

CASE STUDY

Procurement Team Delivers Millions in Savings and On-Time Results for Major CapEx Project



Strategic vendor partnerships and agile procurement drive success for massive CapEx initiative

The Client

The client is a leading manufacturer supporting diverse merchandising and store needs of leading retail, grocery, convenience and pharmacy stores across North America.

The Challenge

The client was facing a large \$85 million capital expenditure (CapEx) project that had the potential to transform its business. In addition to providing critical support to keep normal business operations running, the project would allow the client to diversify its product lines, drive new sales opportunities and scale the business.

However, given the size and scope of the project, the client knew its procurement team did not have the exposure, procedures or experience needed to support it effectively.

The more time that passed without the team securing the equipment required for the project, the risk of missing key deliverable milestones grew. An inability to complete the project on time risked damaging the client's reputation and credibility and could result in lost sales revenue, so it was critical for the client to find a solution quickly to not jeopardize the project.

Actalent's Solution

Actalent was chosen for this project based on our strong reputation and credibility for our Services offerings, which would be critically important during the solutioning process. The client also had an existing relationship with the staffing side of our business, so they trusted our ability to deliver quality work, skilled teams and reliable support.

To form our approach, Actalent leveraged our proven CapEx owner's representative model, building a custom on-site team focused on delivering cost savings, making process improvements and maintaining the CapEx schedule to ensure the successful completion of the project. The team included two procurement leads serving as the conduit for client interactions and process/delivery ownership, and one procurement specialist responsible for executing delegated tasks from the leads.

Establishing a team to manage the schedule and oversee associated RFPs helped ensure project timelines were met. It also enabled our procurement team to hold vendors accountable to the delivery dates specified in their purchase orders (POs) — adding significant value by alleviating the burden on the client's internal resources.

The Results

The partnership has been highly successful, marked by major project milestones and ongoing progress for the client. Our dedicated procurement team successfully took full ownership of RFPs, negotiating substantial cost savings and developing and adhering to a schedule to ensure project delivery milestones were achieved on time.

Over the course of four months, we helped manage 27 purchase orders — each representing a full RFP process — resulting in \$50 million issued in PO spend. Through strategic negotiations and process improvements, we delivered an estimated \$3 million in direct savings and \$10 million in cost avoidances for the client.

Our team was able to adapt quickly in a fast-moving project environment and proactively communicate milestones and next steps to executive leadership throughout the engagement, helping maintain confidence and trust throughout the engagement.

Our team's ability to execute RFP processes quickly and accurately, while building strategic vendor partnerships that aligned with project deliverables, kept the project schedule on track. Importantly, vendor negotiations were also conducted in a manner that preserved the client's reputation in the market, thus establishing a critical network of vendor partnerships that would enable the client to move forward with subsequent phases of their CapEx project.



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