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CASE STUDY

UK Contractor Implements Direct Global Sourcing Programme to Improve Results and Increase Supply Chain Control.

Our client, a leading UK contractor in construction, infrastructure, and property services with a diverse portfolio, ranging from building projects to civil engineering and infrastructure development was experiencing significant upward pressure on material costs.

It recognised that direct global procurement in the construction sector has become an essential strategy for achieving cost-effective, efficient, and high-quality results, therefore our client engaged HCG to drive the transformation programme.

HCG's Programme Approach

HCG implemented a rapid, strategic and tactical sourcing initiative focused on achieving our clients' aim of ambitious cost savings, while committed to maintaining strong ethical standards, ensuring sustainability, and managing their supply chain efficiently.

This initiative encompassed several key elements:

01. Supplier Selection & Assessment

HCG's the first step for the company was to identify potential Chinese manufacturers that could meet the requirements for quality, capacity, and ethical standards. Consideration was given to production capacity in lead time as well as pricing and payment terms. Once a shortlist had been finalised ESG factory audits were undertaken the production facilities in China. From which the successful suppliers were chosen and entered into contracts with.

02. Shipping and Logistics

Once Chinese loading ports are agreed then agreements with international shipping companies could be finalised. Processes agreed and documentation flows of a bill of lading commercial invoice packing lists etc could be sent to the relevant people. This would include the necessary customs and import clearance work. Additionally, to improve supply chain resilience where the Chinese manufacturer also held stock within the within Europe haulage/ferry routes were also established.

03. Business Process Improvements

Work will also undertaken to embed the new ordering processes required for ordering direct from China to include enhancing demand planning processes and stock management

04. PMO

HCG integrated with and enhanced our clients existing Project Management Office (PMO) by implementing best-in-class processes and reporting mechanisms. This provided our client with a robust sourcing pipeline through detailed spend analysis and established a single source of truth for program information. This transparency enabled both Procurement and Finance teams to track savings weekly and report effectively to the executive board.

05. Knowledge Transfer

Throughout the engagement, HCG prioritised upskilling our clients Procurement team by consistently sharing its methodologies and tools.

Quantifiable Results and Long-Term Impact

HCG's engagement delivered significant benefits for our client, including:

01. Significant Savings Realisation

The change of procurement route enabled our client to achieve substantial savings, demonstrably contributing to overall financial targets and providing clear visibility to the executive board.

02. ESG Compliance

Resulted in the client being in control of the ESG measurement of the supply chain, demonstrating the clients commitment to sustainable and ethical practises as well as improved risk management.

03. Brand Reputation

By proactively managing its ESG performance the client was able to protect their reputation, ensure long-term sustainability, and build a strong brand that resonates with their clients

Saving Between 25% to 45% Across the Key Areas of Spend

Savings between **25% to 45%** dependant on category were achieved by moving to direct procurement from the manufacturer and thereby removing the number of intermediary companies that would all have been making their own margin.

Conclusion

HCG's engagement delivered significant benefits for our client, including:

- 01.** By purchasing directly from a Chinese manufacturer and integrating comprehensive supplier assessment, ESG audits, and meticulous shipping and documentation management, the client achieved both cost savings and long-term sustainability goals. This approach allowed the client to strengthen its brand reputation, ensure ethical labour practices, and minimize its environmental footprint, while optimizing its supply chain efficiency.
- 02.** Beyond immediate cost reductions, HCG made a lasting contribution to our clients procurement capabilities by:
 - Establishing a best-practice PMO with robust systems and processes.
 - Fostering proactive engagement with contract managers across the business, raising awareness of procurement's value and encouraging collaboration on future opportunities.

Following this successful project, our client engaged HCG to support a Business Process Outsourcing initiative, further recognising the crucial role of procurement processes in achieving the company's medium- to long-term strategic objectives.