

ADCONIA INSIGHTS



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of procurement and supply chain
management in restructuring measures

Significant optimization in the context of restructuring can be achieved through procurement and supply chain management - regardless of the triggering event. Whether it's the need to restructure a company in case of financial difficulties, to reduce complexity after a merger or to remove historically grown structures from the supply chain, supply chain management can set the right and important course. And with many possible KPIs, whether to reduce costs, free up capital or reduce time-to-market times. The options in the restructuring process are manifold.

Restructuring: quick and sustainable cost reduction

In the event of financial distress, perhaps a threatening insolvency, action must be taken quickly and in a sustainable manner. Restructuring procurement and the supply chain can make an enormous contribution to this. The most important goals are: Maintaining delivery capability, reducing costs directly, adapting stock levels in the warehouse to the situation and radically reducing the working capital. In these cases, procurement and supply chain must work closely together during the ongoing restructuring. The core suppliers have to be integrated into the problem solution via an active and systematic supplier management to ensure the supply. All scheduling systems must be checked, since historical values cannot be regarded as the basis for optimum stock level management. Working capital management is closely linked to both points. Working capital can and should be actively influenced by optimized inventories and extended payment terms. With a material ratio of 40 % to 60 %, these levers are an enormous value contribution for a reorganization. In a sustainable way.

Restructuring: reducing complexity and setting priorities

After mergers or acquisitions, it often takes time for supply chains to be synchronized. Unfortunately, this rarely takes place in a natural process. A natural symbiosis is mostly unthinkable because each supply chain department has the conviction to have the best possible process in place. However, due to different procurement and supply chain processes, very often with very different target functions, an increased complexity for the company may arise. And complexity promotes inventories, long runtimes and, above all, errors. An overarching restructuring of procurement and supply chains offers the opportunity

to put all aspects to the test and to set them up anew in a combination of best practice and greenfield processes.

Restructuring: identifying waste and eliminating it finally

Grown structures can be successively optimized in a continuous improvement process of procurement and supply chain. Either via an ongoing project with employee participation or by continuously checking key figures in search of bottlenecks or waiting loops. Continuous improvement processes are good, but it has to be in the blood of everyone involved. But this is not the rule. This prevents optimization leaps. With the restructuring approach, it is precisely these optimization leaps that are anchored as objectives. In a closed project, the business purpose is clearly defined, waste in living processes, systems and grown rituals is identified and an implementation focused on significant optimization leaps is started. Such potentials are rarely achieved in ritualized „continuous improvement processes“ in a short time. Restructuring projects in procurement and supply chain help you to release these hidden potentials.

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