

## Establishing Procurement: A Made-to-Measure

A rapidly growing healthcare company significantly increased its cost savings through a formal, centralized procurement strategy

### Challenge

---

Industry regulations and increasing competition were forcing a rapidly expanding company to reduce operating costs. Part of the approach to cost reduction was to create a **best-in-class, centralized Procurement group** charged with promoting smarter and more effective spending habits through “actively managed” spend. In doing so, the group would help meet cost reduction goals while delivering greater value to the business.

To execute this transformation successfully, several common yet significant challenges had to be overcome:

- Culture was **resistant to change** and accustomed to “old pharma” spending habits, lacking control and oversight
- Spend categories were not strategically sourced and most supplier relationships were often deeply entrenched within the lines of business
- Perception of existing high value from key suppliers was often not **validated with competitive pricing and service**
- Procurement group required a shift in focus from **transactional to strategic activities**
- **Inconsistent policies and procedures** were reinforced by multiple acquisitions

### Collaborative Approach

---

Acquis created a centralized Procurement function **from the ground up**, enabling the company to realize its strategic objectives. **Strong collaboration** with the client was crucial to the analysis, design, and execution phases of the Procurement function for it to be **embraced by the organization**. Acquis performed the following activities as part of the procurement roadmap:

- Assessed the existing Procurement function to measure effectiveness and identify performance gaps
- Developed a strategic plan to **build and deploy enhanced capabilities** focused on strategic sourcing, supplier management, and continuous improvement
- **Demonstrated immediate value** in 12 high-impact spend categories through strategic sourcing best practices
- Partnered with the business to launch 43 sourcing initiatives
- Defined **consistent policies and procedures** across all corporate entities to support centralized procurement

### Drive Change

---

- Achieved hard-dollar **cost savings of \$16.5M** out of an initial \$140M addressable spend and **increased spend under management** by 25% in year one
- Established Procurement as a **center of excellence** and proven partner to the lines of business
- Instilled a **cost-conscious culture** with formalized purchasing procedures
- Enabled self-sustainability of the new group through a seamless **transition of knowledge**

#### About Acquis

Acquis is a consulting firm specializing in strategy and implementation. We help ambitious organizations solve business challenges that enable sustainable growth and healthy efficiency. We do this by not just designing strategies but also putting them to work.

#### Key Contact:

**Tyson Moore – Client Director**  
tmoore@acquisconsulting.com  
office: 212.609.2721