Success Story – Reckitt

Reckitt & Colman is a niche global manufacturer of well-known branded household, toiletry, pharmaceutical and food brands. Based in London, its products are internationally recognisable. R&C manufacturing is based in over 30 countries worldwide and it sells in over 40.

Whilst extremely profitable the strategic position of R&C was a concern to Senior Executives. Being a niche player in a market dominated by such giants as Unilever and Proctor & Gamble meant that R&C were vulnerable to takeover. High profit & margin growth were required to keep share valuations high to deter predators.

ADR, as the result of a referral from the pharmaceutical division, was asked to provide facilitation support and purchasing know-how for a board-led cost down programme of which purchasing constituted a significant part.

The aim of the project was to identify areas of weakness in Reckitt & Colman’s existing purchasing strategy and to pinpoint areas of potential cost reduction.

The initial baseline review carried out by ADR showed that purchasing was predominantly transactional with performance going unmeasured. Suppliers manipulated their relationships with R&C with year-on-year price increases accepted as the norm and new and cheaper sources of supply being ignored on quality grounds. Furthermore, these traditional ways of working were evident and embedded. The overall perception was of unfocused purchasing teams with low levels of capability.

Having identified savings of £30 million through its Opportunity Analysis, ADR worked hard to overcome the embedded resistance to change and a number of key activities were driven hard by ADR to overcome this:

- Senior management support was solicited
- New purchasing teams were built in businesses across the world
- A series of workshops and briefings were undertaken
- Major blocks to progress were either converted or removed
- Robust purchasing processes and practices were introduced
- Initial savings were used to support further change
- Strategic sourcing was introduced

ADR’s success can be measured in the level of quantifiable & audit able savings achieved which were in excess of £74 million. In addition to these savings high levels of competence had been embedded in the businesses worldwide enabling on-going progress long after ADR’s departure.

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, development and sourcing.

For further information on ADR International and our full range of procurement services please email info@adr-international.com or visit the website www.adr-international.com