



Improving procurement to grow long term profitability and increase enterprise value

“For a global manufacturing business like Britax, having an agile and competitive supply chain is critical to our long-term growth in profitability. By working with Vendigital, we’ve had the highest-quality resource focused on achieving this across our procurement spend.”

Andrew Stafford
Former Chief Executive Officer of Britax Childcare.

Procurement specialist Vendigital has worked (with partners PriceWaterhouseCoopers) on an 18 month cost reduction programme for the Britax Group across their 3 divisions.

- > The Premium Aircraft Interiors Division – manufactures aircraft seats, galleys and toilets.
- > The Childcare Division – manufactures child car seats.
- > The Public Safety Division – manufactures engineered safety products for motoring.

The programme delivered £8 million in procurement savings for the organisation. Two of the divisions were then sold off allowing the bank to realise significant benefits.

How it was done

Vendigital started work on a procurement cost reduction programme to significantly improve earnings before interest and tax (EBIT). It was important to ensure that Britax could demonstrate to any future owner that all savings were sustainable and that the Britax group developed a more strategic approach to purchasing. Vendigital used their Savings Optimiser toolset to identify and prioritise the areas of work that would deliver the highest returns.

Over the next 18 months, Vendigital’s cost reduction programme encompassed 40 work streams which included everything from packaging, plastic components through to aircraft parts such as aluminium extrusions and wire harnesses. The programme achieved 20% average savings on a £40million spend resulting in £8million saved across the group.

Reinforced by the enhanced profits, the RBoS then sold Britax Childcare together with the Britax brand name to US private equity giant The Carlyle Group for £230m. The following year, the RBoS also sold the public safety division enabling an increased focus on the Aircraft Division.



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A New Beginning

Under new ownership, the Britax business was under immense pressure to further increase profits.

Britax Childcare includes two major European manufacturing sites – one in Germany and the other in the UK. With offices in these countries Vendigital was able to provide a bridge between Germany and the UK to improve communications, leverage the combined buying power of the two operations and to establish best purchasing practice amongst the team members.

Vendigital provided its full category management service to Britax Childcare. This comprised cost reduction activities across all the “B class” categories, followed by active market and supplier management to ensure the benefits of the cost reductions were subsequently maintained and enhanced. Thomas Lung, Operations Director Europe explains, “Our procurement teams in the UK and Germany must ensure the production lines are kept running, so their attention is focused primarily on higher cost A-category items such as plastic seat moulding and cover. However by putting greater emphasis on our B-category with the aid of Vendigital, we believed huge savings could be made.”

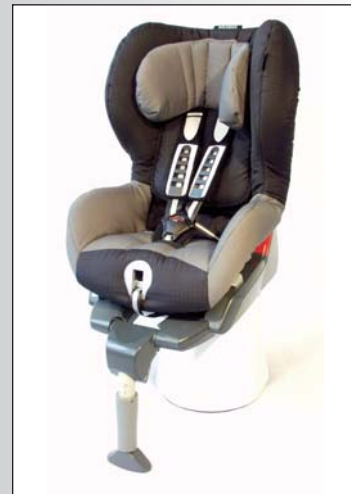
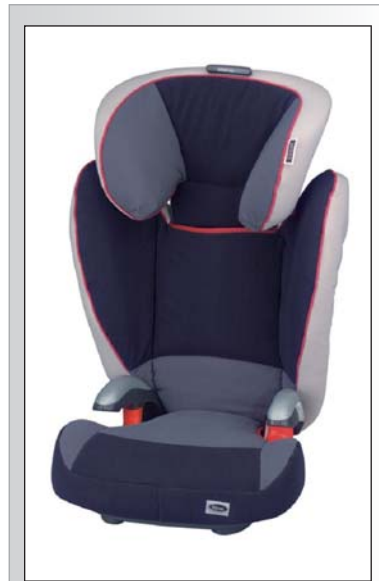
The additional resource provided by Vendigital enabled the Britax purchasing team to focus on important re-sourcing and cost reduction activity on the “A class” categories. Ultimately the Vendigital tools and processes were also applied to these items. Vendigital’s new spend management tool was implemented by Britax to support the activity. This incorporated a full spend analysis, purchasing history and sensitivity analysis around raw material price fluctuations and the like. “This is an important tool and will ensure we are fully prepared for every supplier discussion” says Thomas.

The work has resulted in savings of between £2-2.5million across all categories of spend.

A Sustainable Future

Britax Childcare has now appointed a Purchasing Director of Europe and together with a high calibre team, they will be able to absorb Vendigital’s role. In its place, Vendigital will leave a range of tools to help Britax to continue on its cost saving and market management journey.

Stephan Bormann (Purchasing Director of Europe) concludes: “Vendigital has been instrumental in driving the cost reductions, leveraging the benefits and institutionalising the savings for the long term. Through Vendigital, Britax has gained the benefits of the latest purchasing techniques. In addition, Vendigital has worked with Britax’s suppliers to develop their processes, optimise service levels and enhance their supply chains so they can provide greater value for us. And by working with their extensive supplier database and network, Vendigital has ensured that Britax has an agile and competitive supply chain.”



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