

# Driving Procurement to Sustainable Value Creation

Bilfinger Berger AG, Mannheim



# Commerzbank Arena Frankfurt



# St. Gotthard Basis Tunnel, Switzerland



# Windpark London Array, England



# Kicking Horse Pass, Canada



# Driving Procurement to Sustainable Value Creation: Agenda

## Bilfinger Berger

- Company Profile
- Corporate Strategy / Procurement Strategy
- Current Situation / Challenges

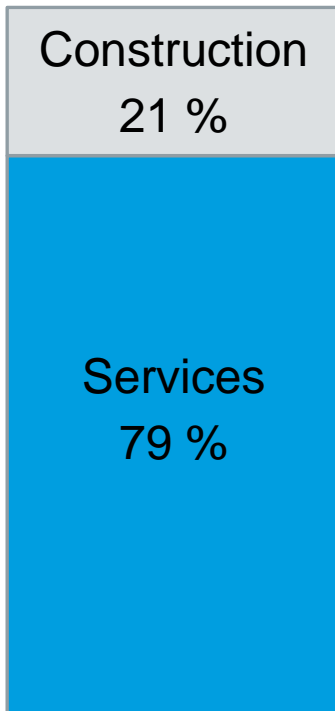
## Procurement Excellence Program

- Global Procurement Network
- Governance and Compliance
- Targets and KPIs
- Competence Management

# Company Profile

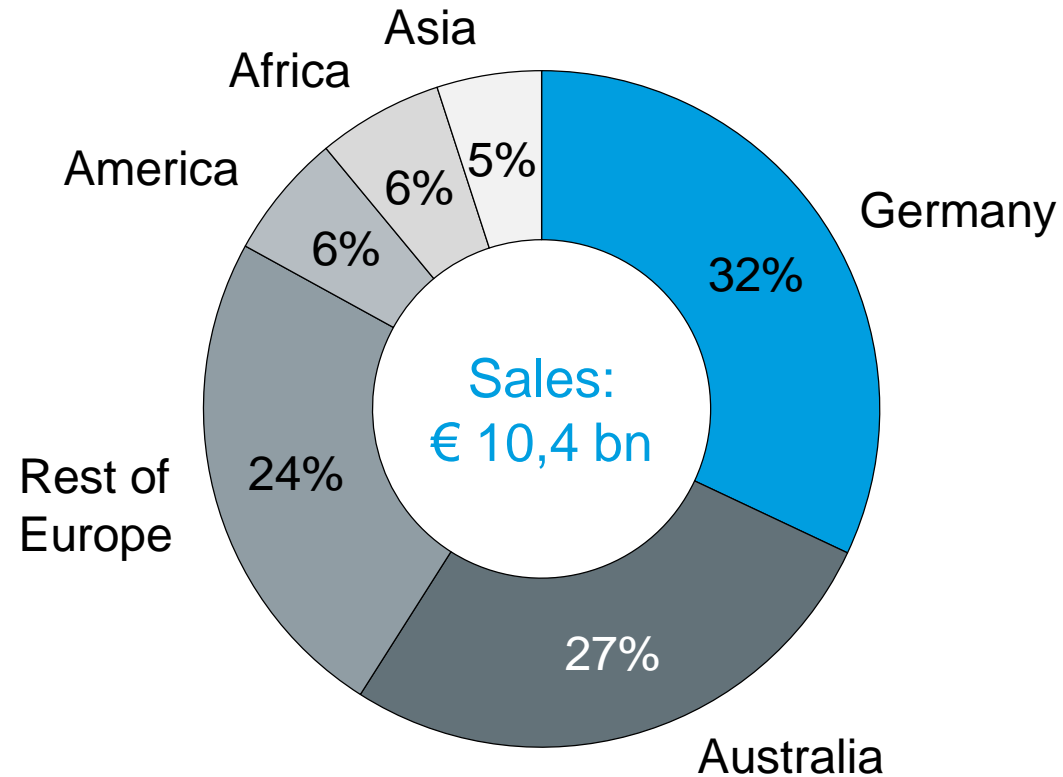
Well-balanced international presence and profitable growth

## EBIT



EBIT 2009: € 250 m

## Output Volume



Output Volume growth since 2000: ~10% p.a.

# Corporate- / Procurement Strategy

## Corporate Strategy

- National and international top position
- Leading Multi Service Group
- Decentralized operative business
- Management and control through direct guidance by the board and strong Corporate HQ

## Procurement Strategy

- Internationality
- Competence management
- Decentralized procurement responsibilities
- Commodity Group Management
- Central Governance function: Guidelines / Mgmt / Controlling
- Global Procurement Network

# Corporate- / Procurement Strategy

## Corporate Strategy

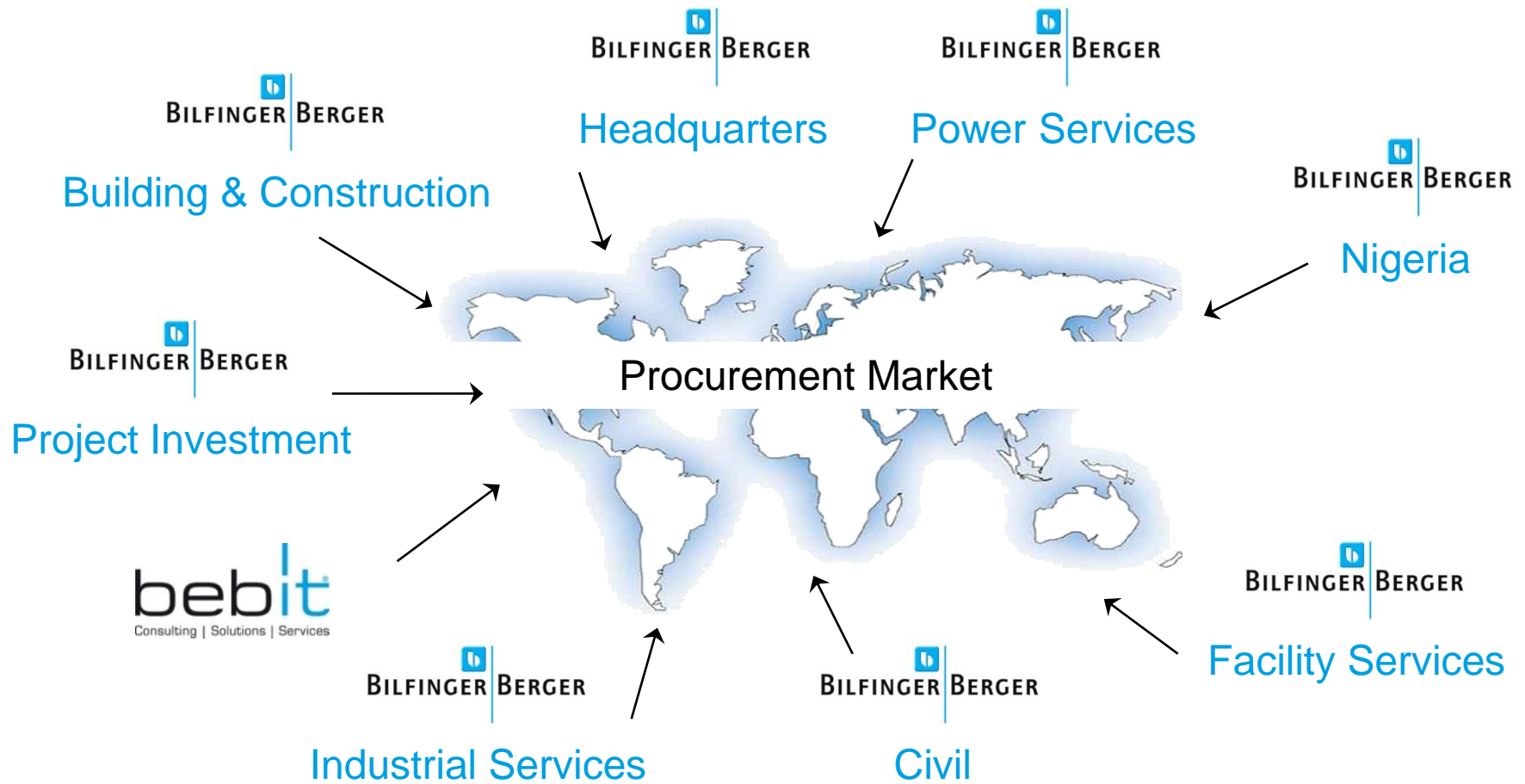
- Performance Measurement through EBIT und Cashflow
- Return on Capital Investment
- Social and Environmental Responsibility
- Respect for Diversity

## Procurement Strategy

- Procurement creates value for the company
- Target and KPI measurement: Savings, Cashflow
- Corporate Responsibility
- Code of Conduct

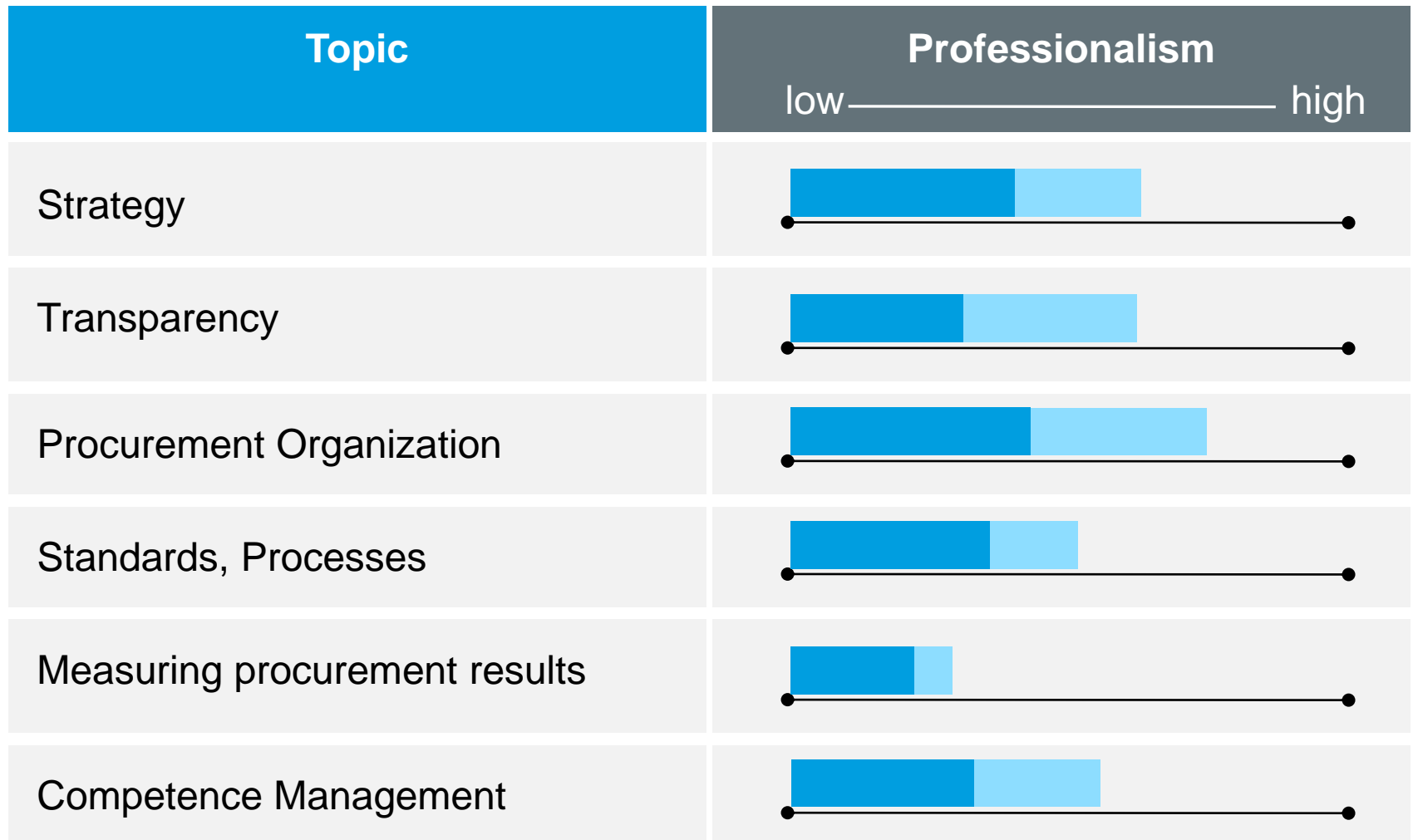
## Previous situation / Challenges

Mainly uncoordinated and regional procurement activities:  
Purchase demand and know-how has not been sufficiently bundled




## Previous situation / Challenges

The professionalism of Bilfinger Berger's procurement functions leaves room for improvement



# Procurement Excellence Program

## Project Targets

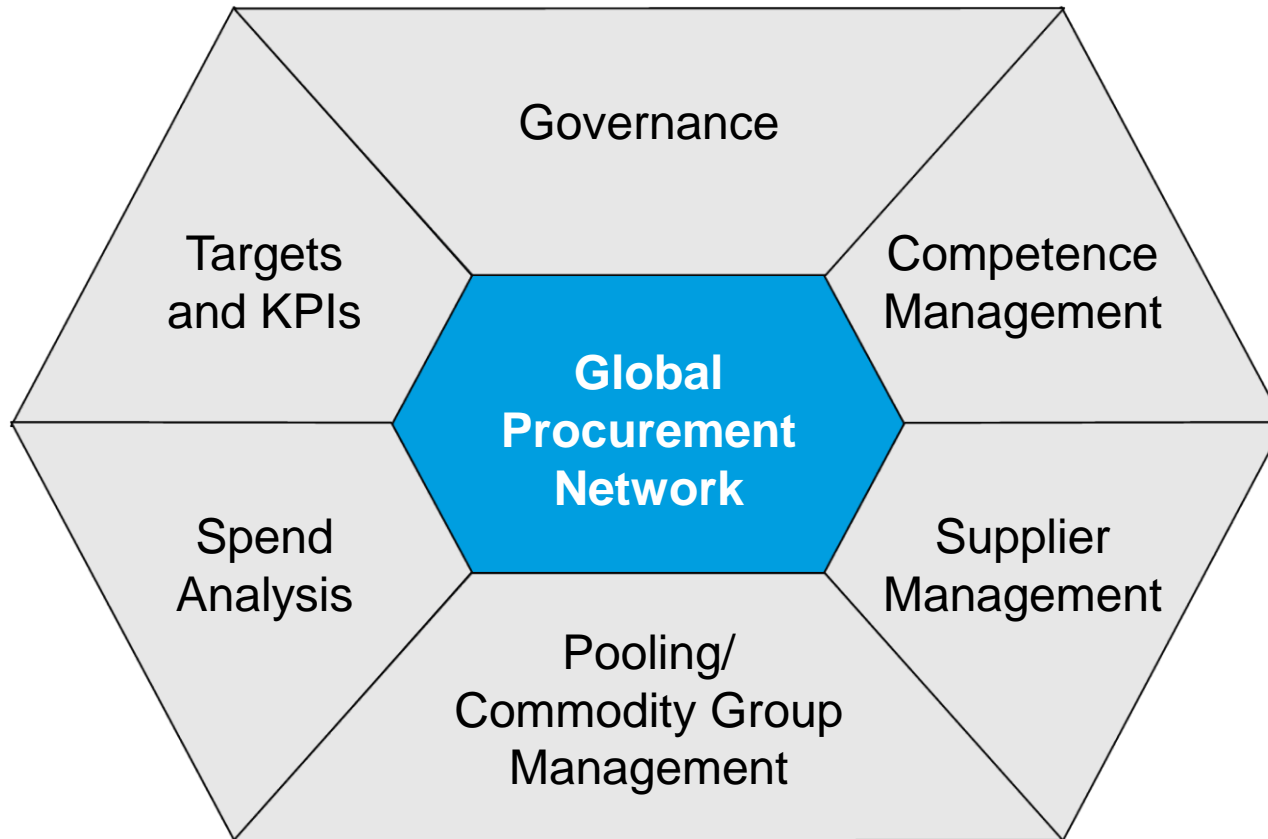
- Professional Procurement Network
- 
- Increased Savings/ EBIT
  - Contribution to the company's competitive advantage

## Project Tasks

1. Identification and realization of added value
2. Further development of Procurement Organization, Processes and Systems
3. Implementation of methods and tools for procurement control

# Procurement Excellence Program

The six elements of the Procurement Diamond

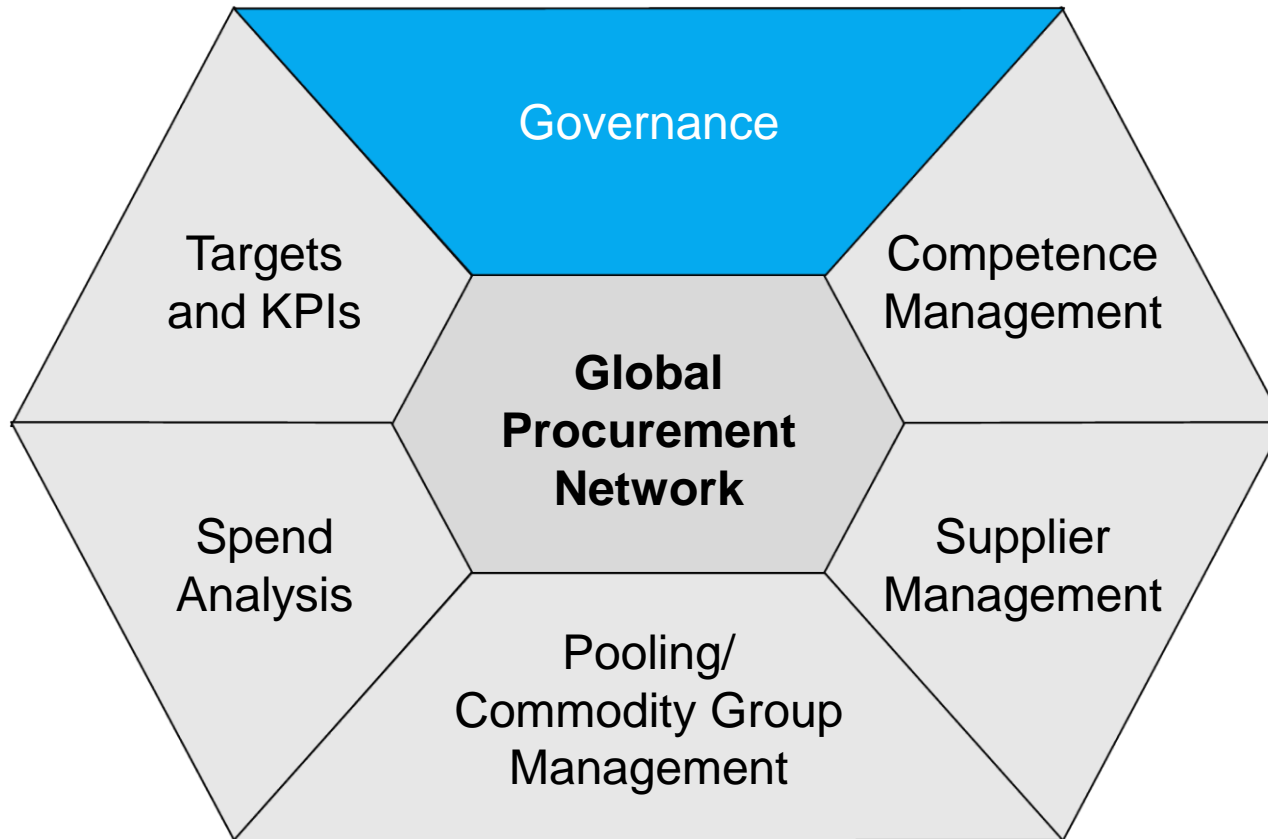


# Globale Procurement Network

Tasks	Contents	Authority
<ul style="list-style-type: none"> <li>Strategic Development</li> </ul>	<ul style="list-style-type: none"> <li>Decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Board</li> <li>Central Procurement</li> </ul>
<ul style="list-style-type: none"> <li>Gouvernance</li> </ul>	<ul style="list-style-type: none"> <li>Guidelines</li> <li>Target setting</li> <li>Methods</li> <li>Basic principles</li> </ul>	<ul style="list-style-type: none"> <li>Department</li> </ul>
<ul style="list-style-type: none"> <li>Operations</li> </ul>	<ul style="list-style-type: none"> <li>Unit specific demands</li> <li>Demand of main users</li> <li>Indirect material</li> </ul>	<ul style="list-style-type: none"> <li>Decentralized Procurement Departments</li> <li>Commodity Group Management</li> <li>Mandate of Central Procurement Department</li> </ul>

# Procurement Excellence Program

The six elements of the Procurement Diamond

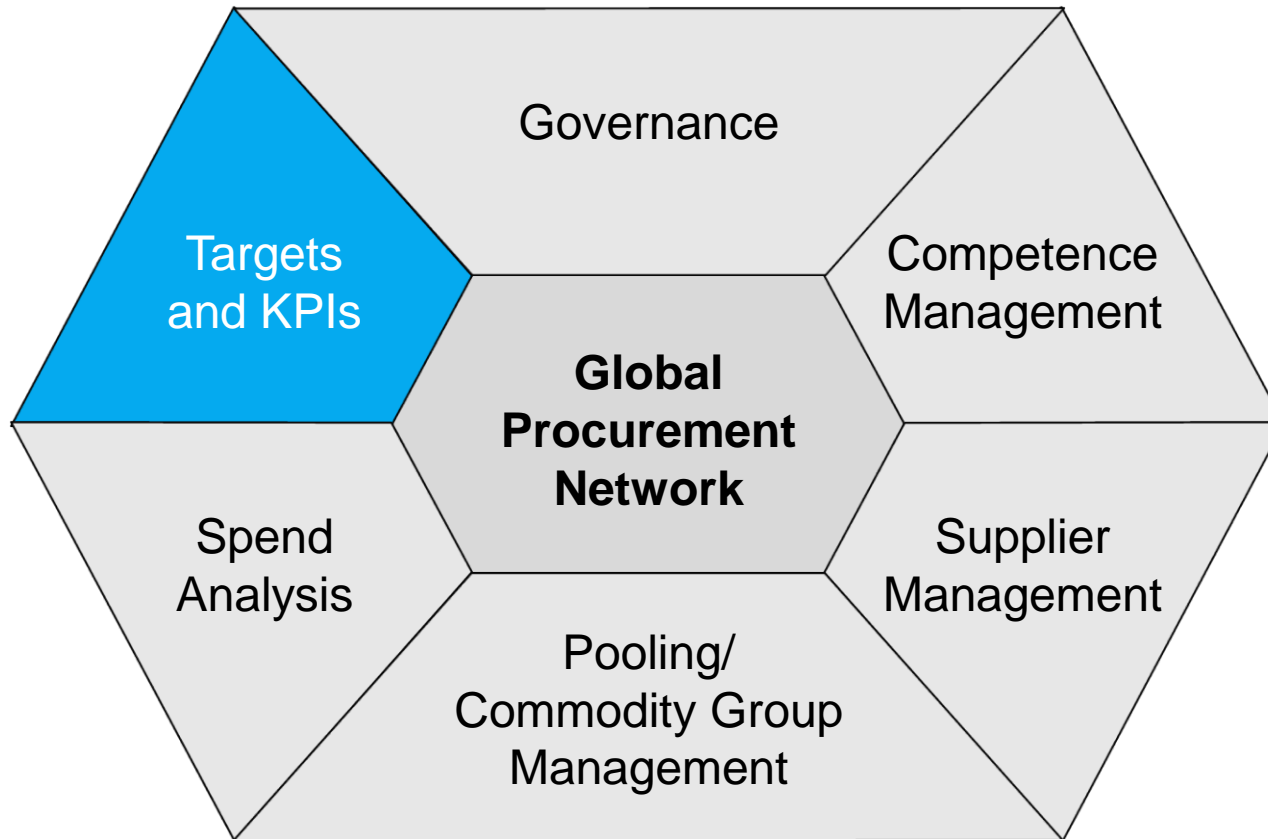


# The three elements of Governance and Compliance

Guidlines	Coordination	Control
<ul style="list-style-type: none"> <li>▪ Rules</li> <li>▪ Methods, Tools</li> <li>▪ Job profiles</li> <li>▪ KPIs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implementation of rules</li> <li>▪ Benchmarking, Best Practice Sharing</li> <li>▪ Competence Management</li> <li>▪ Commodity Group Management</li> <li>▪ Communication</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reporting to Management and Board</li> <li>▪ Scorecard</li> <li>▪ Audits: Compliance</li> </ul>

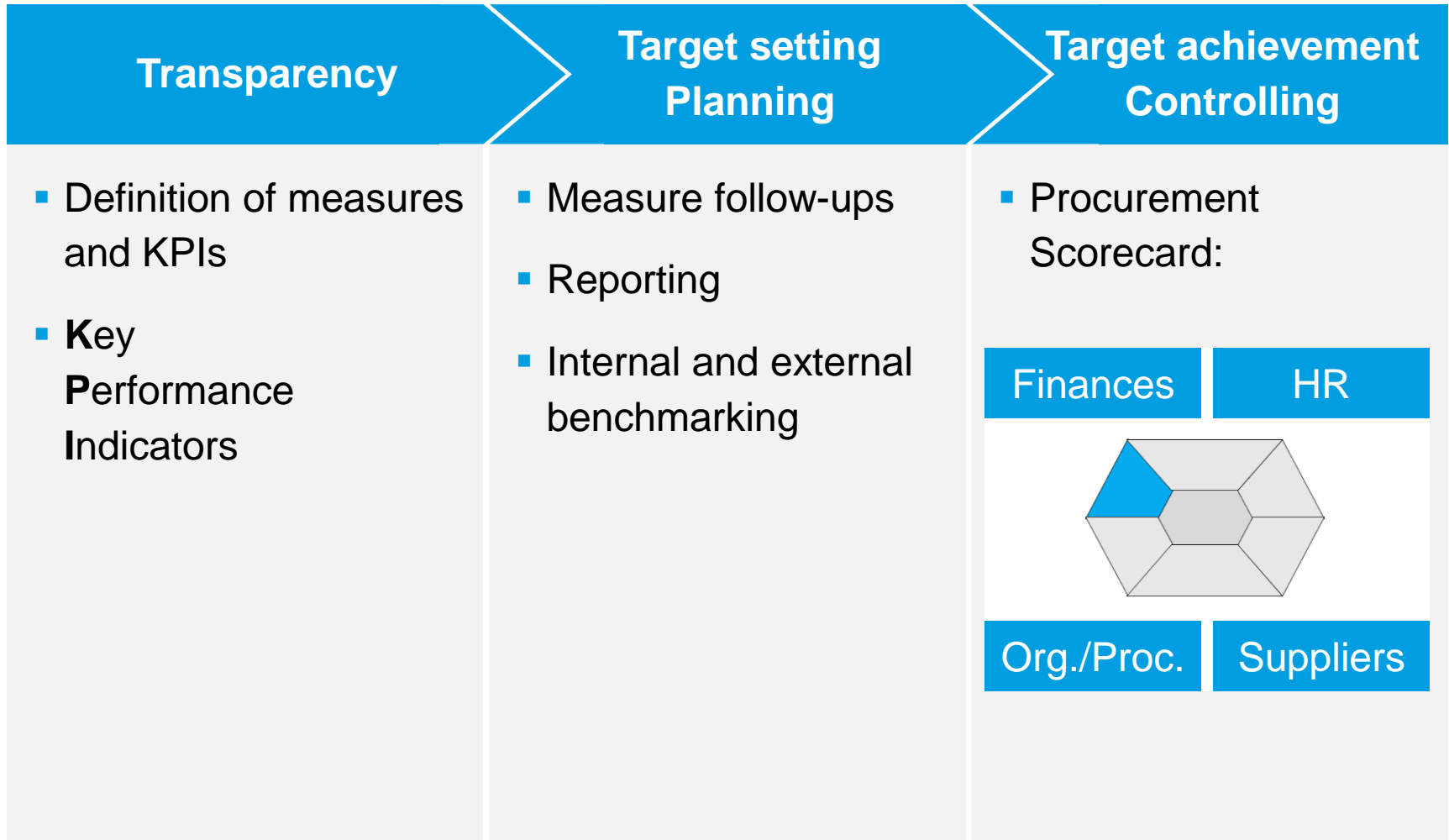
# Procurement Excellence Program

The six elements of the Procurement Diamond



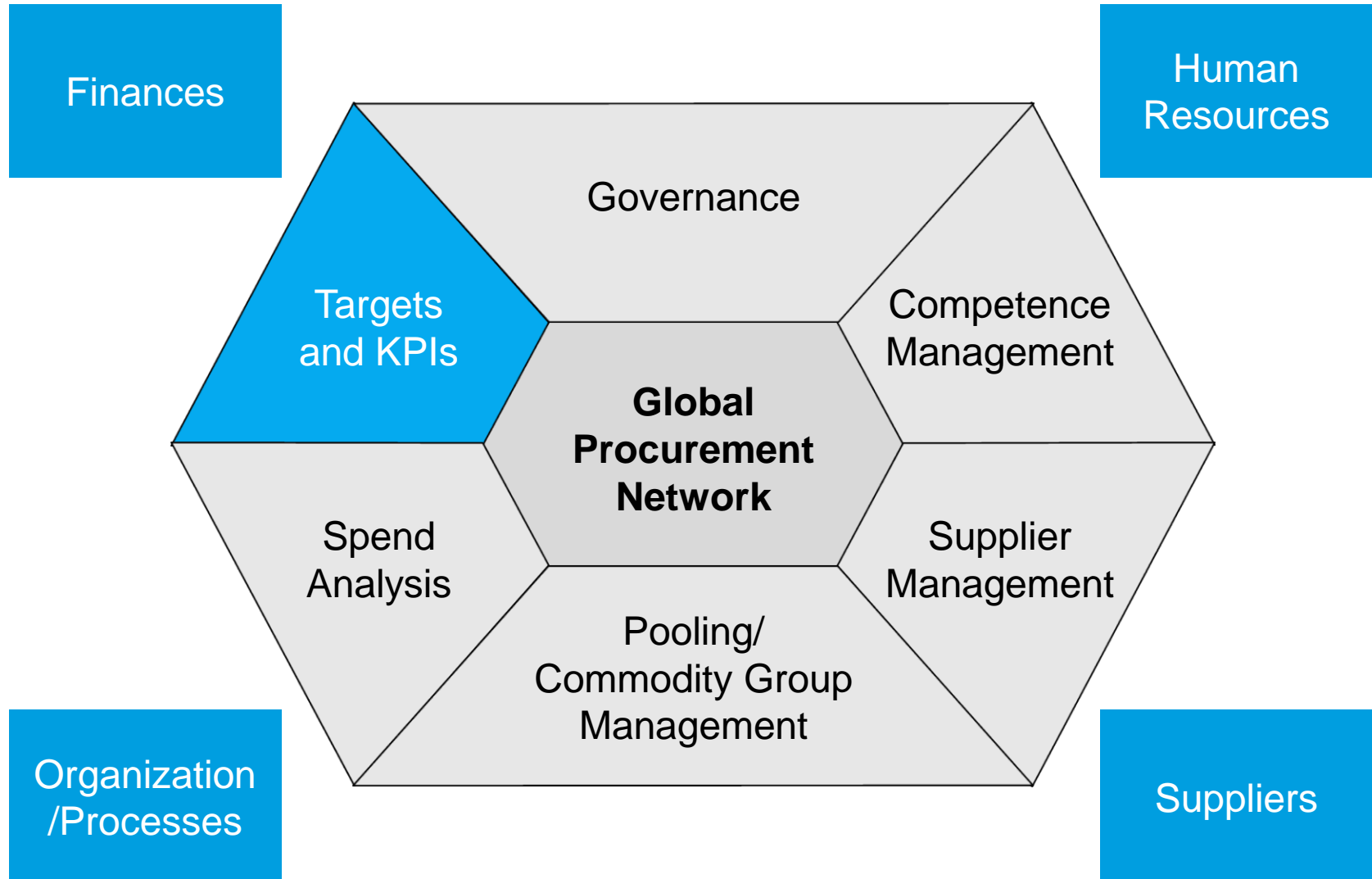
# Targets and KPIs

## Tasks of a Procurement Controlling System



# Targets and KPIs

## Procurement Diamond & Scorecard



# Targets and KPIs

## The Procurement Scorecard's KPIs

Finances		
KPI	Target	Actual
Spend analysis	80%	65%
Savings	... €	... €

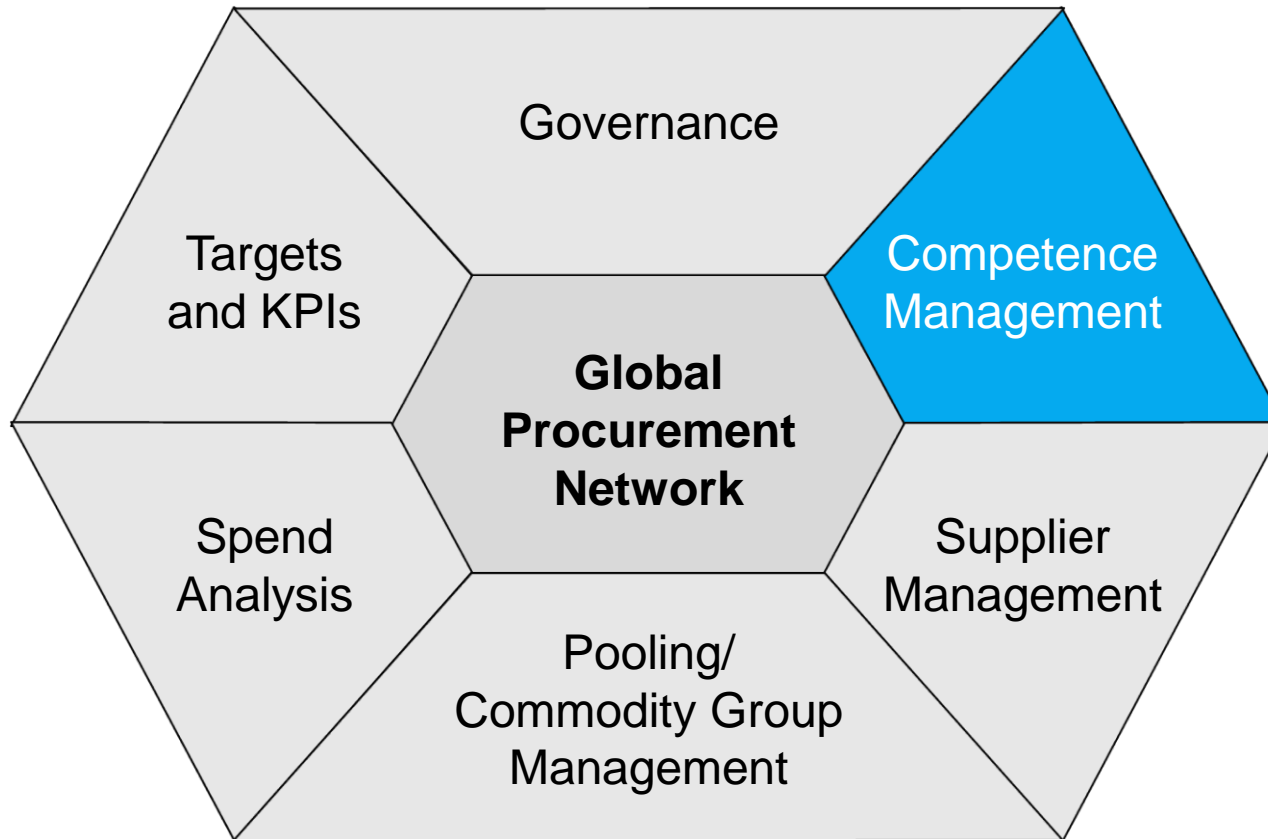
Human Resources		
KPI	Target	Actual
Target Agreements	100%	25%
Personnel Development	starting 2011	

Organization/Prozesse		
KPI	Target	Actual
Correct Buying	85%	70%

Suppliers		
KPI	Target	Actual
starting 2011		

# Procurement Excellence Program

The six elements of the Procurement Diamond



# Competence Management

Target: Sustainable improvement of employees' competences

Approach	Schedule 2010/2011
<ul style="list-style-type: none"> <li>▪ Creation of job- and qualification profiles</li> </ul>	07 – 08 / 2010
<ul style="list-style-type: none"> <li>▪ Completion of on educational requirement analysis: Online surveys Personal interviews</li> </ul>	09 / 2010
<ul style="list-style-type: none"> <li>▪ Comparision 'as is' and 'as should be' requirements</li> </ul>	09 / 2010
<ul style="list-style-type: none"> <li>▪ Development of an integrated qualification program</li> </ul>	09 – 10 / 2010
<ul style="list-style-type: none"> <li>▪ Recruiting measures</li> </ul>	starting 10 / 2010
<ul style="list-style-type: none"> <li>▪ Realization of training</li> </ul>	starting 2011

# Procurement Excellence Program

## Lessons learned

- Procurement Strategy follows Company Strategy
- Setting of clear targets and responsibilities
- Management attention at the relevant level
- Project approach to change the organization
- From “central/decentral” to “network” logic
- Step by step approach
- Emphasis on Communication to foster change

