

# Client Reference

## Distributed Facilities | Retail Industry



### Client Background

The client operates in the retail sector on the African continent. Since the first few stores opened the vision has grown and expanded to include stores in South Africa, Namibia, Botswana, Zambia, Mozambique, Mauritius, Swaziland and Lesotho. They focus on groceries, clothing and general merchandise. The group operates across multiple store formats, both franchised and owned. There is a big need to drive cost savings to stay competitive in the retail industry. The repairs and maintenance budget is the first place where costs are cut. These cuts need to be managed effectively to ensure there is no impact on customer satisfaction and service.

### Key Challenges

- Large supplier base not properly managed with various procedures and controls across the business.
- In-store management do not always know who the approved and preferred suppliers are for their store, and don't have access to supplier information. This could lead to unnecessary costs as the wrong supplier could potentially be called out to perform a task.
- There is little control over what suppliers charge. Some rates are fixed in a contract but are not controlled effectively. In other cases rates are not fixed and vary between invoices.
- Because there is no benchmarking or standardisation, many contractors' rates are high above industry benchmark.



### Value Add

- No time wasted on finding an approved supplier for a specific job and contacting them to come out.
- Control is given to management in ensuring that only approved suppliers are called out to perform work.
- Accurate supplier invoice rates save management time spent on checking invoices.
- Central platform where suppliers' work can be managed results in fewer disputes.
- Transparent payment process:
  - Easy to see where in the process a payment is getting stuck
  - Invoices cannot go missing.
- Benchmarked rates provide client with competitive advantage when renegotiating new rates with suppliers.

**Improving contractor control and rates could result in a potential saving of more than 10% on the total repairs and maintenance spend.**



### Pragma Intervention

- Pragma started in seven stores and has since grown to operate in 55 stores.
- Approved suppliers are loaded in On Key per region. All of their contact details are loaded making the information accessible and visible for stores. The information stays updated and is managed on one platform. One of the additional fields in On Key is 'Trade' of supplier.
- All agreed upon rates are captured in On Key. This gives managers control to ensure that suppliers are not overcharging. This also makes the invoicing process easier for suppliers as everything is preconfigured for them.
- Numerous training sessions were presented nationally to all relevant store managers and suppliers.
- Industry benchmarking calculations were performed to compare the approved suppliers' fixed rates per trade and per region.
- SLA tracking.

### Tools and Technology

- Business Processes
  - Asset Identification & Verification
  - Work Planning and Control
  - Focused Improvement
  - Asset Register Administration
- On Key
  - Stores
  - Management
- On Key Express
  - Suppliers.