



A FOCUSED, STRATEGIC APPROACH TO SPECIFIC SUPPLIERS AND IMPROVEMENT INITIATIVES ACROSS TARGETED SPEND AREAS WILL RELEASE *SUBSTANTIAL* IN-YEAR AND ANNUALISED SAVINGS. HOWEVER MOST ORGANISATIONS DON'T HAVE THE TIME, RESOURCES, OR SKILLS TO DELIVER THE EXCEPTIONAL LEVEL OF SAVINGS THAT WILL SIGNIFICANTLY INFLUENCE PROFITABILITY WITHIN A TIMEFRAME THAT ACHIEVES MAXIMUM IMPACT FOR THE BUSINESS.

Your Challenge!

- To deliver tangible bottom-line savings in the short-term.
- To drive costs out of the supply chain.
- To challenge your suppliers to find more cost effective ways of doing business.
- To force a total cost of ownership approach across multiple spend categories.
- To add focus and velocity to your current cost-out initiatives.

The Solution

Management Toolbox offers a 20-Week Cost-Out Programme designed to deliver fast bottom-line results.

As the name would suggest, over a 20 week period we work with your organisation and your suppliers to release significant in-year and annualised savings, utilising our skills in the areas of procurement, and supplier management.

Your suppliers have the potential to deliver significant savings to your business. By working with them to re-evaluate their supply model, and find better ways of doing business, you can:

- cut significant costs from your bottom line;
- improve service;
- increase margin;
- reduce the internal costs of ownership; and
- strengthen relationships with suppliers.

We work with your internal staff to target key suppliers; negotiate better deals; and improve service offerings.

Additionally, to the extent agreed, we identify and work with you to correct inefficiencies within your business and supply chain. This delivers significant benefits to the business by releasing resources, enhancing capacity, removing bottlenecks, freeing funds, and mitigating risk.

By working with key internal stakeholders, we ensure the organisation buys-in and takes ownership of each initiative outcome. This ensures the approach is workable within the business and sustainable for the long-term.

The 20-week period is broken down into 3 separate phases.

- **Phase 1 - Opportunity Assessment** – Over a 4 week period we assess the opportunities for cost reduction within your supply chain.

At the end of this phase, we present you with a business case, identifying a range of initiatives to reduce total cost of ownership. From here we will agree the next steps and prioritise the initiatives to maximise the savings target within the agreed timeframe.

- **Phase 2 – Implementation** – The following 12 to 16 weeks are spent implementing the agreed initiatives to achieve the savings target.

Each initiative is tracked from cradle to grave, and reported to a Steering Committee of your key decision makers at agreed intervals (usually every 2 weeks).

Savings are released using a combination of skills which are all core competencies of Management Toolbox.

- **Category Reviews** – Management Toolbox has extensive knowledge and experience across a broad range of spend areas. Utilising these skills, we are able to identify opportunities to reduce costs through a number of initiatives within specific categories.

We have a strong base in general areas of spend, and Subject Matter Experts in a range of more complex areas.

- **Supplier Selection** – Being able to identify which supplier(s) are best placed to add value to your business, while ensuring the service offering is not compromised, is critical to being able to drive costs out of your supply chain.

Opportunities will also exist to rationalise the supplier base and leverage spend; and work with incumbent suppliers to identify and implement quick wins

- **Targeted Negotiation** – Management Toolbox works with your suppliers, challenging them to develop a best cost solution for your business. To ensure success, we call upon specialist negotiation skills, and the experience of having done this many times before.

- **Supplier Management** – Sustainable savings are achieved by implementing a supply framework that has meaningful service levels,

strong commitment to TCO reductions, and measurable KPI's.

- **Phase 3 – Review and Handover** – In the final phase a reduced team dedicates itself to the 'wrap-up' and hand-over. Some of this process will run in tandem to the implementation phase to ensure final Steering Committee sign-off of individual savings initiatives throughout the programme, and that ownership then passes to the internal staff at the critical time.

There is no rocket-science involved in this programme. But what Management Toolbox brings to your business is a fresh perspective, skilled resource, traction, focus and velocity to achieve outstanding results within a tight 20-week timeframe.

Management Toolbox Capabilities

Management Toolbox has undertaken a number of 20-Week Cost-Out Programmes for a variety of companies across many industry sectors within New Zealand, Australia, and the United States.

This product is a natural fit for our strong procurement and supply chain background. We have extensive experience in every aspect of the process necessary to successfully implement this project:

Associate Capabilities – We have a broad base of Associates with the skills and knowledge to fulfill the roles necessary to achieve success.

- **Programme Manager / Project Leader** – Expertise in managing projects of the size and scale necessary to release the savings target. They deliver a structured approach within the timeframe and budget allocated, and ensure you are informed every step of the way.
- **Procurement Specialist** – Management Toolbox has a wide base of Associates with a broad range of experience in the type of initiatives necessary to drive savings. Our approach is to access the relevant skill sets as and when required throughout the implementation process.
- **Subject Matter Experts** – We also have access to a range of specialist knowledge that is often necessary to understand the spend in technical categories (such as telecommunications or electricity), and how best to achieve savings.
- **Strategic Negotiation Expert** – A number of our Associates have considerable experience in supplier negotiations, and are skilled at identifying the issues of most value to your business, and driving negotiations to best achieve your objectives.
- **Business Analyst** – Specialist analyst skills are an important support function for the team, to keep them on target and provide the financial detail as required.

A team with the appropriate skills for your project will be agreed and assembled as and when the specific needs of your project dictate.

OUR EXPERIENCE

Management Toolbox has undertaken Cost-Out Programmes for a number of clients around the world. Our results speak for themselves, both in terms of customer satisfaction and spectacular results, which have stood the test of robust external audits.

Some examples of such success stories are:

- **Food Manufacturing** – Client procurement team working on ambitious savings target, but recognised required Management Toolbox to deliver more skill and resource to drive the programme and meet goals.

Programme achieved total cost of ownership savings in excess of \$5 million, and was concluded within the early part of the year to ensure substantial in-year value.

- **FMCG** – Client challenged to reduce costs and improve profitability. Management Toolbox charged with finding \$4 million in savings.

Over 20 weeks, Management Toolbox released in excess of \$8.5 million of TCO savings. Savings were released through a combination of supply initiatives; targeted negotiation; supplier rationalisation; aligning critical supply chain components; and changing purchasing behaviour.

- **Agricultural Products** – New owners looking to release significant costs from the business to lift profit. Management Toolbox undertook a variety of initiatives across the business and released \$7.5 million dollars in savings.

In addition to this amount, the implementation of improved supplier contracts, and new technology provided the client with a competitive edge in a very demanding market.

CONTACT US:

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