



corcentric™

Managing the Nuances of Retail Spend to Optimize Sourcing

Wesfarmers Creates a World-Class Retail Procurement Organization.

THE BUSINESS

Starting Out With a Centralized Procurement Operating Model

Wesfarmers was the first Corcentric client in the UK to roll-out Corcentric Sourcing, jumpstarting their journey to becoming a world-class procurement organization.

Wesfarmers formed a centralized eSourcing team that delivered over 1,000 projects to source goods/services of more than 80,000 merchandise products (GFR) to customers. The centralized team also managed events to source non-merchandise goods/services (GNFR), from pallets in the distribution centers, to gas and electricity supplied to all of their workites.

While Wesfarmers grew in the diversity of their retailers Argos, Homebase, and Habitat - having recognizable and distinct brands, having only one team to manage both merchandise (GFR) and non-merchandise (GNFR) products was challenging, as it called for a more flexible process to address the uniqueness of non-merchandise spend.

THE EXPERIENCE

Shifting to a Hybrid of Centre-Led and Procurement Models

In 2011 Wesfarmers moved to change its Procurement Operating Model (POM) by creating two dedicated eSourcing units within their Group Procurement and Group Commercial Departments:

- + GNFR using a Centre-led model
- + GFR using a Centralized model

Within GNFR, the number of suppliers is nearly three times the size of the GFR supplier base, with a large number of low value contracts. The center-led model complimented the uniqueness of GNFR spend and required the management of hundreds of sub-categories, often requiring deep market knowledge and flexibility of how the process could be applied accordingly.

THE FUTURE

Greater Transparency and Governance Within the Procurement Process

SPOTLIGHT

SOLUTIONS: + Sourcing

CLIENT SPOTLIGHT:



COMPANY:

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. With headquarters in Western Australia, its diverse business operations cover: home improvement and outdoor living; apparel and general merchandise; office supplies; and an Industrials division with businesses in chemicals, energy and fertilizers, and industrial and safety products.

WORLD HQ:

Perth, Australia

SIZE:

\$27.9 billion in revenue in 2019

INDUSTRY:

Retail



80K GFR PRODUCTS SOURCED



100% SPEND MAPPED



2X SPEND THROUGH YoY

WHY CORCENTRIC



A globally networked platform with all your buyers and sellers in one place.



Analytics to power more intelligent decisions and automate manual processes.



Dynamic workflows that empower agility and collaboration.



The software and services to support your digital transformation.



Industry-leading modular, integrated solutions with the benefit of a cloud platform to maximize our customer's visibility and financial return from their spend, supplier and contract data.

Technical expertise has created the opportunity for continual process improvement and ensures Corcentric Sourcing is always used to the highest of its capability. Additionally, specific category alignment for Wesfarmers members within the eSourcing teams has enabled procurement to become champions of the process and software, fine-tuning projects to suit each spend category and tailoring projects even closer to stakeholder requirements. Separating GFR and GNFR ownership resulted in the following benefits:

Centralized approach used within GFR

Taking a centralized approach for the merchandise team ensures the final result of the sourcing event for direct spend delivers the total value proposition. Wesfarmers considers this approach as a step away from the traditional "price" auctions and towards a "value" auction model.

A centralized team dedicated to GFR has increased knowledge and focus on merchandise spend for managing the nuances of which supplier to partner with outside of price alone. Today, Wesfarmers uses Corcentric Sourcing to factor in lead time, shipping time, RTM agreement, terms, rebate, product quality and sustainable supply.

Center-led approach for GNFR

Given the large number of contracts and suppliers within GNFR spend, a broader, more flexible approach was needed for managing contracts. Today, 100% of Wesfarmers's spend is mapped within the IS department enabling them to utilize real category management and track all upcoming exposure. Additionally, all GNFR contracts are added to the database and triggers are set for one- or three-month

reminders. Each contract owner within the procurement team has the widget set up on their Corcentric dashboard to quickly show upcoming expiring contracts.

Overall, a hybrid centralized / center-led approach combined with the use of Corcentric Sourcing and Contract Lifecycle Management has provided greater transparency and governance within Wesfarmers's procurement process.

The two approaches enable the teams to specialize within their respective areas, increasing opportunity to increase leverage and reduce costs. The teams regularly meet to consolidate learnings and process improvements, maximizing the opportunity to increase leverage and reduce costs. In addition, this "center of excellence" model has resulted in new opportunities, enabling the team to double spend throughput year-on-year since 2011.

"Corcentric SIM and Sourcing has provided greater transparency within our procurement process. Corcentric Sourcing creates a fair and equal process, consistency of message, project policy flow, and ensures all suppliers have access to the same information."



corcentric™

Procurement and Finance Solutions

ABOUT CORCENTRIC

is a global provider of business spend management and revenue management software and services for mid-market and Fortune 1000 businesses. Corcentric delivers software, advisory services, and payments focused on reducing costs, optimizing working capital, and unlocking revenue. To learn more, please visit [corcentric.com](https://www.corcentric.com).