

Success Story – Electricity Supply Board

Faced with de-regulation of the electricity supply and generation industry and operating within a harsh regulatory regime, Ireland's Electricity Supply Board was mandated to reduce its cost base in all areas. Historically, procurement was regarded as a service function with responsibility for EU compliance, not as a source of added value, cost improvement and operational savings.

Procurement staffs were, to a large extent, operating as EU law compliance officers. Purchasing activity was spread over some 20 sites, with the central purchasing group, located in Dublin, handling high value contracts. Central purchasing tended to become involved late in the sourcing process and had little opportunity to influence sourcing strategy. With no involvement in planning, procurement was generally reactive to budget holders. Save for a few framework agreements, this resulted in a one dimensional approach with little segmentation of the spend or of the supply base.

The aim was to transition purchasing within ESB into a business-aligned function with a strategic focus. This included putting in place the processes, practices and tools needed for cross-functional source planning to enable ESB to tackle strategic spend whilst achieving far greater tactical control.

The assignment included the following elements:

- Building of capability and the application of best practice tools and techniques whilst adhering to public procurement guidelines
- Creation of a structure which could capture and influence all third party spend
- Establishment of a supplier management process that enable ongoing value delivery with the aim of delivering cost improvements in excess of IR £3m.

Client	Electricity Supply Board
Sector	Utilities
Country	Ireland
Services	Best practice tools and techniques

ADR's proven source planning methodology resulted in many framework agreements that achieved substantial cost and performance benefits and, as important, a framework to engage budget holders and users which enabled the proactive influence of this spend and resulted in the joint development of sourcing strategy. Cost improvements in excess of the target set were achieved.

The Strategic Purchasing Manager, ESB said;

"We didn't want to waste time and money by re-inventing the wheel when it came to purchasing best practice. ADR's insight and expertise helped us to achieve the business goals within 24 months. We now have a structure in place that ensures the change is sustainable and that we continue to realise the benefits of improved effectiveness. Adopting best practice techniques in the public sector is not an easy task, ADR ensured ESB benefited from improved purchasing practices without compromising ESB as a business."
Strategic Purchasing Manager, ESB

About ADR International

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