

CASE STUDY:

Engineering a Successful Spend Management Strategy



Kimley-Horn and Associates, Inc.

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The Situation:

Kimley-Horn is one of the most comprehensive and respected engineering and land planning firms in the nation. With more than 2,000 employees in 65 offices, Kimley-Horn offers consulting services in a wide range of disciplines, including aviation, the environment, intelligent transportation systems, forensic engineering, landscape architecture, land planning, transit, transportation, roads and bridges, urban redevelopment, water resources and wireless communications.

Fortune magazine named Kimley-Horn one of the “100 Best Companies to Work For” in 2005, 2006 and 2007. *Civil Engineering News* cited Kimley-Horn as the best civil engineering firm to work for in 2004 and 2006.

Kimley-Horn is a rapidly growing company. Organic growth has been driven by commercial development and building. The company’s success has triggered tremendous expansion, adding more than 700 employees from the past year. In addition to management and financial employees, their staff includes civil, transportation, and systems engineers, urban and land planners, environmental specialists, landscape architects and urban designers, and computer/systems specialists.

During the period of rapid growth, Kimley-Horn’s biggest challenge was the autonomy of individual offices for accounts payable procedures and standards. Office administrators and managers in the 65 locations operated well and were cost conscious, but they used their own controls and practices.

The Solution:

Lonesource initially met with Kimley-Horn Chief Financial Officer Nick Ellis to learn how the company operates and to share relevant experience working with distributed organizations to consolidate, standardize and simplify corporate spending.

“We embraced the opportunity to show Kimley-Horn the dramatic impact that technology-based spend management systems could deliver,” says Mark Hartley, Vice President of National Accounts for Lonesource.

Ellis quickly matched Lonesource with Debbie Todd, Assistant Controller at Kimley-Horn. Working together, two primary objectives were established for the relationship. First, reduce the number of invoices to process, and then drastically reduce the total supplier base. To demonstrate her situation, Todd showed Lonesource a 40-foot-long wall at the Kimley-Horn corporate office lined with filing cabinets stuffed with thousands of invoices. She estimated 10,000 invoices a year came to the corporate office for office-related products. After learning about the Lonesource system, Todd and her AP team recognized that Lonesource provided an efficient spend management solution.

Lonesource provides a hosted, web-based technology for companies to optimize and manage corporate spending across all departments and locations to increase profitability and dramatically simplify procure-to-pay processes. The company offers centralized management with real-time visibility of every transaction, enhanced enterprise connectivity, and improved controls and service levels that greatly reduce the workload for finance teams.

The solution features a single user interface (customized buyer platform), a single set of processes (custom configuration of the hosted site), a single invoice and a single point of contact for customer service (the Lonesource call center). Companies can implement the solution to establish procurement standards, control spending on indirect goods, and refocus internal resources on mission-critical processes and strategic spend categories.

The Lonesource buyer platform is typically used by a majority of departments across an organization, including administration, human resources, sales and marketing, facilities, information technology, and manufacturing, research, and development departments. The platform is also customizable to meet specialized departmental needs. Kimley-Horn's initial use of the buyer platform is for its administrative personnel responsible for making all office supply purchases.

The Implementation:

To implement the solution, Lonesource completed a detailed analysis of Kimley-Horn's spend practices, buying trends and suppliers. From identifying system users and establishing billing codes, the necessary information was captured to configure the new system. Lonesource customized a Buyer Platform that establishes uniform procurement practices throughout the company. The Buyer Platform delivers custom catalogs, predetermined general ledger code reconciliation, approval routing, real-time reporting and invoice consolidation.

Lonesource provided web-based and on-site training, as well as on-site "Lunch and Learn" sessions in which Lonesource staff gave presentations about how its solutions are different from standard office supply companies.

The initial implementation took 60 days, and the initial deployment was for a handful of system administrators and 60 users. Today there are 75 locations in the system and 218 individual users. At first, Lonesource put a simple system in place for administrative departments that addressed conventional business and office supplies. After the success of this initial deployment, Lonesource focused on engineering departments and started adding specialized products and categories of products such as toner products for wide format printers and wide format paper for engineering drawings. In addition, a comprehensive set of engineering supplies was added for surveying teams.

The Benefits:

Kimley-Horn's number of invoices and suppliers has been reduced dramatically. Before the implementation of the Lonesource solution, Kimley-Horn processed about 10,000 invoices per year. From November 2005 to November 2006, Kimley-Horn processed 6,161 transactions through the Lonesource platform and generated only 12 invoices. In addition, the number of vendors has been consolidated from 375 to 250.

As a result of working with Lonesource, Kimley-Horn:

- Streamlined its accounts payable processes and achieved widespread compliance with these processes.
- Gained total visibility of administrative spending with detailed analysis and reporting.
- Improved operational and regulatory compliance.
- Increased the efficiency of bill back expenses.
- Established company-wide buying standards through the private catalog that started with more than 2,200 items and today is down to just over 700.
- Gained the ability to track credits and match them to invoices.
- Increased operational efficiency.

"During a period of rapid growth, Lonesource enabled Kimley-Horn to adopt and manage a company-wide spend-management solution. The Lonesource platform saves both time and money for our operations and provides a platform to manage growth more efficiently in the future," added Todd.