



Fletcher Challenge Building Share - A Procurement Infrastructure

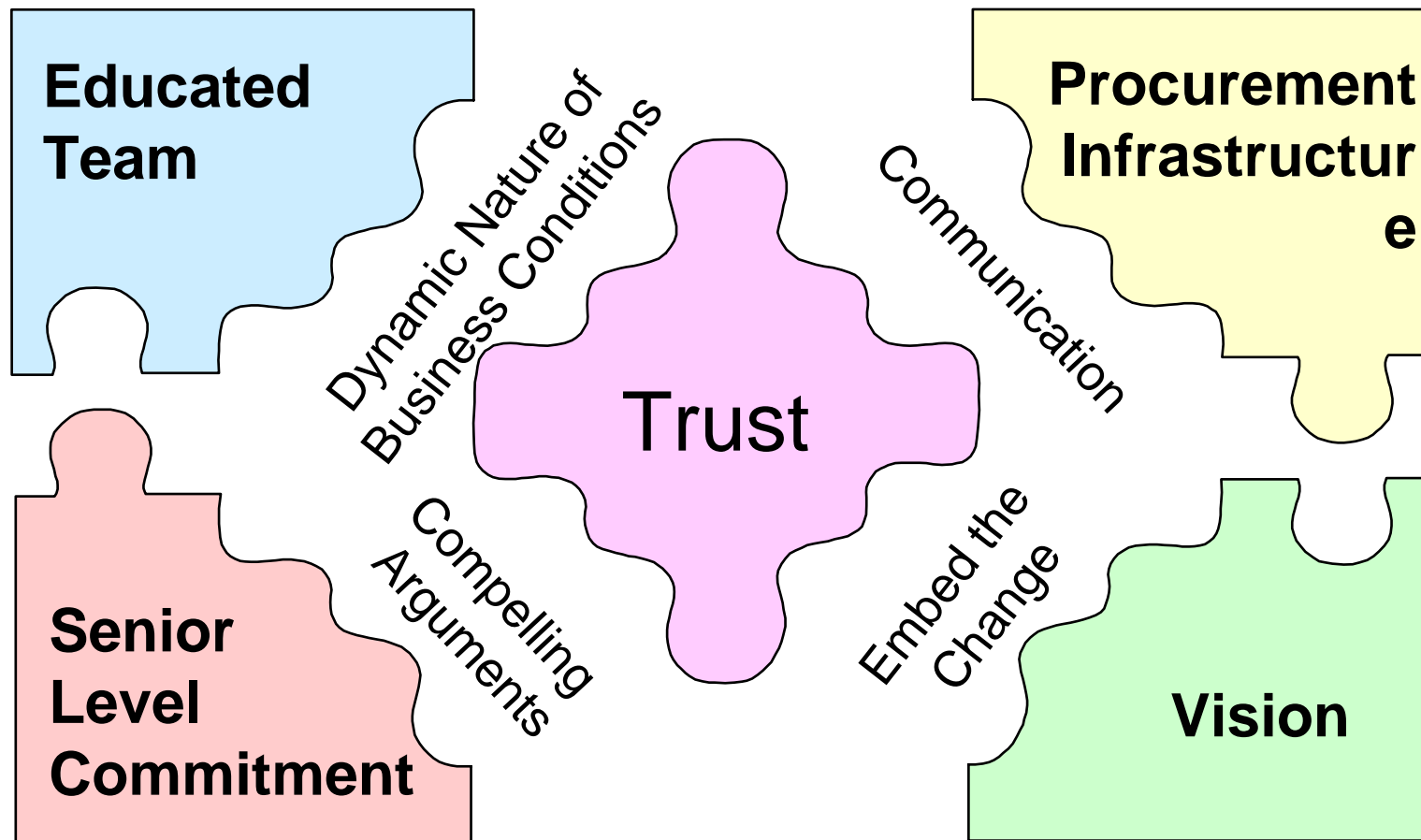
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FLETCHER CHALLENGE
BUILDING



Jigsaw of Procurement



The total solution will provide a sustainable reduction in Total Systems Cost





Relationship Matrix

Supplier	Business Unit	Fletcher Wood Panels	Winstone Wallboards	Plyco Doors	Fletcher Aluminium	Scott Panel & Hardware	Fletcher Residential	Golden Bay Cement	Firth	Humes	Winstone Aggregates	PlaceMakers	Challenge Properties	Fletcher Construction	Pacific Coilcoaters	Fletcher Steel	CSP Pacific	Dimond Industries	Fletcher Reinforcing	Cyclone	Pacific Steel	Pacific Wire	Sims Pacific Metal
<i>Business Unit Strategic Relationships</i>																							
Dynochem																							
Comalco																							
Fletcher Forests																							
GRA Australia																							
.....																							
<i>Cross Operating Group Relationships</i>																							
Waste Management																							
Xerox																							
Blackwoods																							
New Zealand Couriers																							
.....																							
<i>Cross Building Share Relationships</i>																							
Trust Power																							
Telecom																							
Fleetlease																							





Role of Centre of Excellence

EDUCATION

- Provide learning opportunities for employees and suppliers to enhance their knowledge regarding procurement

MENTOR

- Provide a one on one sounding board for Procurement Professionals to resolve implementation issues.

CO-ORDINATION

- Facilitation of a virtual team to ensure a common methodology to achieve synergy across multiple business units.

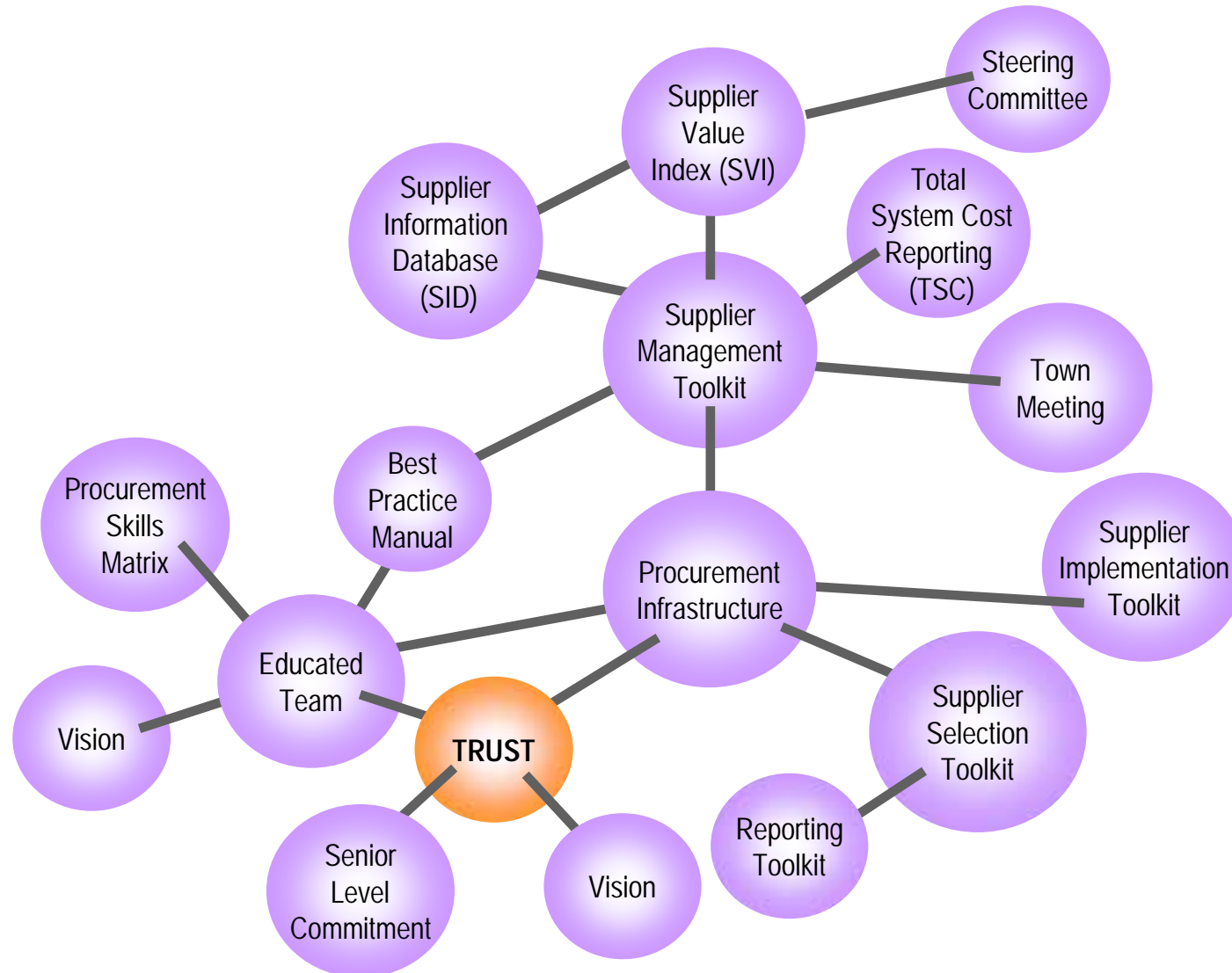
INFRASTRUCTURE

- Development of management tools which are able to be used by Procurement Professionals to reduce Total System Cost and achieve business strategies.





Healthy Procurement DNA

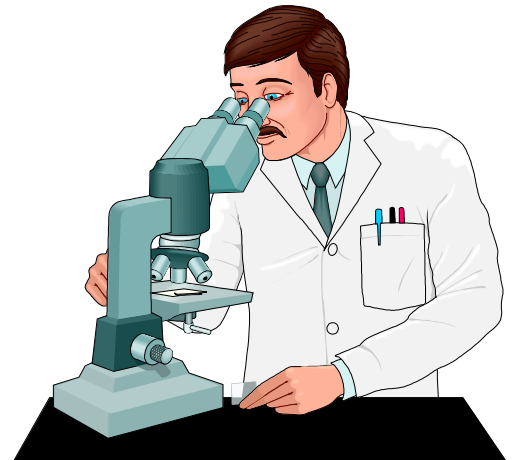




Centre of Excellence

The Centre of Excellence act
as specialists

They monitor the Procurement DNA
and provide medicine
when required





Procurement Vision

Management of suppliers to achieve our business strategies

INPUTS

- Senior Management commitment
- Professional competence
- Accountability
- Commercial oriented function
- Understanding of supply markets
- Budget Holder Support
- Capable and willing suppliers
- Virtual team
- Understanding/recognition of mutual dependencies
- Strategic planning
- Accurate forecasting

PROCESSES

Cost Category Management

- Needs analysis
- Determining strategy
- Select suppliers / negotiate agreements
- Working with suppliers to create value
- Performance Management

Optimise Supplier Resource

- Utilise suppliers expertise from the relationship

Development of Unique Relationships

- Establish appropriate relationships
- Sharing benefits
- Effective communication

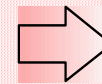
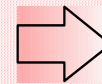
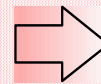
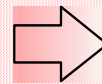
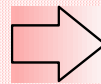
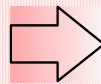
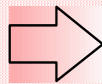
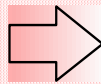
Streamline and Align Processes

- Eliminate waste in all processes
- Achieve synergies across multiple business units
- Focus on Total Systems Cost
- Quality Decision Making

OUTPUTS

- Lowest sustainable Total System Cost
- Improved Customer Satisfaction
- Improved Shareholder Value
- Colleague satisfaction and development
- Consistent behaviours, values and beliefs
- Drive to optimal stocks
- Right quality
- Leading Edge suppliers
- Customer of Choice
- Consistent methodology aligned to Best Practice
- Synergy
- Educated organisation
- Understanding of Procurement
- Mutually Beneficial Relationships
- Strategic relationships preserved

Procurement Infrastructure
Information Systems
Education



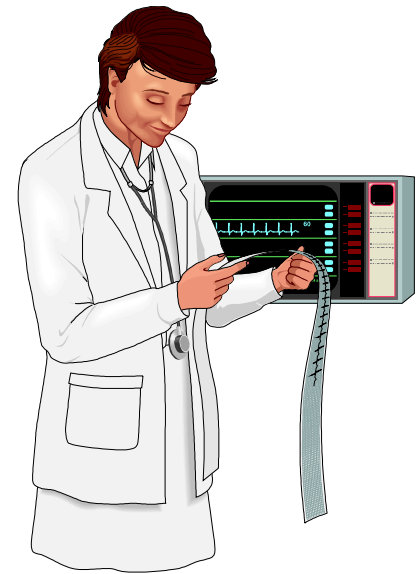
FLETCHER CHALLENGE
BUILDING



Procurement within the Business Units

The Procurement function in the Business Units
act as Doctors

They take the temperature of the
various supplier relationships and
administer medicine where
appropriate





COMMON SYMPTOMS

- How many suppliers do you have?
- How much do you spend on a particular cost category?
- How many invoices do you process each month?
- How many credit notes require action each month?
- How many new suppliers are created each month?





SOME MEDICINE CALLED ‘SID’

- ‘SID’ is the Supplier Information Database capturing the following information:
 - Dollar spend per month
 - Cost categories
 - Number of invoices and credit notes
 - Payment type
 - Credit terms
- Designed as a management reporting tool for procurement professionals.





LESSONS FROM CHILDREN

- **Don't spoil me** - I know quite well that I ought not to have all I ask for. I am only testing.
- **Don't be afraid to be firm with me** - I prefer I; it makes me feel more secure.
- **Don't let me form bad habits** - I have to rely on you to detect them in the early stage.
- **Don't take too much notice of my small ailments** - Sometimes they get me the attention I want.
- **Don't ever think it is beneath your dignity to apologise** - an honest apology makes me feel surprisingly warm to you.
- **Don't forget that I can't thrive without lots of understanding and love** - but I don't need to tell you, do I?

