

Halfords Group PLC

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Simon Gardner
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Dear Simon

Following the work we did together on our goods not for resale spend, I'm pleased to provide you with an outline of the work undertaken and my reflection of working with you and the Mteq team.

Halfords engaged Mteq to carry out a review of the Group's substantial expenditure on Goods not for Resale, GNFR.

The aim of the review was not to perform a traditional procurement exercise, which would focus on buying the same for less, but to fundamentally challenge the processes, policies and behaviours which were driving spend in this area – the 'why' not the 'what'. It was felt that this was where true potential for improvement lay.

Mteq's approach was in three phases. Firstly, a thorough and in depth analysis of the costs, drivers and current supplier base. This was a substantial exercise covering over 100 cost categories and involving 17 different operational areas, each one with procurement responsibility. Using the findings of the initial phase several significant opportunities to change the way things were done were identified and developed with the involvement of the relevant stakeholders. These proposals were then implemented with Mteq providing the additional resource to ensure delivery in an accelerated timescale.

As importantly the internal attitude to GNFR spend has been changed. Previously a mind-set of seeing indirect costs as 'fixed' with budgetary control all that was required has been replaced with a confidence to challenge costs and demands both externally and internally. It is this change which will ensure sustainability and continued reduction in GNFR expenditure going forward. As part of the process Mteq have also developed a suite of detailed KPI's to improve ongoing visibility and monitoring of GNFR spend by the Commercial Accounting team.

The project was extremely broad and required Mteq to interact across the business and at all levels, from Board to store colleagues, and it is fair to say that whilst initial resistance was experienced in several areas Mteq succeeded in overcoming these and clear evidence in a shift in attitude and behaviours has been seen.

The project has been successful and has delivered annual saving ahead of the target generating an ROI of 10x the project cost. The project had a positive impact on profit within the financial year.

I'd recommend Mteq to other organisations who wish to drive sustainable improvements in their GNFR cost base.

A handwritten signature in black ink, appearing to read "Robin Caley". The signature is fluid and cursive.

Robin Caley
Business Systems, Property & Logistics Director