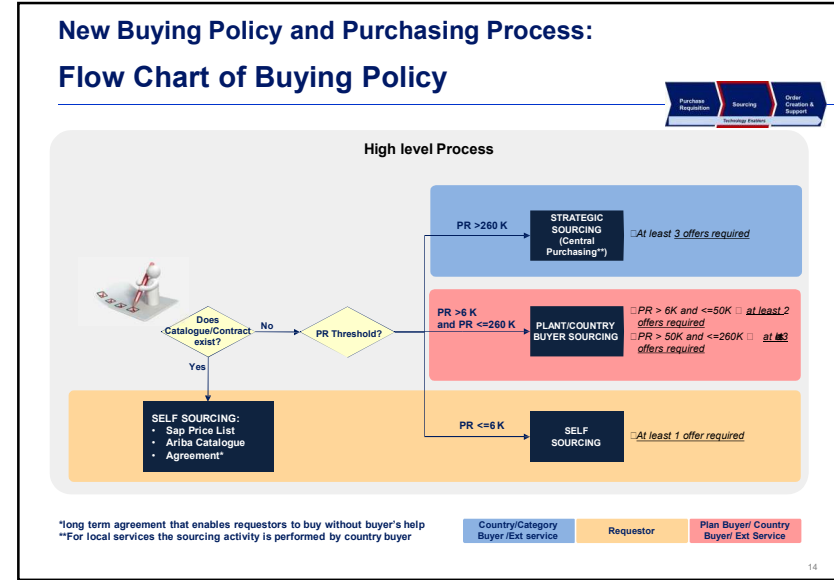
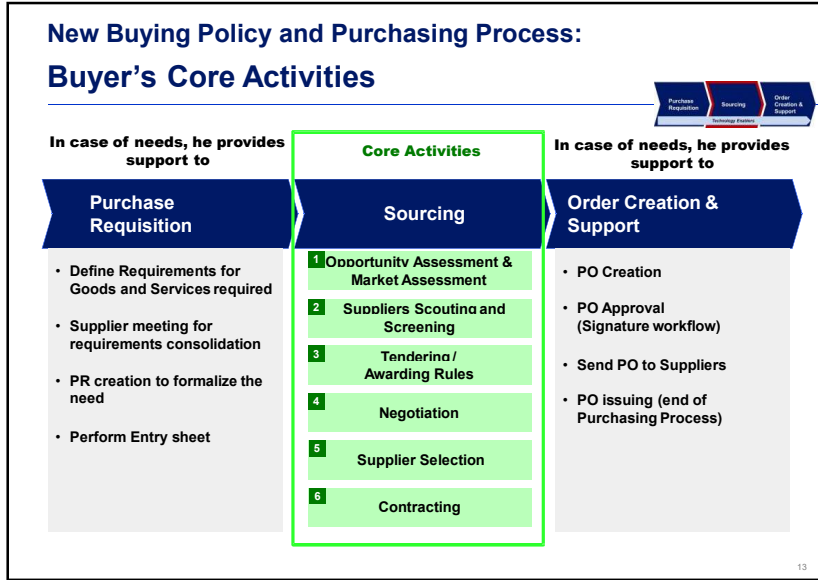
## New Buying Policy and Purchasing Process:

### Purchasing Process

The new Purchasing Process will consist of three main steps:



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### New Buying Policy and Purchasing Process: Buying Policy by Category

| Category   | Requestors | Plant Buyer | Indirect Country Buyer          | Indirect Category Buyer           |
|--|------------|-------------|---------------------------------|-----------------------------------|
| <b>Building &amp; Machinery</b><br>(Building, Production and Packaging)        | ≤ 6 K      | 6<X≤260 K   | On Demand                       | > 260 K + Global agreements       |
| <b>Energies</b>  | 🔴          | 🔴           | All Values                      |                                   |
| <b>Corporate &amp; HQ Services</b><br>(e.g. Car Rental, IT, HR...)             | ≤ 6 K      | 🔴           | > 6 K                           | Global agreements (Car Rental...) |
| <b>Consultancy</b>   | ≤ 50 k     | 🔴           | > 50 k if local consultancy     | > 50 k if global consultancy      |
| <b>Operational Services</b><br>(e.g. Maintenance, Cleaning, Security Services) | ≤ 6 K      | 6<X≤260 K   | > 260 K + synergies cross plant | Global agreements                 |
| <b>MRO</b><br>(e.g. Spare Parts, Dies, etc.)                                   | ≤ 6 K      | 6<X≤260 K   | > 260 K + synergies cross plant | Global agreements                 |

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### Plant Buyer will be responsible of Local Sourcing activities and to engage Spot Buying Team (1/2)

**Scope of Action:**  
 Purchasing of Indirect goods and services with value between 6 and 260 K€

**Overview of profile**

- Manage and execute all local Purchasing activities such as **sourcing, negotiation, contracting** related to local indirect subcategories on site (Plant) as per defined Company guidelines
- Responsible for local contract implementation, manage spot buys also activating as a **key reference** and collaborating with external **"Spot Buying team"**
- Responsible for **maverick spend reduction** activity, highlighting potential for catalogues and contracts creation
- Responsible for **implementing, locally, Purchasing Strategies**, in line with Central Purchasing indications, in terms of **data collection**, market analysis, guidelines and procedures in order to guarantee the correct purchase of local necessities

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## Procurement Service Center (PSC) – Role and Responsibility

### Activities managed by the PSC

| 1.1<br>PO Creation and follow up  | 1.2<br>Contract, Catalogue and Content Management  | 1.3<br>E-Sourcing Support   | 1.4<br>Reporting  |
|---|--|---|---|
| <ol style="list-style-type: none"> <li>1. Initiate Requisition</li> <li>2. Generate PO</li> <li>3. Approve Purchase Order</li> <li>4. Manage Paper based PO</li> <li>5. Follow Up PO</li> <li>6. Receive Good / Services</li> <li>7. Document Handling and support to Invoice Verification</li> <li>8. Resolve GR issue / price mismatch</li> </ol> | <ol style="list-style-type: none"> <li>1. Provide Contract/ Framework Agreement</li> <li>2. Retain Contract Repository</li> <li>3. Manage Indirect Contracts</li> <li>4. Manage Direct Contracts*</li> <li>5. Enable Catalogue**</li> <li>6. Maintain Supplier Contract List**</li> <li>7. Quality check for MRO Codification</li> </ol> | <ol style="list-style-type: none"> <li>1. Sourcing Support Activation &amp; Engagement</li> <li>2. E-Sourcing set up</li> <li>3. Supplier Training and Support</li> <li>4. Manage E-Sourcing event</li> <li>5. Supplier E-Enablement</li> </ol> | <ol style="list-style-type: none"> <li>1. Collect Data</li> <li>2. Generate Reports</li> <li>3. Distribute Reports</li> </ol> |
| <i>Performed in each Country (IT, DE, FR, SW, US, EL)</i>   | <i>Performed in each Country (IT, DE, FR, SW, US, EL)</i>  | <i>Performed in Italy for all Countries</i>   | <i>Performed in Italy for all Countries</i>   |
| <i>*Performed only in IT and FR</i>   | <i>**Performed in Italy for all the countries</i>  |   |   |

## Conclusions & Q&A

Structured and methodological approach

Knowledge of technical subjects

Knowledge of economic subjects

In order to reach the objectives of the Procurement, in terms of:

Ensure the supply of products and services to the business at the best possible market conditions

Ensure transparency to the process

# THANK YOU

and.....

# GOOD “BUY” !