

Vad du än ska skicka.

- Frimärken  
Från 6 kr
- Förpackningar med porto  
Från 30 till 99 kr, upp till 2 kg
- Blå kartong  
31 kr (frakt tillkommer) upp till 20 kg
- Skicka i eget emballage  
upp till 20 kg
- Extra värdefullt  
Från 65 kr
- Express

## SOI Årskonferens i Umeå

### Category Management

- An wayto make better business

Sebastian Nordgren

mars 25, 2014



POST

postnord

## Sebastian Nordgren

### Economics

Linköpings Universitet

**15 years  
sourcing experience**

PostNord

SEB

Carema Vård & Omsorg  
AB

Silf Competence AB

Blendow Marketing AB

Flottan, Försvarsmakten

### Other

Sourcing consultant in  
Samwise Consulting AB  
(owner)

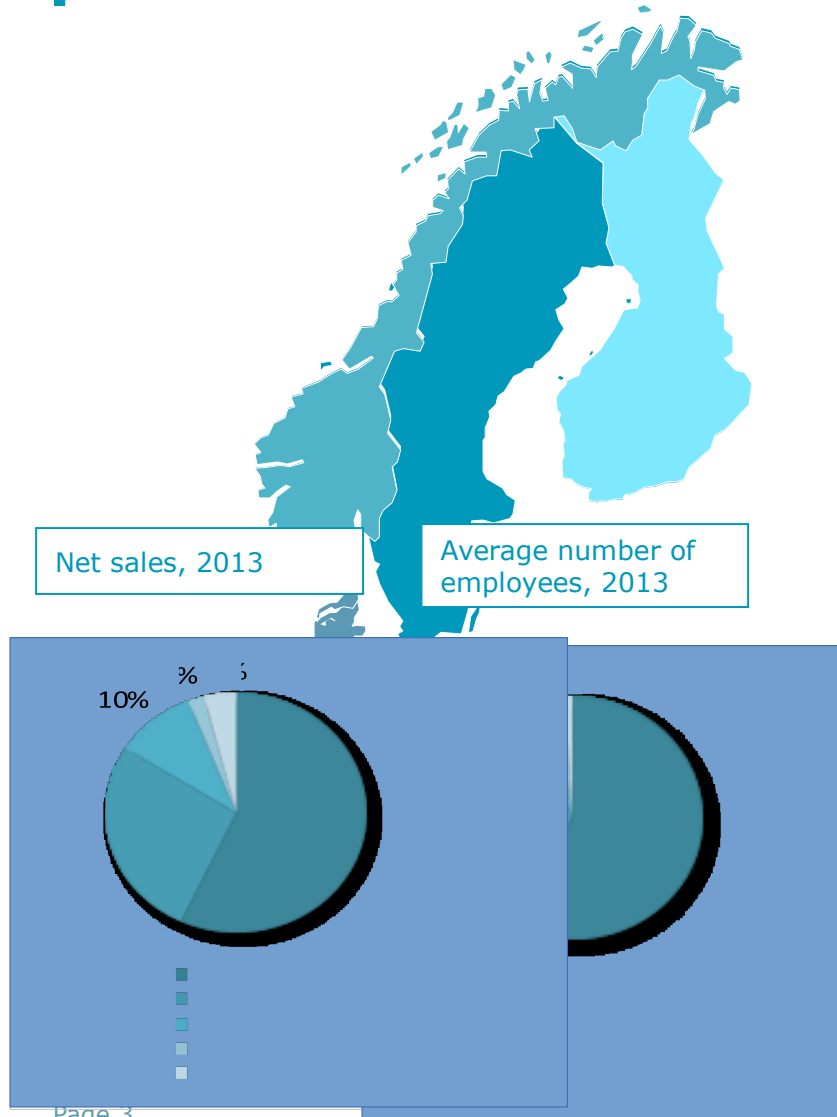
Teaching at Silf  
Competence AB

## Postnord today

**Category Management**  
– An effort to make better businesses

## Q&A

# The leading communication and logistics operator in the Nordics



- PostNord AB was created through the merger of Posten AB and Post Danmark A/S in 2009. 40% of shares held by the Danish state and 60% by the Swedish state. Votes allocated 50/50
- Communication and logistics solutions to, from and within the Nordic region.
- Around 20,000 mail carriers
- 27 million mail items sent each day
- 400,000 parcels every day
- 4,879 parcel distribution points in the Nordic region
- 95% delivery quality for letters
- Net sales of SEK 39,5 billion and approximately 39,000 employees in 2013.

# Postnord are changing!

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## Från

### Varudistribution



### Postorder



### Brevdistribution



## Till

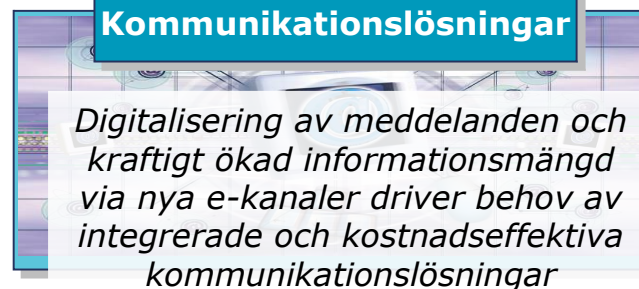
### Logistiklösningar



### E-handel



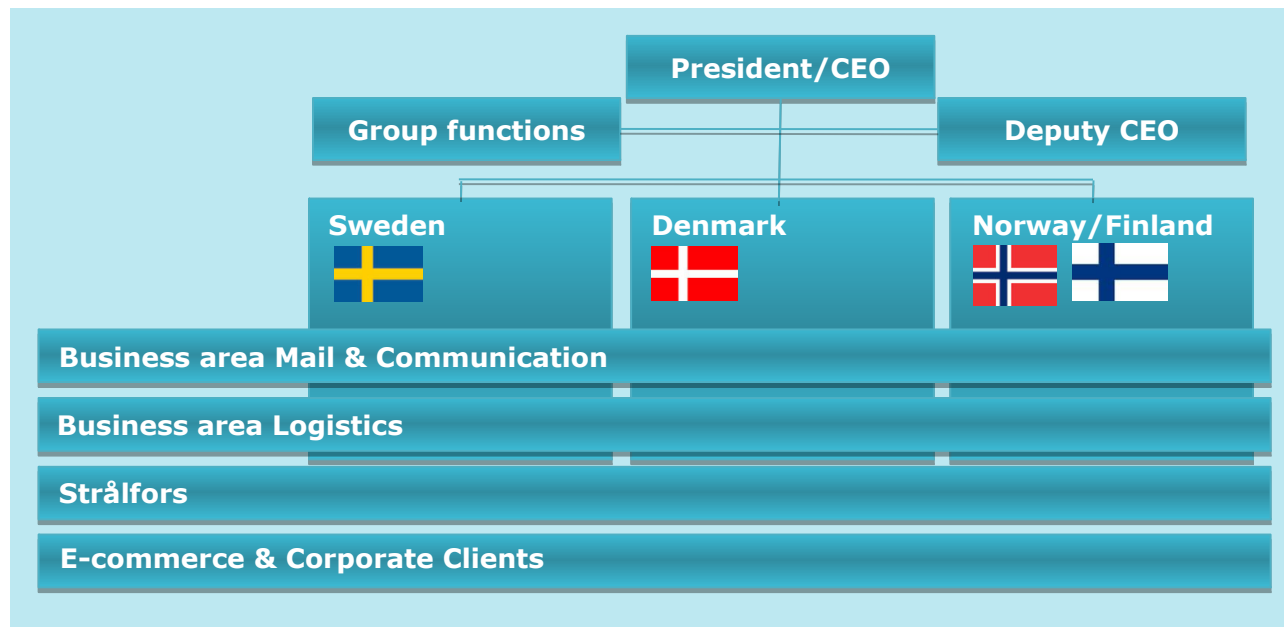
### Kommunikationslösningar





# New organization – a more integrated Group from 1st of April

- Formation of country units to better serve our client base and facilitate integrated production models
- Establishment of a Nordic business area for Mail & Communication
- Establishment of strategic unit for e-commerce
- Strålfors still operated as a subsidiary – close coordination with Mail & Communication



Greater uniformity versus customers – stronger focus on e-commerce – greater potential for synergies

# ...and this is how we will meet our customers tomorrow



- One company and a Nordic market leader



- We must capitalize on the growth potential in our prioritized markets with a more cohesive market presence



- Strengthen our competitiveness and increase customer utility through a joint offering for the growing e-commerce sector



- We harness the recognition and strength of the postal brands

**Postnord today**

**Category Management – An effort to make better businesses**

**Q&A**

# From traditional public procurement according to LUF and FSVD...

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*"As I hurtled through space  
there was only one thought in my mind -  
That every part of the capsule  
was supplied by the lowest bidder (on a  
government contract)"*

John Glenn





# ... To making good deals for Postnord

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For me Procurement or Sales  
is not  
a function nor  
an operation

- It is  
business!

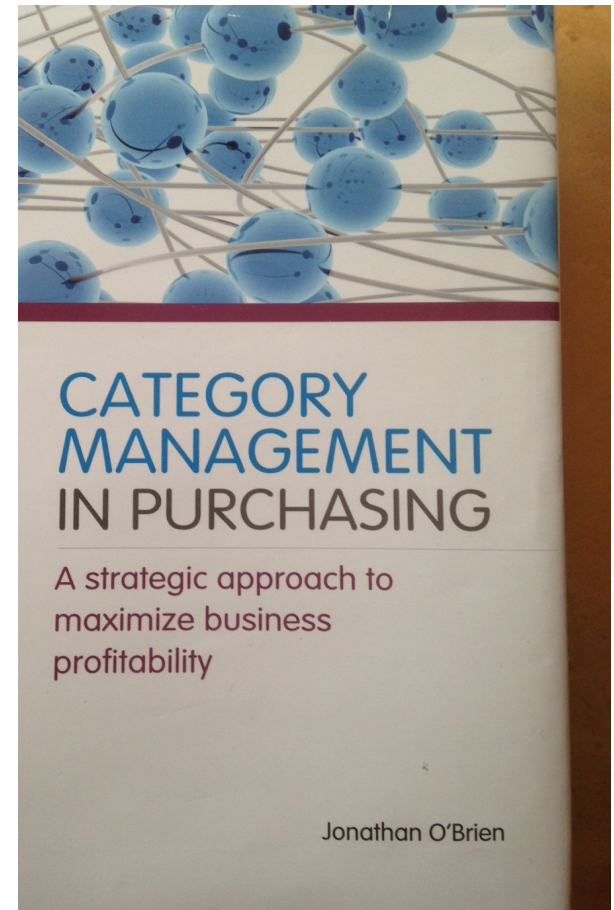


# Category Management in Purchasing

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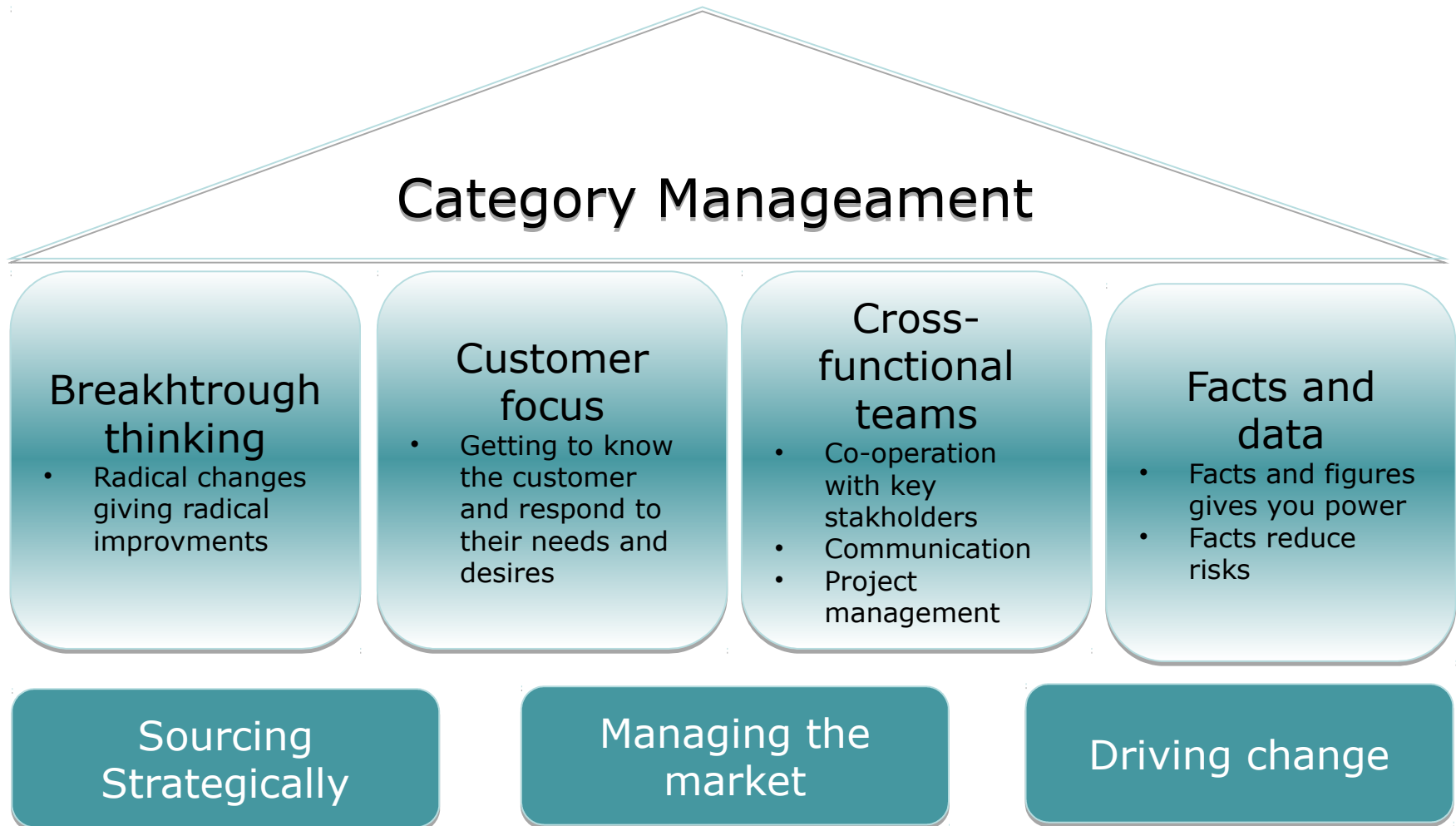
- "Category Management is the practice of **segmenting the main areas of organizational spend bought- in goods and services into discrete groups** of products and services according to the function of those goods or services and most importantly, to mirror how individual marketplaces are organized"

Källa: O'Brien, The principles of category management



# Category Management in Purchasing

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Källa: O'Brien, The principles of category management

# Category Management

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- ⌘ Systematic approach to address all spend. Focus on the right things – where do we put our resources?
- Basis for decisions and strategies. Faced based TCO or LCC approach in all business and in all negotiations
- Governance and steering. Cross functional teams. All Business units in all countries involved
- Clear roles and responsibilities
- ⌘ Base for target setting, reporting and follow up



- **Category Management has a background in retail**
- **Going from reactive to proactive sourcing!**



# Procurement at Postnord – We are on our way

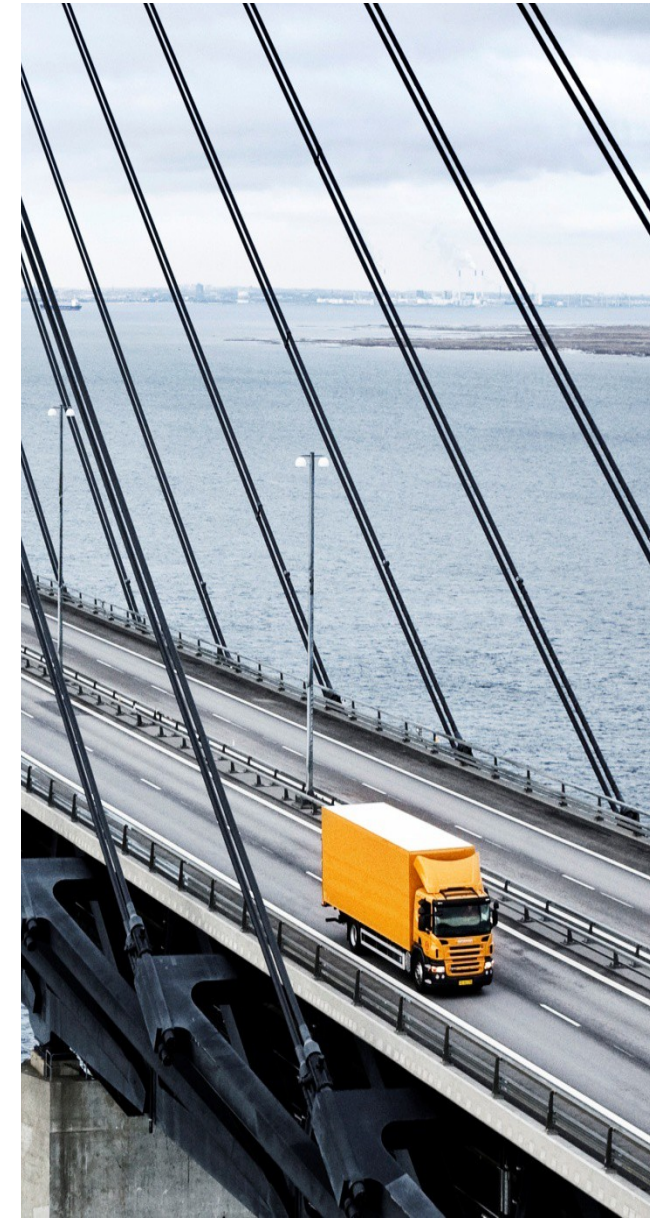
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## Background 2012

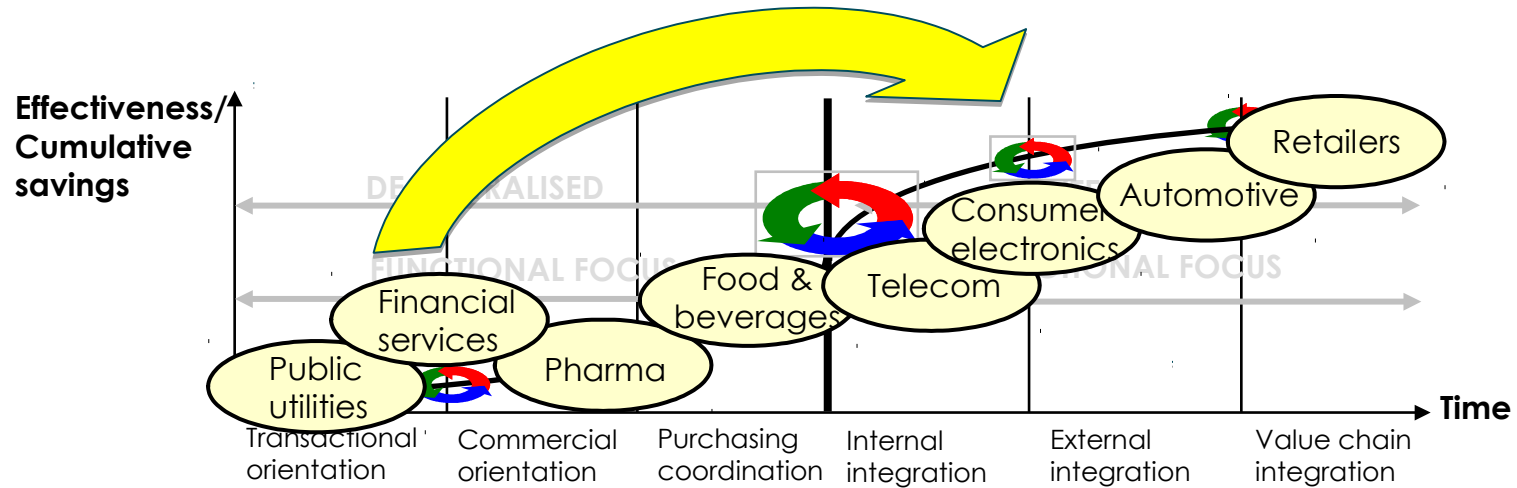
- A total review of Group Procurement was carried out
- A new organisational structure.
- The department was reduced from 49 to 37 FTE.
- A decentralised responsibility of sourcing areas according to spend.

## Actions 2013

- Implement and deliver a new sourcing strategy based on:
  - From reactive buying to proactive sourcing
  - Category management with cross functional teams
  - First class analyses and faced based negotiations
  - New processes and IT infrastructure



# From *Serve the factory* to *Internal integration*

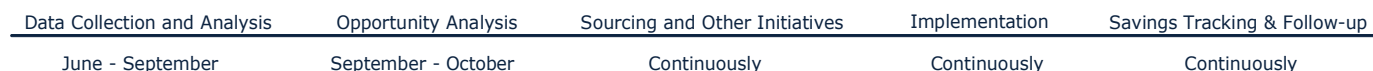


<b>Focus</b>	• Serve the Factory	• Reduce cost	• Savings through synergy	• Total cost of ownership	• Supply chain optimization	• Total Customer Satisfaction
<b>Activities</b>	• Clerical • Order processing	• Commercial • Tendering • Negotiating • Approved suppliers list	• Commercial • Contracting • Global sourcing	• Cross functional buying teams • Systems integration • Vendor rating • Performance based contracts	• Outsourcing • EDI/Internet • E-commerce • Cost models	• Customer driven activities • Contract manufacturing • Supplier development • Global supplier network
<b>Dilemmas</b>	• Initial purchasing • Control of purchasing expenditure	• Supplier base management	• Contract management • Ethics	• Communication and information infrastructure	• Social resistance	• Internationalization • HRM

- ✂ Implementation of Category Management apoint Category Managers and category plans done
- ✂ New sourcing process, sourcing policy and travel policy
- ✂ Started SPM and segmentation of risk for all big suppliers
- ✂ Implemented Ariba as Spend tool and project management tool
- ✂ Employed 13 persons. Focus on staff and competence development
- ✂ Focus on cross functional teams



- ❑ Data Collection & Analysis – Find the facts
- ❑ Opportunity Analysis – Identify improvement areas
- ❑ Sourcing and Other Initiatives – Formalize improvements
- ❑ Implementation– Deliver improvements
- ❑ Savings Tracking & Follow-up – Measure and maintain improvements



# Roles, responsibilities and required effort

			DATA COLLECTION AND ANALYSIS	OPPORTUNITY ANALYSIS	SOURCING AND OTHER INITIATIVES	IMPLEMENTATION	SAVINGS TRACKING & FOLLOW-UP
ROLES & RESPONSIBILITIES	<b>Purchasing Lead*)</b>	Role	Analyzes spend etc and secures a fact based material	Objectively challenges the current situation	Executes RFP, evaluation, negotiation etc	Actively assists if delivery or supplier issues occur	Reports savings, measures and follow-up (incl strategic suppliers)
		Responsibility	Drives	Drives	Drives	Actively contributes	Actively contributes
	<b>BU/GF Lead</b>	Role	Actively assists when requested	Secures as business specialist PostNord strategies	Actively participates in order for PostNord to as ONE towards the supplier market	Secures usage of chosen solutions/suppliers	Manages supplier relationships and development of the business
		Responsibility	Actively contributes	Actively contributes	Actively contributes	Drives	Drives
	<b>PGB</b>	Role	Helps to remove roadblocks if they occur	Challenges, saving projects which are not ambitious enough. Sets saving objective for PostNord	Helps to remove roadblocks if they occur	Helps to remove roadblocks if they occur	Helps to remove roadblocks if they occur
		Responsibility	Is informed	Approves	Approves (+20 MSEK)	Is informed	Is informed

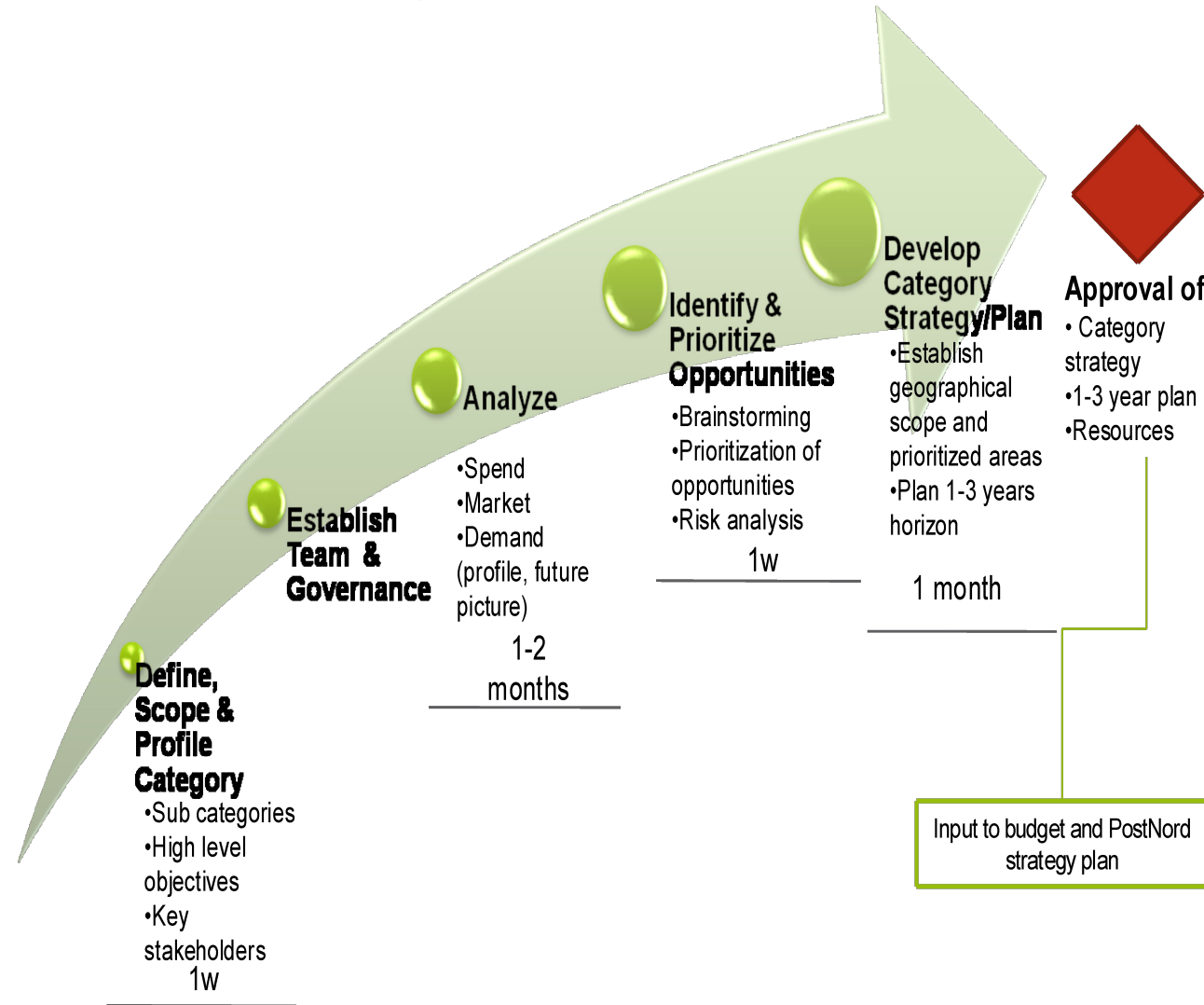
		DATA COLLECTION AND ANALYSIS	OPPORTUNITY ANALYSIS	SOURCING AND OTHER INITIATIVES	IMPLEMENTATION	SAVINGS TRACKING & FOLLOW-UP
REQUIRED EFFORT	100%					
	80%					
	60%					
	40%					
	20%					



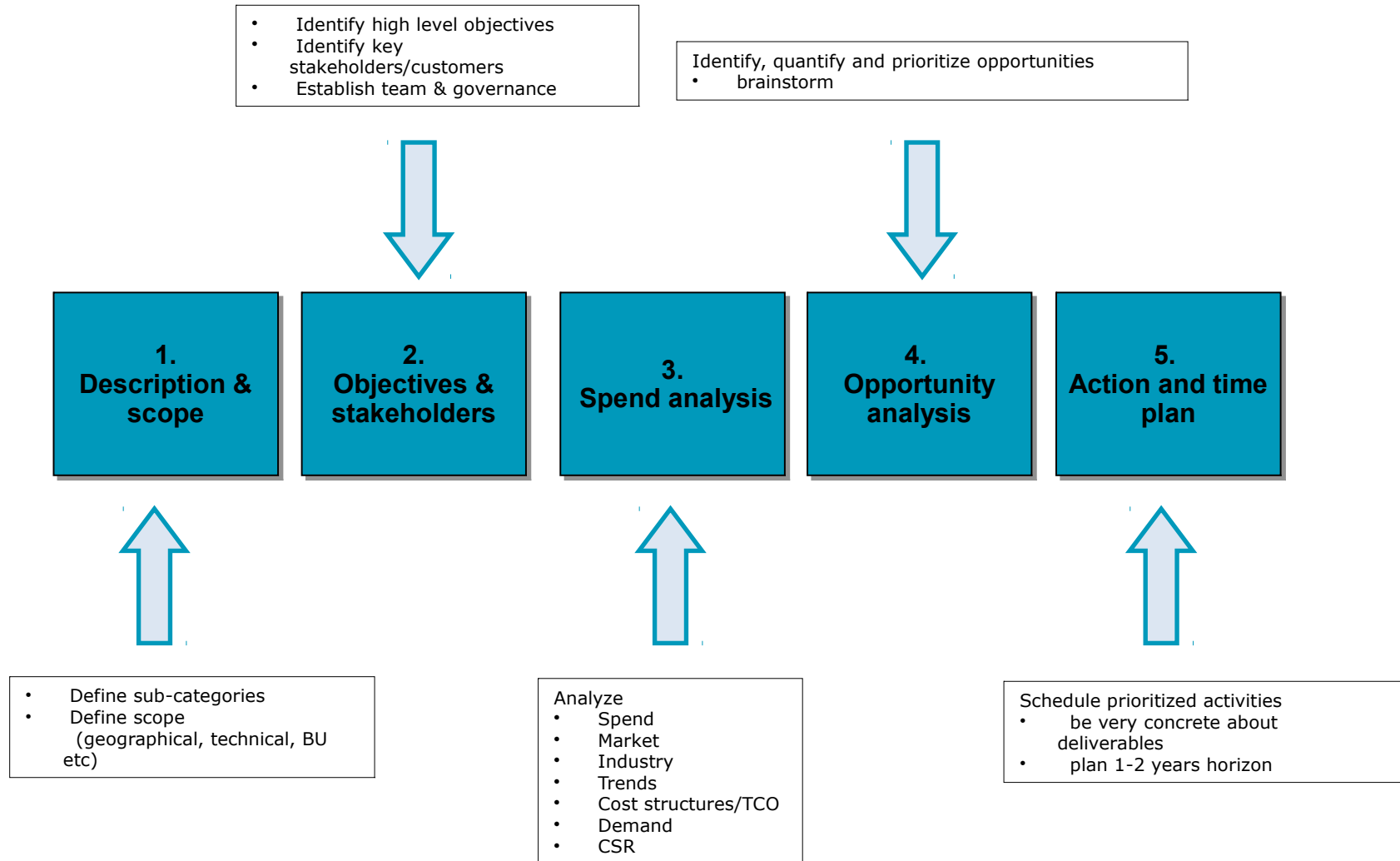
# 5 Steps of Category Management

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- Holistic view – all parts of Postnord. Optimize on group level
- Identify and involve stakeholders in the development of a category plan
- Document and communicate the category plans
- A unified way of defining and reporting savings
- FUF/FSVD competence only at Group Procurement



# Take it step by step



## ✂ **Challenges with collecting and analyse spend data**

- Hard to aggregate spend data from multiple systems, countries and business areas

## ✂ **Category Managers**

- New competences needed – traditional procurement skills is not enough. Need for project management, analysis competences, social skills, category management skills and knowledge.
- Hard to find and attract the right persons and develop the skills internally.
- Hard to implement the cross functional teams and to explain the new way of sourcing.
- Hard to get a holistic view of all projects and time schedules. From short term decisions to long term strategic sourcing.



- Challenging existing structures and solutions
- It is a tough job!
- Change management
- Corporate culture

- **Targets and reporting**

- What is a saving? Vs budget, vs history, EBIT effect?
- From unit price to Total cost of ownership (TCO)
- Establish measurement and reporting structures

- **Roles and responsibilities**

- Who own the saving targets
- Coordination cross business areas
- PIT and PGB and the Business units



- Challenging existing structures and solutions
- It is a tough job!
- Change management
- Corporate culture



# 2014 – The way forward

- Implement all changes and new policies and processes.
- Stakeholder management.  
Get everyone onboard
- Deliver high perceived values in our services, managed risks and a good result (Cost reduction) to Postnord on the bottom line



- Consolidate and implement
- Change management

**Postnord today**

**Category Management – An effort to make better businesses**

**Q&A**

# **Thank You!**

# **Good luck with your businesses**

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Sebastian Nordgren

Sebastian.nordgren@posten.se