

Success Story – Crest Nicholson

Crest Nicholson, a company specialising in building small-medium size houses, was at a competitive disadvantage to the larger house builders specifically in the area of purchase cost performance.

The business had a number of regional house building companies and a small central group. The regional house building companies were autonomous profit centers and had local authority for material specification and purchasing.

ADR's aim was to inject best practice approaches and methodologies into the organisation and to establish a structure which would enable the business to benefit from a group-wide purchasing power without exerting an overbearing central influence.

The first step was to secure agreement from the regional company MD's to contribute resource to work on and implement national framework agreements.

ADR's initial analysis had indicated substantial opportunity and the regional MD's were asked to make an investment decision.

These resources formed a project team led by ADR and included purchasing, technical and surveyor staff. The group and regional MD's formed the project steering group which reviewed progress and set direction.

A key element of the methodology introduced required each regional company's needs to be specifically defined including specification and service level requirements. This reflected the fact that specification and house types in regional companies could be different.

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| Client | Crest Nicholson |
| Sector | Construction |
| Country | United Kingdom |

For the initial wave of categories tackled the methodology included a pilot test phase which acted as a safety net and enabled learning to be positively reflected into future categories tackled.

The output was a portfolio of blanket agreements, both national and regional, with named regional buyers responsible for supplier performance management.

The programme also expanded into other areas of the business, e.g. the land buyers were trained in negotiation planning and negotiation practices.

The group wide return on investment, from the project (first 12 months savings value) achieved was in excess of 8:1.

About ADR International

ADR International is one of the world's longest-standing global procurement consultancies with offices in the UK, Central & Eastern Europe, North America, South Africa, China and Australia. We provide expertise in procurement consultancy, training and development, sourcing.

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