

Success Story – CRH

CRH is one of Ireland’s biggest private sector companies, a conglomerate of separate business units ranging from cement production and aggregates to the provision of asphalt.

CRH has always had a clear philosophy for promoting business autonomy within a strict framework of financial performance. Taken together CRH has a very significant purchasing spend when aggregated across all businesses, it was clear from detailed analysis of the annual accounts that this spend wasn’t being leveraged to its maximum value.

ADR led a review of the purchasing portfolio by deploying ADR’s PRISM Baseline approach to three business units from within the CRH family of companies.

The aims of the baseline was to ascertain the overall strength of the purchasing function and identify areas for improvement along with a spend analysis showing by category the potential savings available to CRH if they were to embark upon a route of staff development linked to the adoption of a strong, but pragmatic, category management process.

In essence the CRH board wanted to understand whether purchasing was a clear source of additional shareholder value and whether the ‘ethos of self-management’ would be compromised by adopting a collaborative approach to sourcing in general.

The baseline identified a number of opportunities to make savings and it was therefore decided to introduce a Strategic Purchasing Group (SPG) supported by a robust category management process and staff development. In some cases the staff selected to be part of the SPG were fully fledged purchasing people, with the balance being selected from senior and middle management on the basis of the overall business acumen and ability to influence internal stakeholders.

Client	CRH Plc
Sector	Construction
Country	Ireland
Services	PRISM

The SPG met each month with the aim of building a strategic sourcing plan for each category of spend and to obtain ‘just-in-time’ training from ADR. This hands-on approach was the main reason why the project was embraced by the group and the subsequent results exceeded the initial opportunities identified at the baseline phase.

The SPG selected, supported by ADR, 12 categories for review with a significant annual expenditure. Working together ADR and CRH delivered an 8.7% reduction over a 15 month period.

In addition a ‘second wave’ of cost savings were delivered in year two. The approach, albeit in a challenging environment, was well received by each business unit that benefited from the improved commercial terms. These results led to the CRH Board inviting ADR to work in Finland, Switzerland and the USA.

About ADR International

ADR International is one of the world’s longest-standing global procurement consultancies. We provide Advisory, Consulting, Training, Learning and Sourcing services.

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