



How effective partnering helped identify and implement improvements on cost-base for luxury car dealership, minimising impact of adverse external market conditions on Harwoods Group's growth ambitions

HARWOODS group

A family-owned luxury car dealership based in the south east of England with 900+ employees and 20+ locations. Harwoods Group's key approved brands include JLR, Aston Martin, Bentley, Audi, & McLaren.

OVERVIEW

22 | Business units

3 | Month programme

10 | Suppliers engaged

£2.5m | Spend addressed

5,000 | Lines of data analysed

£450k | Benefits identified and delivered

THE CHALLENGE

With 22 business locations in the south east - each responsible for specific brands, - market challenges, including a declining consumer market, saw Harwoods seizing the opportunity to maintain operating margins by addressing the cost base across its group.

The aim was to reduce the impact of challenging industry and market dynamics and to maintain profit margins by leveraging scale in indirect procurement across all operating units and central functions. This would be enhanced by the introduction of a central procurement function and implementation of structured procurement processes.

THE SOLUTION

Harwoods wanted to ensure that there was minimal disruption to its day-to-day operations as it addressed other areas in response to market dynamics. Working alongside Harwoods and with full, unrestricted access to their cost base, Vendigital was able to fully assess and identify a suite of opportunities, from quick-wins to longer-term strategic initiatives. During the engagement, a Productivity review was also conducted on parts of the sales organisation, identifying a number of best practices across the business units, opportunities to streamline processes, as well as a number of key themes identified that had the potential to improve productivity across the entire Group.

Following an accelerated opportunity assessment to carefully select target projects, Harwoods and Vendigital entered into the delivery phase, which saw a collaborative approach to sourcing, tendering and negotiations of suppliers to provide the best service levels and pricing without compromising business requirements. Furthermore, the productivity review workstream and full engagement from three of Harwoods key business units provided valuable insights on potential areas of operational efficiencies that could be replicated across the group.

Alongside this, Vendigital developed a structured Procurement and Contracting Framework for the new central procurement function, including standardised policies and processes to embed harmonised practices and ensure sustainable savings across the projects delivered.



Vendigital surpassed my expectations. I was amazed at how quickly the team were able to crunch through data we provided and get to a list of key priorities. It would have taken us twenty times as long - at least! Vendigital demonstrated clear expertise in not only cost reduction but also more general commercial excellence. Although technically out of scope, numerous value-add recommendations were made along the way, which we embraced. From a sponsor/executive stand-point the communication was first class both internally and with our suppliers, important relationships were maintained during the process. It's been an absolute pleasure and I would do it a thousand times over.

Archie Harwood – CEO, Harwoods Group



This programme really represented the 'art of the possible.' Working with a fantastic organisation in Harwoods who fully embraced the process, there were no barriers to change, which enabled us to jointly drive results during a challenging period of time in the automotive industry. We were able to look at opportunities across Harwoods' entire spend and select projects that would deliver rapid, tangible results to their bottom line.

At Vendigital, we strive to deliver positively impactful client experiences and outcomes. Working with Harwoods as one team provided a great environment to deliver sustainable results and processes for the Harwoods Group.

Dom Tribe – Director, Vendigital

THE RESULTS

- 18% savings identified and implemented on spend addressed
- 50% savings identified on merchant charges
- Key productivity improvement opportunities identified through rapid assessments

Over a rapid three month engagement, drawing upon specialist procurement, contracting and industry resources – Vendigital was able to deliver tangible benefits for Harwoods and evidenced the full potential for the business to optimise its cost base through sustainable and harmonised procurement practices.

The approach to procurement in line with full business engagement across all Harwoods sites has begun a transformation in management of third party spend. Procurement and contracting principles have been shared and combined with a set of opportunities, providing Harwoods with the tools needed to reform supplier partnering and engagement

Key to the success of this programme of work has been the level of transparency and engagement from the Harwoods Group. Having taken a leap of faith in working on this type of project for the first time, the partnership approach has ensured that the process of sourcing, procurement and contracting will continue to deliver positive results and sustainable value for the business.

1. Approach



Analysis of cost and spend



Prioritised list of opportunities



Productivity workshops

2. Critical Success Factors

Data transparency

Full business engagement

Ideas generation

Change readiness

3. Delivered



Immediate impact



Productivity opportunities



Procurement framework