



# NUTRIEN PROCUREMENT

**SIMSA Engineering Round-table**

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**2018...**

**The year of “The Merger”**

**Merger = Change**

**Change = Opportunity**

**Opportunity = Innovation**

**“We’ve always done it this way”**

~~“We’ve always done it this way”~~

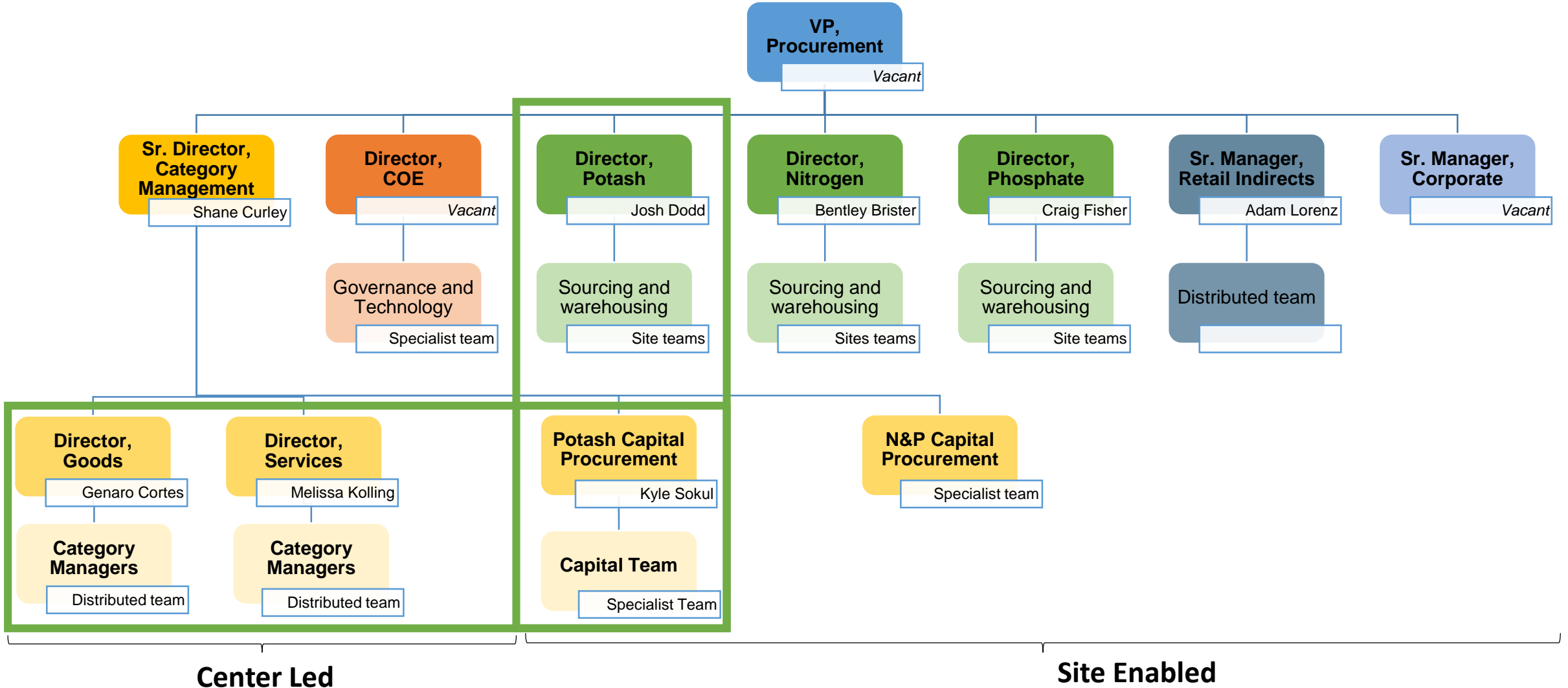
**“We need to find a better way”**

# What does Procurement's "Better Way" look like?

- Standing up a **dedicated team**, working to improve our support of the Potash capital program – optimize and create flexibility through collaboration
- Continued **focus on key suppliers**, who know our business and can provide innovation and value
- Drive meaningful and impactful **Diversity and Inclusion engagement** in Saskatchewan, and across Nutrien
- **Implementing and refining Ariba** as our enabling technology for sourcing and governance standardization, data, analytics and supplier metrics



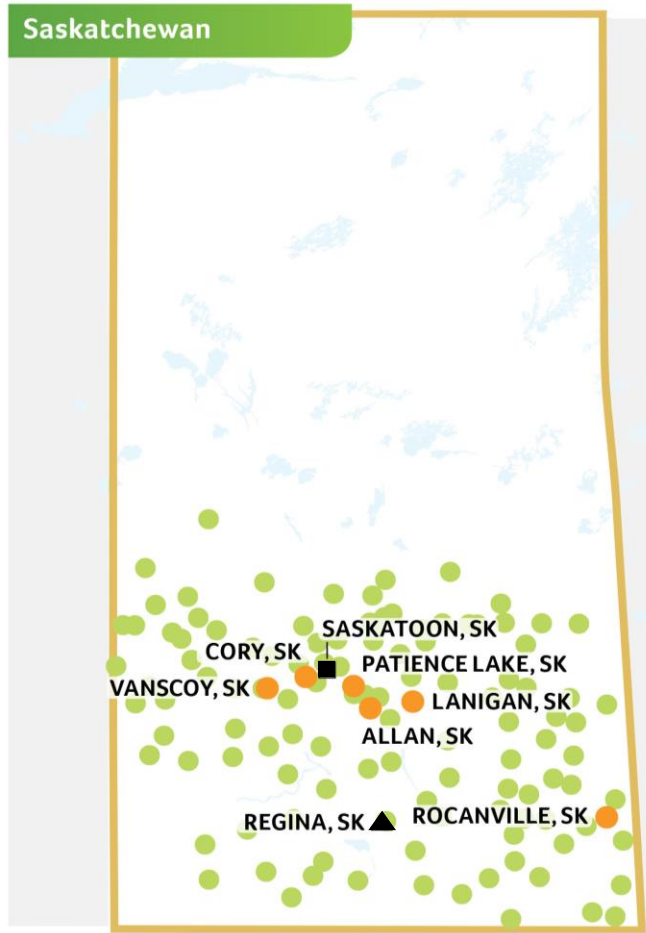
# Our Procurement Structure



Center Led

Site Enabled

- Kyle Sokul, Sr. Manager + 4 procurement specialists
- Develop and execute strategies to improve efficiencies in Potash Capex sourcing
  - Work extremely closely with site project and procurement teams
- Typically tackle high priority (spend, risk, complexity) single or multi-site sourcing projects
- Collaborate with Category Management and site stakeholders to improve supplier engagement – early or otherwise!



## Saskatchewan Suppliers are Critical to Our Success

- Approximately 2,000 local suppliers
- Between 70-75% of our total procurable spend is local
- Of that, SIMSA suppliers make up nearly half
- Our Diversity & Inclusion commitments and expectations of our suppliers remain core

● Retail Location   ● Potash Facility   ■ Corporate Office   ▲ Canadian Retail Office

## Some Examples - Construction

- Early engagement in design and planning
  - Order of magnitude impacts for changes between concept and commissioning
  - 10-20% TCO on safety, quality, schedule, and cost are easily attainable
  - Opportunities for increased early engagement presently being strategized
- Alternative Cost Models
  - Pain share/Gain share, T&M, or Upset instead of Fixed Price (at 20% \$ risk ↓)
  - Fully engage project management skillset
    - Improve communication and mitigate risk, costs
  - During RFP, be clear on what risks and opportunities you foresee

## **Some Examples - Fabrication**

- Alternate material specifications
    - Off-the-shelf vs. specialty
  - Consolidation of multiple projects across the sites
    - Consistent shop loading
  - Consolidated rebuild programs and new equipment/component purchases
    - Analysis of historical and forecasted consumption being undertaken
- **Collaboration with key suppliers will be critical to success**

**“We need to find a better way”**

## For Procurement:

- Continuous **early and active** strategic engagement throughout capital program
- Identify and focus opportunities to key suppliers who are providing a **differentiator in the marketplace**
- **Create space for different conversations** to occur between operations/projects teams and suppliers
- Continue focusing on **Total Cost of Ownership** and **support collaboration** between stakeholders – drive value based discussions

## For Suppliers:

- Present **alternative solutions** that will differentiate you from the competition
- **Make it easy** for our business stakeholders to “get to yes”
- Actively demonstrate and quantify how you can improve our Safety, Quality, Schedule, and Cost
- **Innovate** - challenge the status quo in your business, and in your supply to us



- We will continue to seek out and **partner** with **innovative** and **collaborative** companies who know our business well and support our local commitments
- The **status quo will be challenged**, and new mutually beneficial opportunities will be realized across the Nitrogen, Phosphate, Potash and Retail Business Units
- We will continue to **change and adapt to the demands** of the business, and will partner with suppliers of a similar mindset
- Utilization of **SAP Ariba** for Source-to-Contract (today); Procure-to-Pay (in coming months)



**Thank you for...**  
**Attending**  
**Participating**  
**Continuing the conversation**