

Procurement's role in transforming the business

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EVP & Group CPO Air France – KLM

THREE BUSINESSES**~ 75**million
passengers**> 500**

active aircraft

~ 250

destinations

~ 100,000

employees

2

hubs

1.5million tons
carried**~ 24**billion euro
revenues

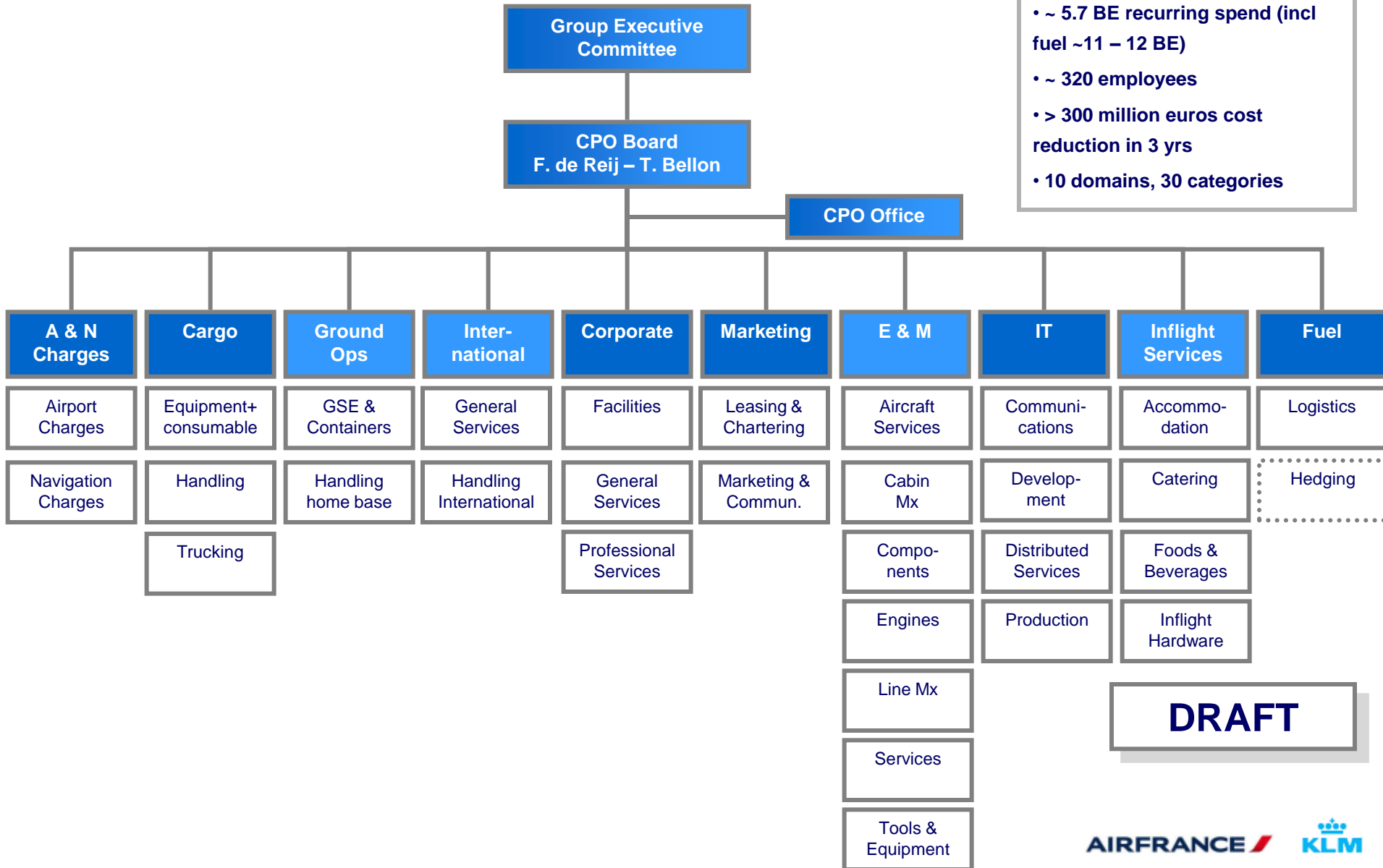
Key data by business

Calendar year

	Revenues		Operating result	
	2011 (€bn)	% ch.	2011 (€m)	2010 (€m)
Passenger	18.83	+5.2%	-375	-58
Cargo	3.14	+2.6%	-60	15
Maintenance	1.04	+1.1%	110	118
Other	1.35	+3.0%	-28	-47
Total	24.36	+4.5%	-353	28

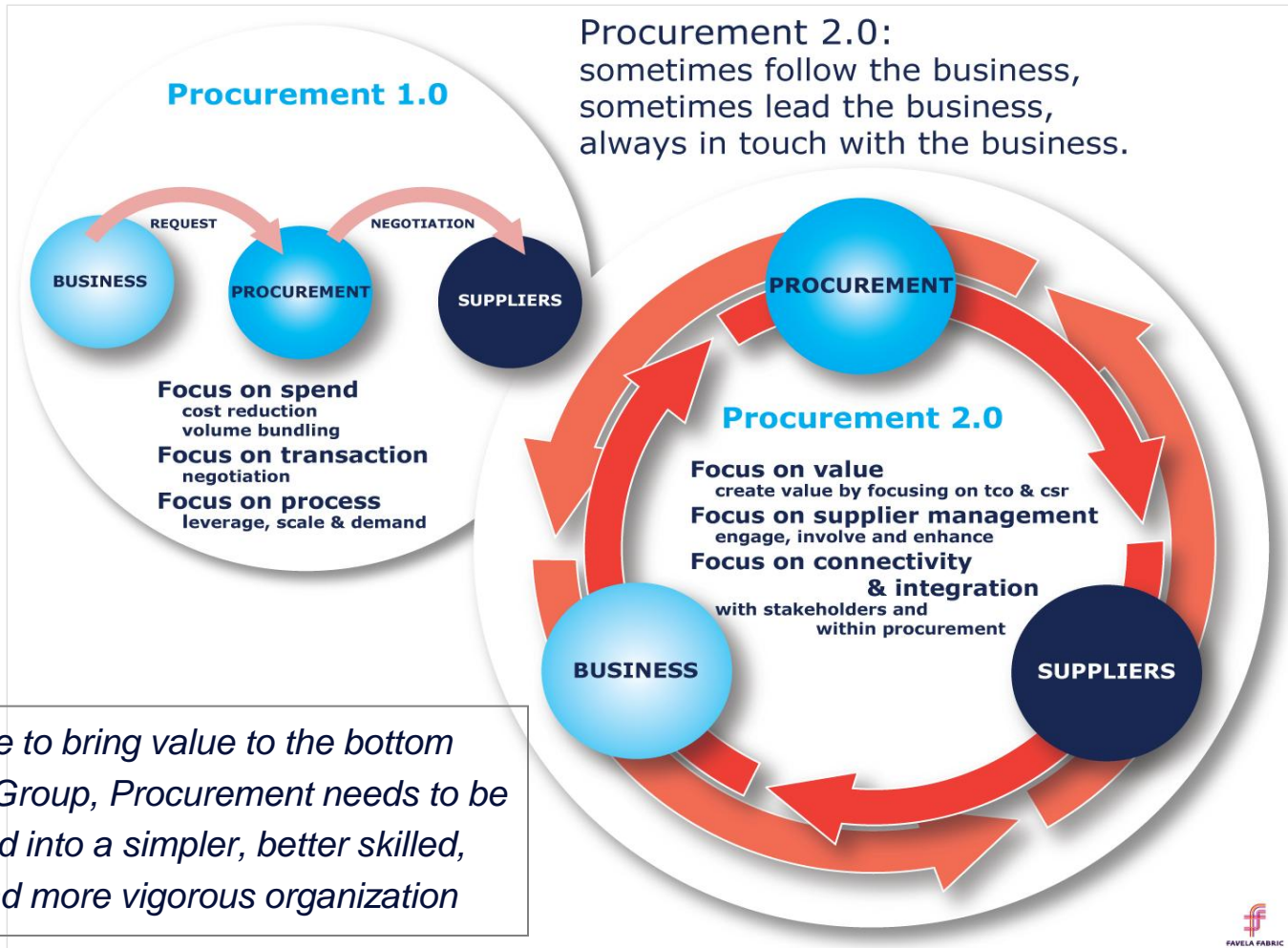
CURRENT STRUCTURE AFKL PROCUREMENT

- ~ 5.7 BE recurring spend (incl fuel ~11 – 12 BE)
- ~ 320 employees
- > 300 million euros cost reduction in 3 yrs
- 10 domains, 30 categories



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ROLE OF PROCUREMENT & FOCUS ON DEVELOPMENT OF THE ORGANIZATION



PROCUREMENT AS CATALYST TO TRANSFORM THE BUSINESS

All organizations have internal stakeholders that need to be managed to be successful in Procurement and to contribute to the bottom line of the company

Example: hospitals

- Board of Directors, Specialists, Finance, Health Clusters etc. etc.
- Traditionally, as in any other setting, Procurement departments have negotiating and contracting as their core activities

Examples Air France - KLM



- What really turns a Procurement organization into a value-adding organization?
- What does it require from our buyers?
- Are we selecting the right people?
- What is the optimal skill set of our buyers?
- Do we encourage our buyer to be entrepreneurial (also when something goes wrong), to be proactive, to be creative?
- How can you work with your business in an equal manner?
- Are we actually changing and transforming ourselves in order to bring value to the company?