



Sourcing & Logistics Offering Presentation



Offering presentation

Shanghai, December 14th 2018

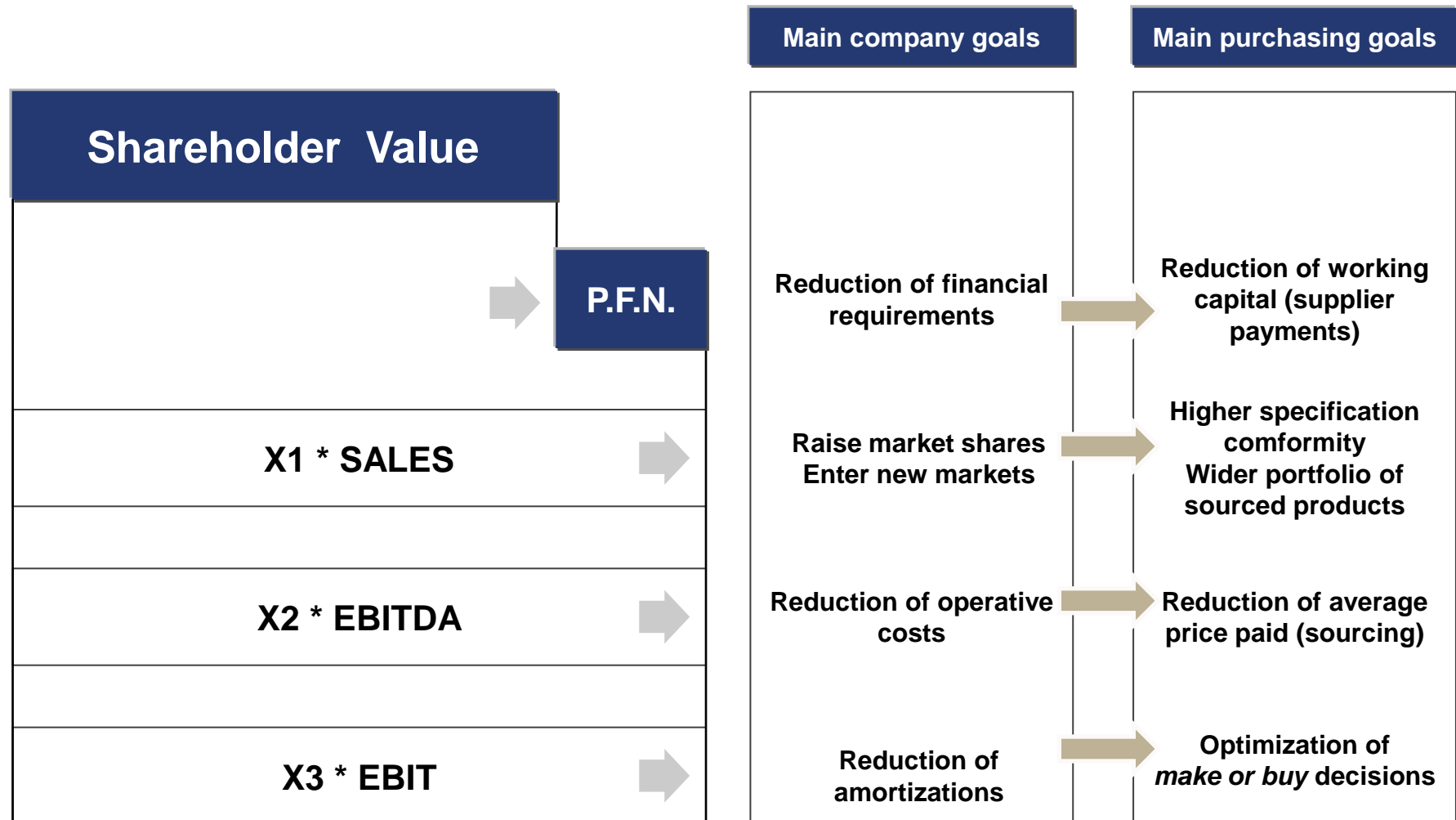
A light gray world map is centered in the background. A dark blue horizontal bar is overlaid on the map, containing the text 'Sourcing: Approach and selected cases'.

➤ **Sourcing: Approach and selected cases**

➤ **Logistics: Approach and selected cases**

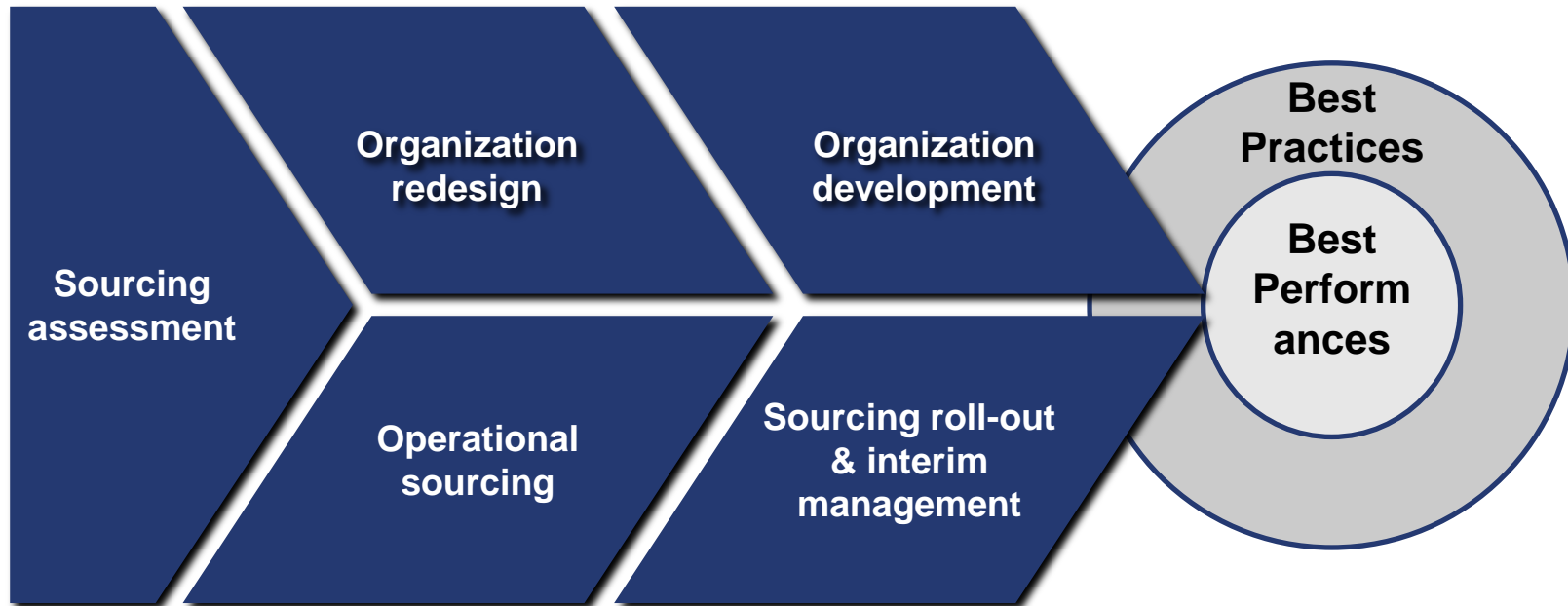
Purchasing and shareholder value

Main purchasing goals shall be aligned with Value Creation objectives



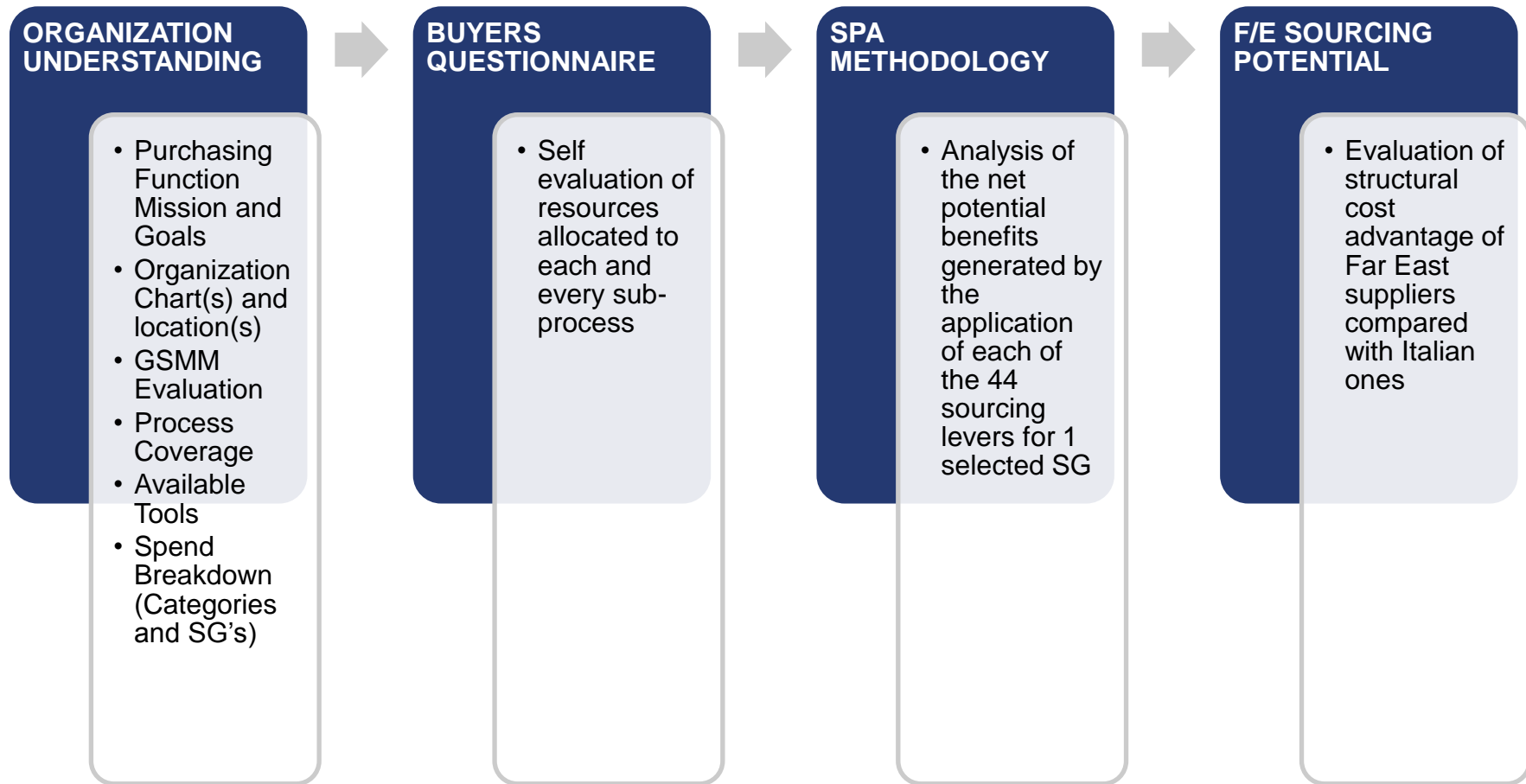
Complete Strategic Sourcing offering

Through focused initiatives we address all areas of improvement of a Purchasing organization





Leveraging proven methodologies, in very short time we identify areas of improvement



Organization redesign



We believe in a systematic approach for organization redesign



- “As is” organization mapping
- Current Organization cost
- Resources Time allocation
- Internal best practices
- Resources background, attitude and skills

- Keywords
- Roles
- Reporting lines
- External clients
- Modus operandi

- Driver analysis
- Best practice application
- Category and SG analysis
- Cost variations
- Payback

- Resources assessment
- Job & role description
- Evolution scenarios
- Resources future time allocation

- Hiring and firing plan
- Resources training and coaching needs

- Overall transformation program
- Internal communication plan
- Consensus generation
- Training and coaching plan
- Responsibility handover plan
- Resources adjustment plan

Organization development



During organization development we work together with client's resources to adapt and implement methodologies, processes and tools



- Strategic, tactical and operational processes and methodologies
- KPI's
- Management system
- Vendor rating
- Vendor management
- Sourcing toolbox

- Internal resources identification and transfer
- External resources search support
- New resources introduction and support program
- Resources outplacement

- Activities listing
- Target team member identification
- Activity Transfer plan definition
- Plan execution follow-up

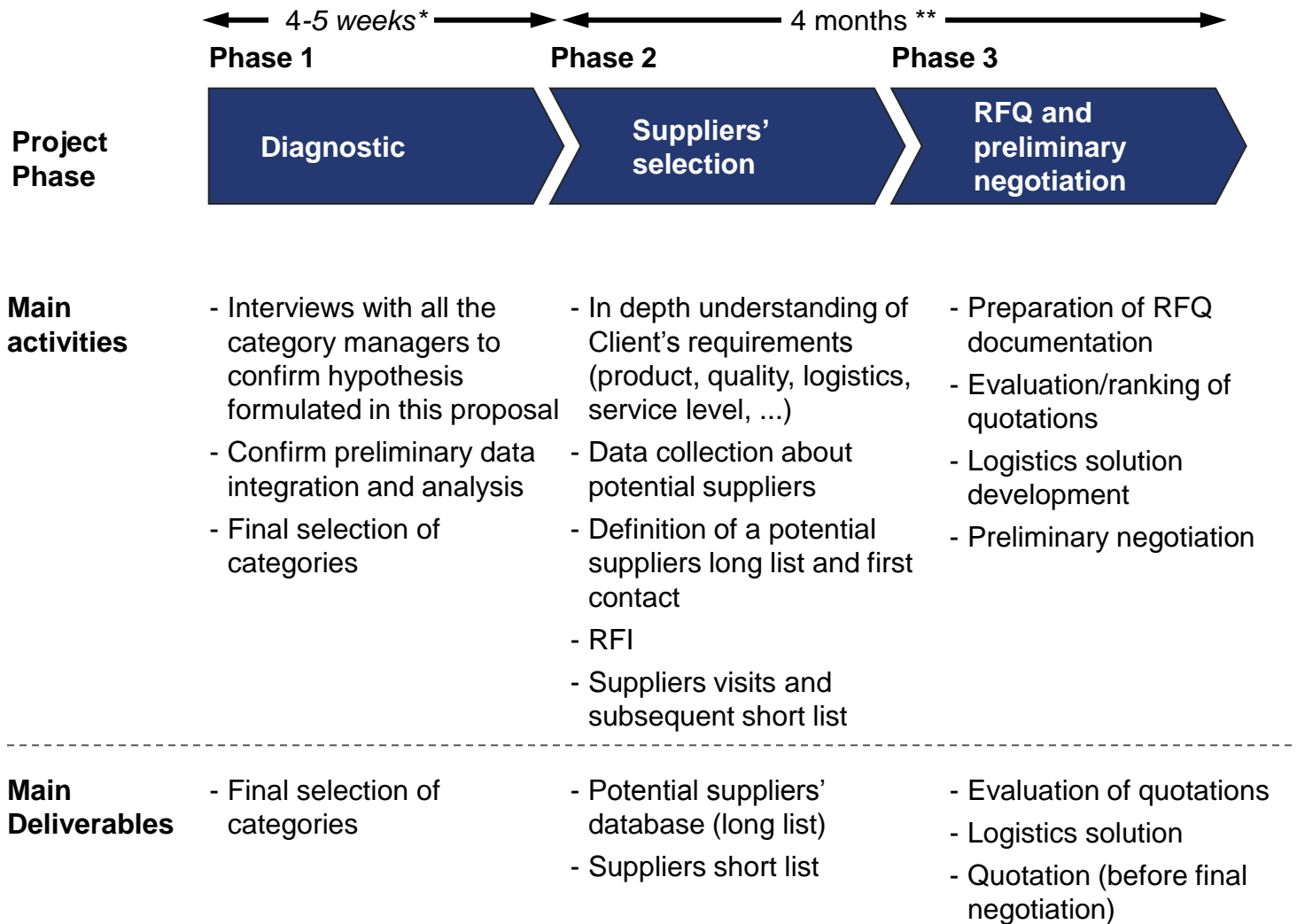
- Formal class training delivery
- On-the-job coaching
 - Guided tour
 - Assisted driving
- Ongoing support

- Long term coaching
- Regular program reviews and program adjustment
- Gap closure monitoring

Operational Sourcing



The Operational Sourcing stream of work lasts approximately 5 months and leverages our methodologies and tools proven over a number of projects



* Timing will heavily depends on data availability

** Timing will heavily depends on Client's decision process



Sourcing roll out

- New supplier qualification
- P/# transfer program definition
 - Tool preparation
 - Sample production and validation
 - First batch production and validation
 - New supplier procurement ramp-up
 - Old supplier phase-out
- Set-up of quality assessment and vendor rating
- Definition and management of supplier improvement programs
- On-going supplier contract compliancy

Interim Management

- Daily activities management
- Multifunctional Interactions
- Manage organizational change
- Resources management and long term development
- Drive best practice processes, tools and methodologies implementation
- Function performance measurement
- Function improvement plan implementation

Project example: Electronics

Accelerating savings through Asia Sourcing

Situation

- Mid-size electronics player
- 3 Sourcing offices in Asia
- Recently merged 2 divisions, each of them with its Asia Sourcing office

Project

- Develop a complete program based on 3 streams of work :
- **Operational Sourcing** led by BAS on 4 commodities. This stream of work alone involved a team of 6 full time resources
- **Organizational development** impacting Strategy development, Processes, Methodologies, KPI's development
- Preliminary **technology scouting** on 2 main technologies (LCD's and Touch screens)

Objectives

- Rapidly realize savings on selected categories
- Improve / accelerate integration of the 3 Asia sourcing offices
- Acquire in-depth technological knowledge on key categories

Results

- Realized tangible savings on each of the 4 commodities sourced. Savings ranged from 12% to 38%
- Developed and communicated new strategy for 6 categories; all category managers developed a strategy review plan
- Customized and deployed across the entire sourcing organization a set of methodologies and tools
- Changed the way Sourcing is interacting with the rest of the organization

Project example: Chemicals

Complete set-up of the purchasing function

Situation

- Italian mid size industrial client (~500 Mil Euro turnover) in the chemical sector
- Part of a diversified group (public company)

Project

- Complete diagnostic and design of a transformation plan
- Setup of the central purchasing organization
- On-the job training of the newly formed organization through a complete Sourcing program on 6 categories

Objectives

- Provide to the company an “advanced” purchasing office to avoid the disadvantage of scale economies

Results

- The new office has been implemented with the change of 50% of the personnel
- New processes and procedures have been implemented, generating savings of >10%
- A new IT system for Supplier Relationship management with innovative B2B features has been implemented to support the purchasing function

Project example: Toys

Benchmarking China production competitiveness

Situation

- A toy creation division of well-known worldwide FMCG company, with half of the items produced in Guangdong, China
- Total cost from their Chinese suppliers increased by 70% in last five years, mainly for the increase of labor cost
- To decrease the cost, their Chinese suppliers have delocalized their facilities to Guangxi. However, finally they found that the total cost in Guangxi is same as in Guangdong

Project

- Preparing interview guides
- Analyzing other places in China on their meteorological conditions, inter-provincial migration, minimum salary, micro factors, labor supply and logistics situations
- Organizing and conducting interviews with entrepreneurs, workers, HR companies
- Comparing other Asian countries (political stability, transparency, economy, labor force supply and other economic factors)

Objectives

- Analysis of current manufacturing footprint
- Analysis of the real situation of total cost and general labor environment in Guangxi
- Identification and comparison of alternative scenarios for future manufacturing locations (in China and in other Asian countries)

Results

- Identification and prioritization of alternative places in China with lower total cost and available painting workers
- In depth understanding of total cost, workers attitude and availability of painting workers in selected areas in China
- Understanding situation in other Asian countries

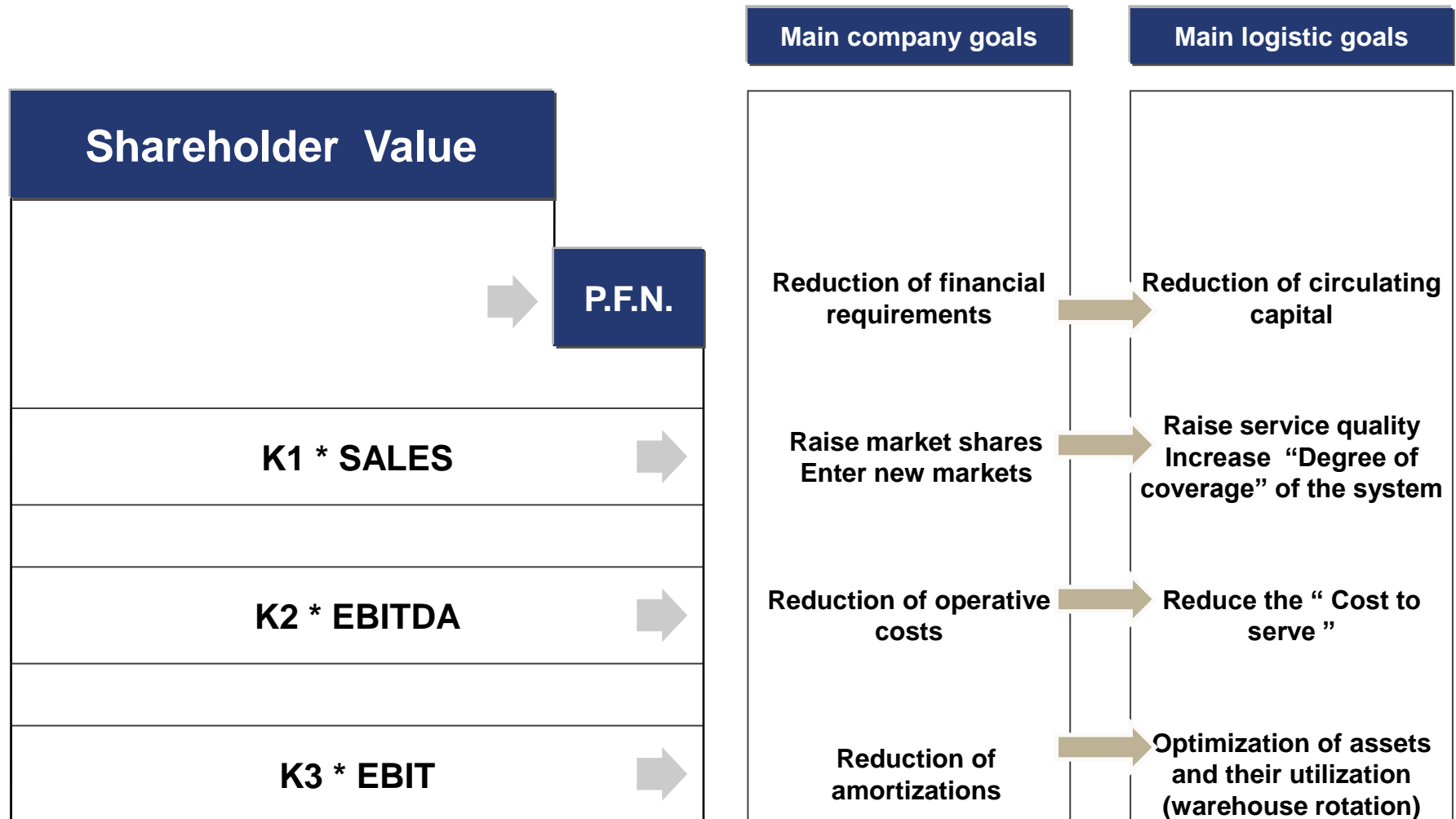
A light gray world map is centered on the slide. The map shows the outlines of continents and countries. Two specific regions are highlighted in a darker gray: East Asia (including China, Korea, and Japan) and Southeast Asia (including Thailand, Vietnam, and the Philippines).

- **Sourcing: Approach and selected cases**

- **Logistics: Approach and selected cases**

Logistics and shareholder value

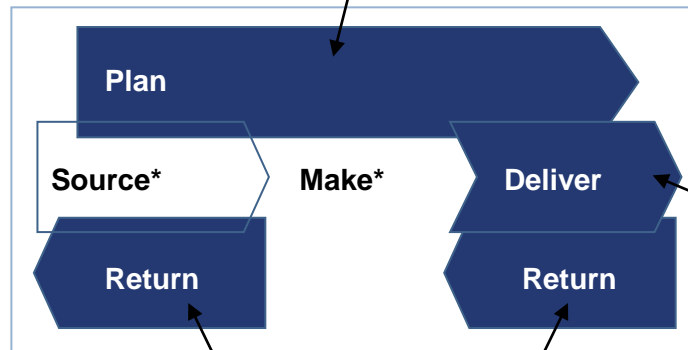
Main goals the logistics function shall be aligned with Value Creation objectives



Supply Chain reference model

• Demand/Supply Planning and Management

- Balance resources with requirements and establish/communicate plans for the whole supply chain
- Management of business rules, supply chain performance, data collection, inventory, capital assets, transportation, planning configuration, and regulatory requirements and compliance
- Align the supply chain unit plan with the financial plan



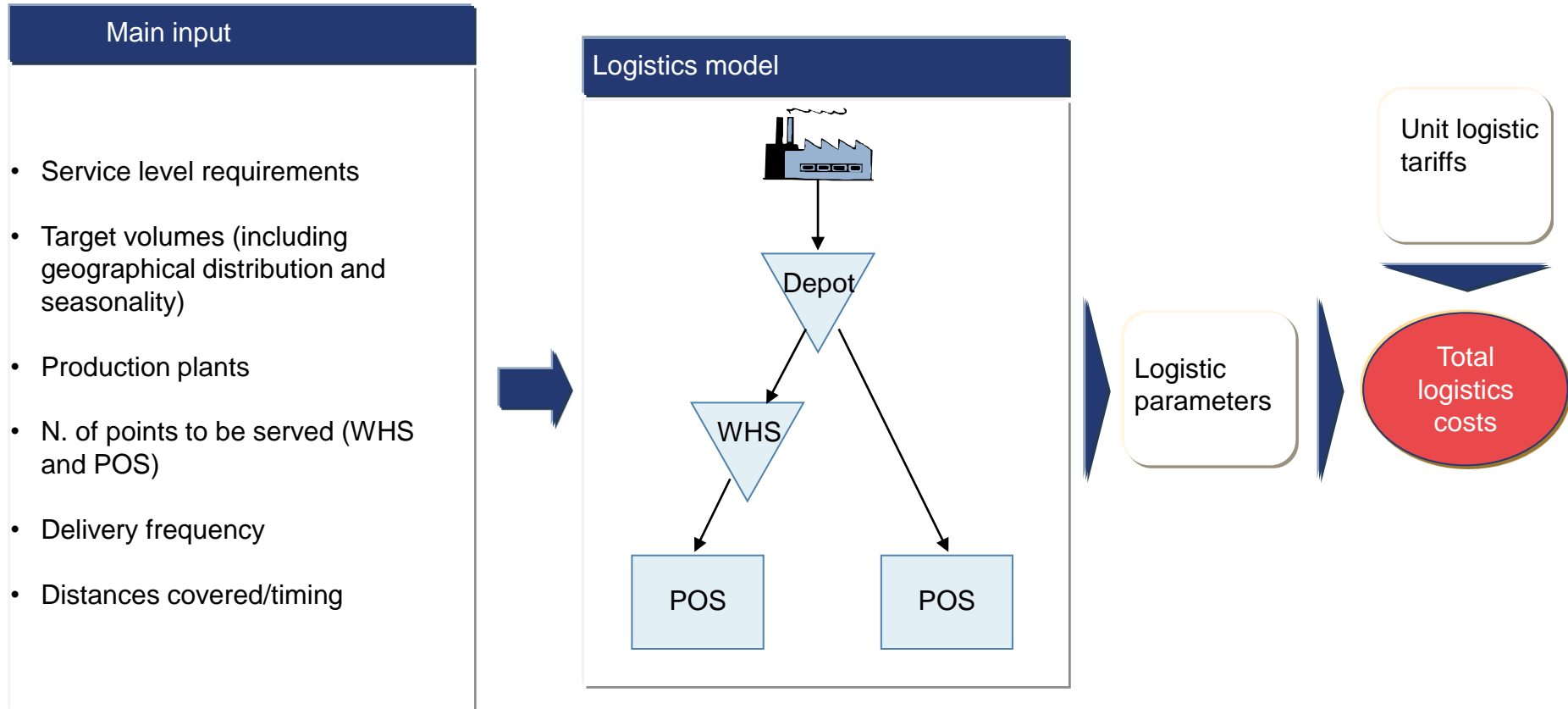
• Order, Warehouse, Transportation, and Installation Management for Stocked, Make-to-Order, Engineer-to-Order, and Retail Product

- All order management steps from processing customer inquiries and quotes to routing shipments and selecting carriers
- Warehouse management from receiving and picking product to load and ship product
- Receive and verify product at customer site and install
- Invoicing customer
- Manage Deliver business rules, performance, information, finished product inventories, capital assets, transportation, product life cycle, and import/export requirements

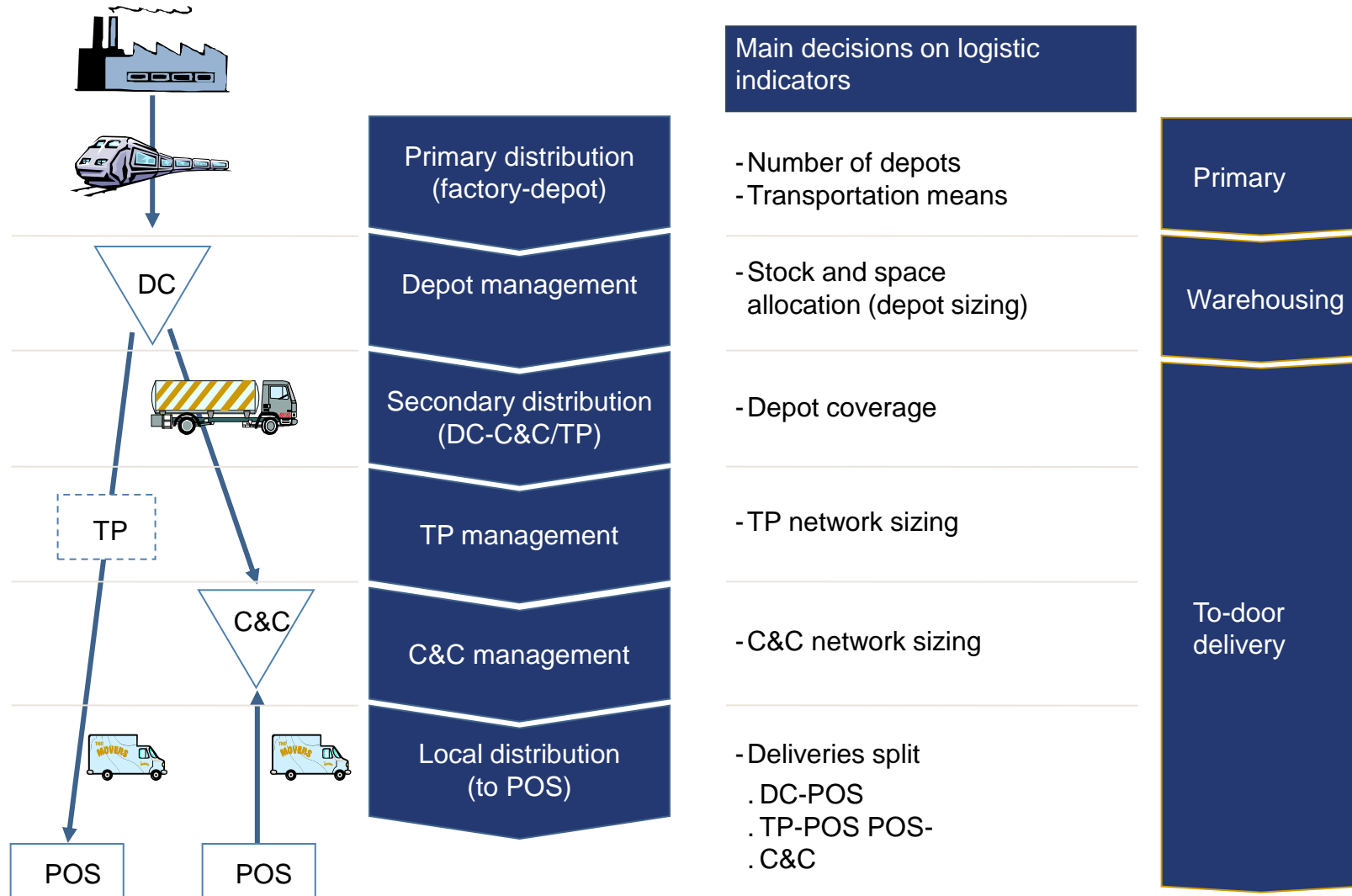
• Return of Raw Materials (to Supplier) and receipt of returns of Finished Goods (from Customer)

- All return defective product steps from authorizing return; scheduling product return; receiving, verifying, and disposition of defective product; and return replacement or credit
- Manage Return business rules, performance, data collection, return inventory, capital assets, transportation, network configuration, and regulatory requirements and compliance

Our approach to develop the logistic models

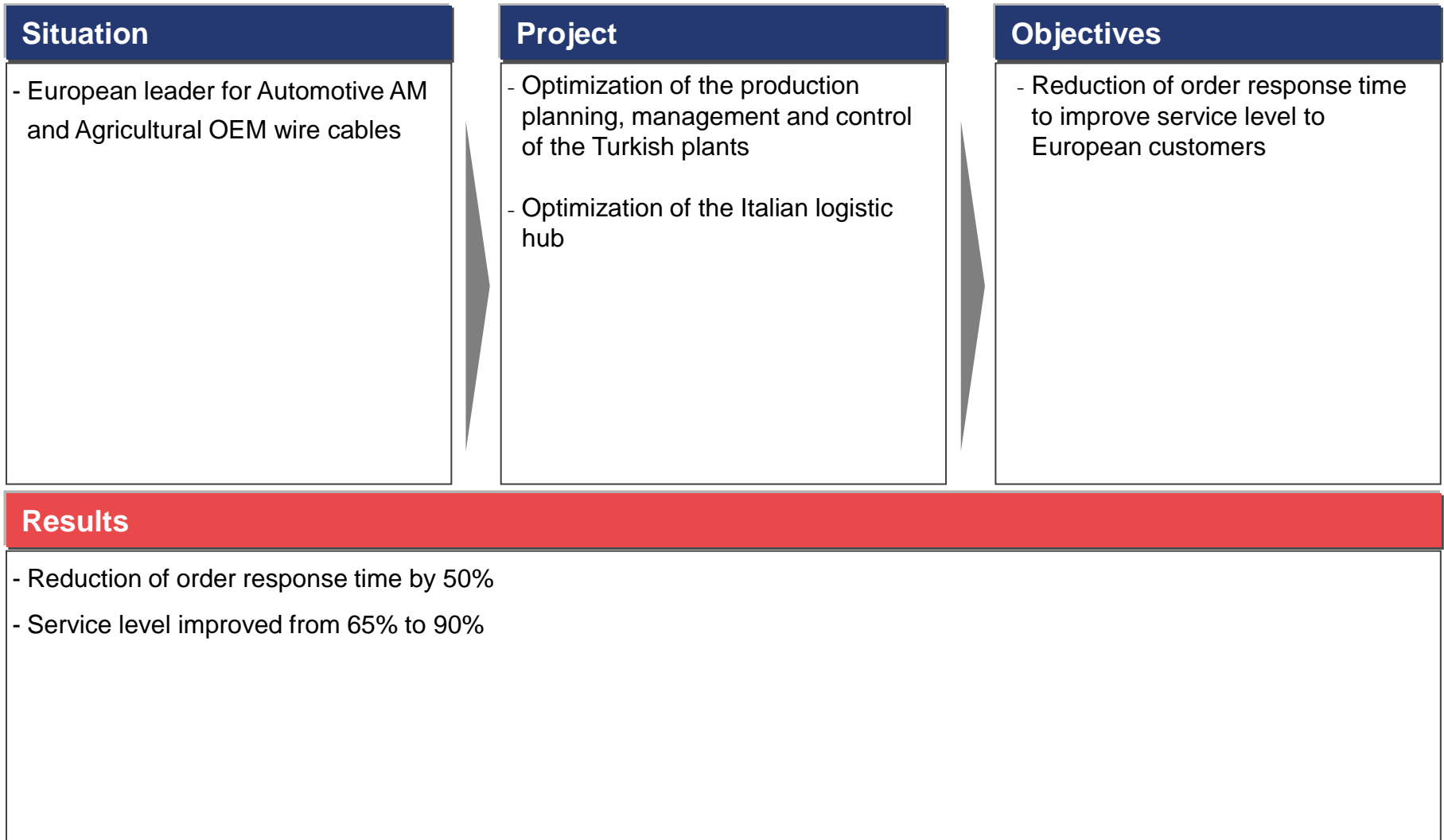


Main decisions for each logistic layer



Project example: Automotive components

Supply chain optimization in Italy and Turkey



Project example: Luxury apparel brand

Logistics optimization

Situation

- Italian industrial client in the luxury sector.
- More than 2.000 employees all over the world.
- 600 mn euros turnover in 2011.

Project

- Redesign of processes for the operative production (raw material to contractors).
- Redesign of the distribution (finished goods and merchandising delivered to direct and indirect shops located all over the world).
- Planning and development of the new supply chain (warehouse layout and implementation of the new management system).
- Automation of operations.

Objectives

- Provide to the company optimized processes in order to implement the supply chain.
- Improve the productivity redesigning processes and systems.
- Improve the organizational structure.

Results

- The productivity has been increased of 25% thanks to the introduction of new processes, systems and instruments.
- Delivery inaccuracy reduced by 90%
- Increased manageable volumes of 50% compared with the previous structure.

Project example: Fashion brand

Time-to-market reduction for distribution in the USA

Situation

- Industrial client in the fashion sector (Public company).

Project

- Re-definition of import process and distribution strategies in the US market for products manufactured in Italy and China.
- Renegotiation of relationships with logistic partners to reduce costs and delivery times.

Objectives

- Reduction of the delivery time.
- Reduction of total costs of the process.

Results

- A new procedure has been designed to reduced by 50% (from 4 to 2 weeks) the standard delivery time.
- Furthermore, 25% of transportation costs have been reduced.

Project example: Pharmaceutical distribution

Design and implementation of new logistic hub

Situation

- Client: pharmaceutical distributor leader in the Italian market

Project

- Plan and development of the new logistic hub starting from the definition of specifications and requirements.
- Selection of the best localization for structures.
- Definition of systems and processes to evaluate the financial sustainability of the initiative.

Objectives

- Provide to the company an advanced and high efficiency logistic hub able to sustain the planned geographical expansion.

Results

- Construction of a new advanced logistic hub with double throughput capacity
- With the new hub, unitary handling costs has been reduced by 40%.

Project example: Jewelry retailer

Development of new high-tech logistic pole

Situation

- Italian leader in the commercialization of jewelries.

Project

- Plan, design, build and start-up of the new highly automated logistic hub
 - Evaluation of requirements.
 - Blueprint design
 - Design of the processes
 - Definition of client service strategies.
 - Manage the construction
 - Support the migration from the old to the new hub.
 - Support the start-up of the new hub.

Objectives

- Maximize the efficiency of the company liabilities to support the ambitious development commercial plan.
- Provide to the company optimized processes in order to implement at best the new logistic hub.

Results

- Realization of a new logistic hub with performance, efficiency, reliability and precision significantly higher than previous structure.
- Costs and problems related to the implementation of the new logistic hub have been minimized.