Purchasing strategy (65% of direct spend)

Leverage

Importance for business

Technical task development and clarification
Volume concentration
Alternative vendors
Best value evaluation
Negotiations
Technical task simplification
Right volume distribution

Strategic

Fruit fillings
(23 M rub)

Pure-pack
(40 M rub)

Caps and preforms
(38 M rub)

Plastic caps and cups
(57 M rub)

Foils
(11 M rub)

Films and bags
(50 M rub)

Corrugated packaging
(70 M rub)

Market restraints

Detergents
(15 M rub)

Non-critical

Critical

Running material costs down

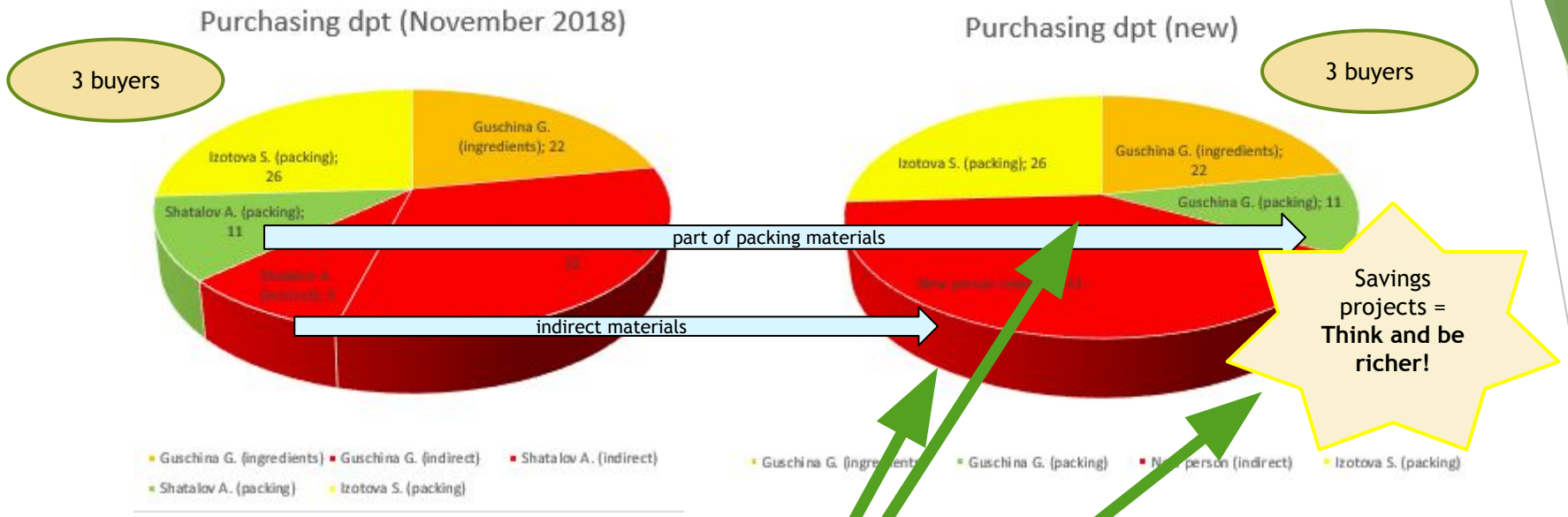
Price change index = y/x, where

x = price index (*former* period) = *former* period prices (materials procured in former and new periods) multiplied by quantity in *new* period (quarter),

y = price index (*new* period) = *new* period prices (materials procured in former and new periods) multiplied by quantity in *new* period (quarter).

Period	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Target	99,57%	99,15%	98,72%	98,29%	99,57%	99,14%
Actuals	100,00%	102,88%	105,74%	108,44%	99,92%	97,50%

Purchasing department structure changes



Targets
Process clarity (you can not manage what you can not see)
Buyers specialization (processes unification for better buyer performance)
Motivation (meeting savings targets)

Sleptsov S.
Purchasing dpt general management

Procurement strategy development. New vendors allocation, biddings, alternative materials testing, frame contracts

What’s been done?

Before	After	What’s for business in it?
Purchasing dpt attitude: we have not correct material procurement plan therefore we can not order correctly	Purchasing dpt attitude: collaboration with planning dpt in material procurement plan day-to-day correction.	1. Human factor avoidance. 2. Process clarity and manageability. Possibility to develop and realize procurement strategy. 3. Process automation. Stuff reduction (1 buyer).
No new materials in material procurement plan.	Automation of requests for new materials tracking => new materials are input in system by planning dpt => new materials are included in material procurement plan.	
Buyers can not explain what qty and when order. No data in system for orders in process.	Order formula is developed based on: 1) material procurement plan and consumption history, 2) lead time, 3) min order qty, 4) orders in process. Data are open for observation.	
No open data in network drives for order placement and bidding conducting.	Open network file with data (able to be analyzed) of: 1) main contract terms, 2) vendor contact details, 3) order placement and tracking tool, 4) orders in process Network drives with data of technical tasks and contracts for 65% of spendpool.	
Too many separate small orders for uniform (up to 3 in a day).	Volume concentration. Bidding. Saving= 0,5 M rub.	