

CASE STUDY - SAVINGS OPPORTUNITY ANALYSIS

Background

The client is a large transportation & storage company with 500+ trucks & 12 warehouses across Australia. The size of the organisation had increased significantly through recent acquisitions & site expansions, however the organisation predominately operated under a decentralised structure, with each site responsible for its own sourcing.

The client identified that the recent growth & organisation structure created an opportunity to improve costs and sought the assistance of Spend Solutions to assist identify savings opportunities.

Project overview

Spend Solutions was engaged to conduct a thorough savings opportunity analysis on supplier spend. The brief was to uncover savings opportunities through improved sourcing, obtaining better pricing & better utilisation of how products & services were used internally.

Categorisation of spend facilitated a three-way analysis to identify cost savings opportunities. Firstly, by developing strategies for key spend categories that sought to balance immediate savings versus developing long term strategies. Secondly, through conducting a commercial analysis of key suppliers against market & competitor benchmarks to quantify savings opportunities. Lastly, through conducting interviews with internal stakeholders to identify savings opportunities through better utilisation of products & services.





Project Outcomes

In total, Spend Solutions identified **24 savings opportunities** with a **projected annual P&L savings of approximately \$6.2m**, with key target areas in temporary labour, material handling, fuel & IT. The savings split was 20% direct negotiations & 80% market consultation, reflecting the fragmented nature of current sourcing & ability to leverage the clients' combined size. The report was delivered as a simple, easy-to-read presentation that made it easy for Management to understand how the savings opportunities were generated, the strategic rationale & anticipated actions to achieve each project.

Overall, the savings opportunity analysis provided the client with key insights into savings opportunities within their business that they would have otherwise not been able to obtain.

Importantly, it allowed the client to develop a roadmap to prioritise & action projects based on the level of savings & difficulty, thus providing a platform to plan, budget & execute savings opportunities within a structured framework.

Project Snapshot

-  **Client industry**
Transportation
-  **Location**
National
-  **Solution**
Savings opportunity analysis
-  **Outcome**
\$6.2m/yr P&L savings across 24 projects