

Recent Case Studies

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PROCUREMENT

Case Study – Regional Procurement Transformation

Leading multinational organization in the FMCG Industry with presence in more than 100 countries going through the integration of a large acquired local player and regionalizing the procurement function.

Business Background

1. The multinational organisation has made the major acquisition ever in the segment by incorporating a local player with more than US\$ 1 billion turnover.
2. A significant portion of the acquisition synergies would come via logistics and procurement rationalization since the previous owners didn't see these two areas as priority in their business model.
3. The multinational organisation has decided to move from local to regional procurement process to leverage synergies and achieve cost savings.

How Spin Consulting Professionals Helped

1. Design and implementation of the executive procurement process which centralized in Brazil all the procurement activities in the Latin America region: supplier selection, price negotiation, innovation management, logistic optimization and price trends.
2. Responsibility for the procurement of packaging materials and ice-cream freezers in more than 10 countries in the region, with an annual purchase value of Euro 50 million and 3.500+ items.

Achievements

1. Implementation of the regional executive procurement process (more than 90% adherence in value).
2. Re-shaping the team by both changing mindsets and bringing new recruits.
3. Cost savings of more than 15%.
4. Inventory reduction of 30%.
5. Creditors position improvement of 8 days.

Case Study – Global Procurement Transformation

Leading multinational organization in the FMCG Industry with presence in more than 100 countries globalizing the procurement function.

Business Background

1. The multinational organisation has decided to move from regional to global procurement process to further leverage synergies and achieve cost savings.
2. Global sourcing from low cost countries needed to be rapidly developed and implemented in order to ensure cost competitiveness in the market-place.
3. Innovation and time-to-market was seen as a key competitor differentiator in the segment and a range of new innovative suppliers needed to be developed.

How Spin Consulting Professionals Helped

1. Design and implementation of the executive procurement process which centralized in Italy all the procurement activities in the globe: supplier selection, price negotiation, innovation management, logistic optimization, e-procurement and price trends.
2. Responsibility for the global procurement of ice-cream freezers and distribution cold boxes in more than 60 countries (Europe, Latin & North America, Asia, Africa and Middle East) with an annual purchase value of Euro 100 million and 250+ items.

Achievements

1. Implementation of the global executive procurement process (in the first year, more than 85% adherence in value).
2. Shape the team with new recruits.
3. Cost savings of more than 25%.
4. Number of suppliers rationalized (from 60 to 10 strategic partners).
5. Several global sourcing opportunities implemented.
6. Creditors position improvement of 19 days.

Case Study – Procurement Indirect

Leading financial services organization with presence in more than 20 countries.

Business Background

1. The development of a business case to prove (or otherwise) the financial and other business benefits available through the introduction of e-procurement
2. The identification and selection of the most appropriate solution provider(s)
3. The development of a pilot implementation which will prove the concept of the proposed solution in advance of the submission of the business case

How Spin Consulting Professionals Helped

1. A three phased approach was followed:
2. Phase 1 – Business Case. The purpose of this phase was to develop and build the business case and implementation approach
3. Phase 2 – Pilot. This is a proof of concept which has limited general users. It sets the foundations for the full roll out.
4. Phase 3 – Roll out. System is rolled out to extended user base. More suppliers were included and the extended catalogue.

Achievements

1. Developed, and obtained approval, for e-procurement business case identifying savings of £7M per annum.
2. Developed Access based spend analysis database covering £500M of bought in goods and services
3. Designed process and technology architecture and supporting implementation plan for roll out of solution.
4. Delivered technology selection exercise resulting in Commerce One being chosen
5. Mobilized first phase implementation

Case Study - Procurement Career Framework

Leading multinational organization in the FMCG Industry with presence in more than 100 countries needing to significantly develop the Competency of the Supply Chain and Procurement professionals.

Business Background

1. A new Chief Procurement Officer has been being appointed and a new Procurement strategy has been defined.
2. The global procurement team totaled around 2.000 professionals around the globe.
3. New job profiles have been defined as part of the new organization design and responsibilities have been redistributed within the MCN organization structure (materials, categories and national).
4. Professionals became part of a truly global and virtual procurement teams operating in different regions, cultures and time zones.
5. Within the new environment, careers management and development have been very unclear and the client has started to loose some of its key talents to the market place.

How Spin Consulting Professionals Helped

1. Internal benchmarking has been conducted with other functional areas within the client.
2. Extensive external benchmarking has been conducted in the market place to understand what were the existing best practices with in career management and development with the industry.
3. A new Procurement Career Framework has been developed based on the internal challenges and external benchmarks.
4. Senior leadership teams within and outside the Procurement function have been engaged to gain additional insights and buy-in .
5. A comprehensive plan for the global launch has been designed and executed together with the Procurement and HR functional teams.

Achievements

1. A new Procurement Career Framework has been designed and deployed globally to support the career development and progression within the global procurement organization.
2. Examples of possible career paths have been developed and complemented by a number of real-life examples of procurement professionals around the globe.
3. A detailed set of career principles and options has been defined, and rectified by the Procurement and HR teams and utilized the global, regional and local managers as reference for career discussions, talent management, etc.

Case Study – Indirect Procurement Simulation Workshop

Leading multinational organization in the FMCG Industry with presence in more than 80 countries needing to significantly upgrade the skills and competencies of the Indirect Procurement professionals.

Business Background

1. FMCG organizations are becoming increasingly complex with even more demanding requirements for superior customer service, streamlined inventories, management of larger product portfolios and reduced time-to-the-market.
2. Responsibilities are now typically split between teams organized in local, regional and global organizations and close coordination across different functions and cultures are now instrumental.
3. Supply Networks are constantly changing and being upgraded and the end-to-end understanding of the implications of these changes is fundamental for Indirect Procurement professionals to deliver superior results.

How Spin Consulting Professionals Helped

1. Designed an end-to-end Indirect Procurement Simulation Workshop structured across 3 main pillars: 1) Theory and Concepts (including practical examples & mini case-studies), 2) Interpersonal Skills and 3) Business Game Simulation.
2. The core curriculum included Business and Indirect Procurement, Procurement Strategies, Supply Market Analysis, Influencing and Persuading, Relationship Management, Negotiation, etc
3. A Simulation Game has been developed in full alignment with the course curriculum to allow participants to experience 'learning-by-doing'.
4. Embedded the existing key Indirect Procurement initiatives of the client to leverage applied learning.
5. Piloted and Deployed the course in several countries, in the local

Achievements

1. Design of the Indirect Procurement Simulation Workshop, with a unique design and structure, composed of 3 pillars:
 - Comprehensive technical theory & concepts, encompassing the most relevant areas of Indirect Procurement (Business and Indirect Procurement, Procurement Strategies, Supply Market Analysis, etc.)
 - Interpersonal Skills sessions (Influencing & Persuading, Relationship Management, Negotiation, etc.)
 - Practical experience through business simulation games
2. Delivery of workshop with outstanding evaluation, going beyond the key objectives of technical capabilities development in indirect procurement, in-depth understanding and application of key aspects of indirect procurement and interpersonal skills enhancement for good communication & collaboration between parties involved in indirect procurement.
3. The teams have developed a broader view and understanding of Indirect Procurement function in the business, opening new horizons for their career and re-invigorating the passion and energy for self-development and delivery of extraordinary results.

Case Study – Procurement as Top and Bottom-Line Contributor

Leading multinational organization in the Chemical & Petrochemical Industry with presence in over 50 countries.

Business Background

1. The client established a new strategic initiative to double the top-line and triple the bottom-line of the business within a 4 years timeframe.
2. Procurement was seen as a key top and bottom line contributor as it was responsible for over 80% of the overall cost of the client.
3. The existing team of 25+ people was in place since few years and there was a low willingness to deliver the expected results (including the senior procurement leaders).
4. The procurement portfolio of composed of: 1) A main commodity (USD 450MM/year), 2) Direct Materials (USD 200MM/year), 3) Indirect Materials (USD 350MM/year). 4) Trading (import/export)
5. Most of the standard procurement processes (e.g. Strategic Sourcing, 7 Steps-Methodology, Category Management, SRM, TCO, etc) was mostly non-existing or very poorly implemented.
6. The portfolio of suppliers was summarized as being: large, mostly national, long-standing relationships, unclear cost structures, transactional, non-integrated through systems and logistically.

How Spin Consulting Professionals Helped

1. Based on the initial assessment by interviewing all the team, key sponsors, key stakeholders, internal & external clients and suppliers, Spin devised and implemented a new Procurement Strategy called 3C's: Cost, Cash and Collaboration.
2. Processes, Systems and Organization were all realigned towards the 3Cs strategy: a) a new set of robust procurement processes were progressively deployed to allow revisiting the existing suppliers basis and renegotiated the key contracts; b) a new organization design set-up was designed, roles & responsibilities and portfolios were redistributed, new buyers were hired (internally and externally), formal and on-the job training was provided to the extended team; the key leader (new into procurement) received on-going coaching throughout the programme. c) based on the new processes, the existing SAP platform was upgraded with tools to automate / optimize the daily tasks; a new tool was implemented to increase visibility & allow VMIs initiatives with the key suppliers;
3. A comprehensive collaboration programme was implementing including Logistics Integration, Embedding new trends/technologies provided by the

Achievements

1. Combined Cost Reduction (Directs + Indirect + Trading) of over 10% calculated as gross saving (new price versus price previous year). This significantly collaborated to the EBITDA's growth of 3.5 points percent over the period of 12 months.
2. Cash requirements extended from 85 to 114 days (nearly 35 percent) through renegotiation of existing suppliers and/or hedging operations with financial institutions
3. Progressive Collaboration with the Key Suppliers:
 - a) Logistics -> Performance Measurement, Visibility, JIT/Call-Off/Kanban, VMI, Hole in the Wall, etc
 - b) Business Wide -> Open Innovation, Supplier Relationship Management, Total Cost of Ownership, Sustainable Sourcing, Corporate Social Responsibility
4. Formation and development of a new team, focused in tangible and intangible results, short/medium/long term views of requirements, truly embedded as an important business partners in the business (especially in Indirect Procurement)

Case Study – Delivering Growth through Global Procurement

Leading Insurance multinational company presence over 80 countries

Business Background

1. The client, a global leader in the insurance and assistance business, put together a turn-around plan, with the aim of significantly increase turnover and improve gross & net margins
2. The programme expected a Euro 1 billion cost savings to be achieved through procurement over a 3 years time scale.
3. In addition, procurement should also actively & significantly contribute to the growth agenda through a better offering of service, faster & better innovation and extended payments terms
4. Procurement overheads should also considerably reduced through a fit-to-purpose, stream-lined, skilled new global procurement organization

How Spin Consulting Professionals Helped

1. Spin was invited to deploy the programme into one of the client's key business units: the Assistance business. The client is a market leader in this segment with presence in 35 countries delivering a turnover of Euro 1.5 billion
2. Procurement was a nearly non-existent function in the business as budget owners was typically in charge of the negotiations with suppliers
3. Spin mapped the procurement spend (approx. Euro 800 million per year), defined robust strategies for its core categories (External Costs, Internal Costs and IT) and sub-categories, defined cost-savings targets, etc, based on the specific requirements of the assistance business unit but yet fully aligning, where relevant, to the holding 3 years roadmap
4. Spin defined the new organization model (global, regional and local level), detail the skills required, evaluated the existing internal resources and working together with the programme sponsor (COO), appointed the organization
5. Spin defined the detailed requirements for the new IT procurement tools to support the implementation of the new global procurement framework

Achievements

1. Over a short-period of time, Procurement moved from being a nearly non-existing function in the business to a key strategic cost & growth deliver well-oiled machine. This included an intensive change management programme with the client senior stakeholders (CEO, VP's, Directors) at global, regional and local level
2. Cost savings of over Euro 12 million were identified in the 1st Wave of the Programme in the Direct, Indirect and IT procurement portfolios. Implementation plans have been detailed for each of the identified opportunities and the new procurement organization was targeted & supported in deliver of the savings. Spin co-led the initial negotiations for the key categories (e.g. Car Rentals, Airlines, Marketing, Professional Services and IT) not only to ensure the full delivery of the expected savings but also to drive the new ways of working with the new formed team
3. Spin formalized the new Procurement Governance Model detailing: a) the new ways of working in terms of processes, systems and organization, b) the portfolios to be managed at global, regional or local levels, c) the interfaces with the holding to ensure the leverage of synergies whenever possible, d) roles and responsibilities for the various stakeholders in the business (senior leadership, budget owners, procurement organization, finance, etc). The new Procurement Governance Model was seen as a key manner to ensure the sustainability of the Procurement Strategy over time, and consequently has been considered by the holding as a key practice to be deployed throughout all other subsidiaries

Confidential

Case Study – Cost & Cash Generation through Procurement

Regional Cleaning Products Market Leader with Presence in over 10 countries

Business Background

1. The client, a family-owned company, decided to raise the bar of the procurement function, as they faced increasingly market competitiveness combined with an inflationary macro-economic environment in some of its key markets
2. The new Procurement framework expected to deliver top and bottom line contribution as it was responsible for over 70% of the overall cost of the client.
3. A new Director (with no prior experience in Procurement) has been appointed to lead the transformation, still maintaining his original responsibilities of R&D and Manufacturing Director
4. The existing team of 30+ people was in place since several years and there was a low willingness to deliver the expected results (including some of the senior procurement members).
5. The procurement portfolio is composed of: 1) Few key commodities (USD 70MM/year), 2) Direct Materials (USD 300MM/year), 3) Indirect Materials (USD 350MM/year). 4) Trading (import/export)
6. Most of the standard procurement processes (e.g. Strategic Sourcing, 7 Steps-Methodology, Category Management, SRM, TCO, etc) was mostly non-existing or very poorly implemented.
7. The portfolio of suppliers was summarized as being: large, mostly national, long-standing relationships, unclear cost structures, transactional, non-integrated through systems and logistically.

How Spin Consulting Professionals Helped

1. Based on the initial assessment by interviewing all the team, key sponsors, key stakeholders, internal & external clients and suppliers, Spin devised and implemented a new Procurement Strategy called 3C's: Cost, Cash and Collaboration.
2. Processes, Systems and Organization were all realigned towards the 3Cs strategy: a) a new set of robust procurement processes were progressively deployed to allow revisiting the existing suppliers basis and renegotiated the key contracts; b) a new organization design set-up was designed, roles & responsibilities and portfolios were redistributed, new buyers were hired (internally and externally), formal and on-the-job training was provided to the extended team; the key leader (new into procurement) received on-going coaching throughout the programme. c) based on the new processes, the existing SAP platform was upgraded with tools to automate / optimize the daily tasks; a new tool was implemented to increase visibility & allow VMIs initiatives with the key suppliers;
3. A comprehensive collaboration programme was implemented including Logistics Integration, Embedding new trends/technologies provided by the suppliers into the business, Quality Excellency, Certification/Qualification of Suppliers, Auditing, Internal Business Partner Mindset, among others.

Achievements

1. Combined Cost Reduction (Directs + Indirect + Trading) of over 5% calculated as gross saving (new price versus price previous year). This significantly collaborated to the EBITDA's growth.
2. Significant Cash Release (nearly 35 percent) through renegotiation of existing suppliers and/or hedging operations with financial institutions. This enabled some new investments, for example, an acquisition of one smaller market player
3. Progressive Collaboration with the Key Suppliers:
a) Logistics -> Performance Measurement, Visibility, JIT/Call-Off/Kanban, VMI, Hole in the Wall, etc
b) Business Wide -> Open Innovation, Supplier Relationship Management, Total Cost of Ownership, Sustainable Sourcing, Corporate Social Responsibility
4. Formation and development of a new team, focused in tangible and intangible results, short/medium/long term views of requirements, truly embedded as an important business partners in the business (especially in Indirect Procurement)

Confidential

Case Study – Holistic Solution for putting in place a High Performing Procurement Team

Team provider of water, hygiene and energy technologies and services to the food, energy, healthcare, industrial and hospitality markets.

Business Background

1. Our client was going through a considerable global transformation in their entire supply chain (Procurement, Manufacturing, Planning, Logistics & Customer Service).
2. A new Senior Director of Procurement was appointed and became fully responsible for the end-to-end procurement operations in over 25 countries, moving products from around 40 manufacturing sites, through 40 DCs to over 25.000 customers, being in charge of a annual spend of over Euro 2 billion
3. The entire procurement, which up to this moment was pretty much a local-to-local network, and a new Regional Hub / Center of Expertise with nearly 25 key new resources / FTEs needed to be implemented in order to support the 5 Years Strategy develop by Spin.

How Spin Consulting Professionals Helped

1. Spin support the client with the Holistic Solution for putting in place a new High Performing Procurement Team, among others:
 1. Defining the New Organization Charts (# of resources, reporting structure, etc)
 2. Detailing the Job Profiles for each role (from Directors, Managers, Team Leaders, Sr and Jr Analysts)
 3. Hunting, Interviewing and Conducting Internal Approvals with the client's Vice President and the HR teams
 4. Designing and Implementing the Induction / On-Board Programme for each of the nearly 30 new Procurement talents
 5. Design and Implemented the new ways of Working, which detailed the interfaces and roles and responsibilities between the new Regional and the existing Local teams, the key support functions (e.g. quality, safety, finance, etc), the links between the global and regional teams, and the key interfaces with the business (sales, R&D, marketing, etc)
 6. Definition of a new set of skills and competencies for the entire procurement community
 7. Implementation of a new Learning and Career Framework to ensure the availability and sustainability of talents in the business in the short, medium

Achievements

1. The new team was identified, hired, on-boarded and coached in a fast manner (less than 6 months)
2. The new team was fully integrated with the existing S/Chain, Procurement and other Business teams to ensure a smooth ramp-up curve
3. The new team was formed through the attraction of high profile candidates mostly coming from top 25 ranked Gartner Supply Chain organizations
4. This allowed our client to speed up the full implementation of the 5 Years Strategy delivering significant results to the business in terms of cost, quality + safety + service improvements, overall procurement cost reductions and a new offering of differentiated innovation & sustainability solution to our client's end customers.
5. The programme was extremely cost effective to our client if compared to the traditional approach of using a head-hunting solution. Spin understands the procurement requirements, as a wide network of talents available, can not only hire people but instead can offer the end to end solution (as detailed above – points 1 to 7) and yet can offer much more competitive cost structure when compared to the 30 % annual salary

Procurement 3Cs Programme – Cost, Cash & Collaboration

Top 5 Global Cellulose Multinational

Business Background

1. Our client faced global declining prices in its markets which led to the need to deliver significant cost reductions (tangible, fast and sustainable)
2. In addition, its ambitions of expanding in new line of business required cash release in various aspects, including payment terms extension (via suppliers), inventory reduction and asset usage optimization
3. A new leadership team has been appointed to this transformation, which according to our assessment, would require significant cultural changes, including the formation of a new & high performing procurement team
4. The client had recently faced some substantial safety issues which required to efficiencies to be delivery without ANY impact in terms of Risk increase and Value decrease
5. The programme has been implemented in our client's 2nd global biggest operation in terms of volume and 1st in terms of EBITDA (over 3.000 employees)

How Spin Consulting Professionals Helped

1. Spin run a (fast + fact based approach + bottom-up), assessment, working collaboratively together with the client's team, to determine the size of the prize for the project, mainly in terms of cost saving and cash optimisations
2. Spin framed the programme around a well balanced TCO (Total Cost of Ownership), TVO (Total Value of Ownership) and TRO (Total Risk of Ownership) to ensure that any of the results would be achieved yet improving Value to Customers/Clients and Managing Risks
3. The programme has been named 3Cs, meaning:
 1. Cost: Cost Saving
 2. Cash: Cash Optimisation
 3. Collaboration: working together with internal stakeholders and external suppliers
4. The programme has been designed around the required improvements in Processes, Systems and Organisation (PSO)
5. The transformation involved over 20 direct reports under the procurement team, over 400 internal clients and over 800 suppliers
6. Given the transformational nature of 3Cs, the programme has been phased in 4 Waves, being each wave of 3 months, which has allowed the client to proof the effectiveness of the project and progressively continue with its

Achievements

1. The programme delivered 9.5% cost reduction (gross basis) over the spend to be delivered over 12 months (aprox. 50mm USD) and yet identified further 3.7% (approx. 19mm USD) to be delivered over the following 6 months
2. In addition, the programme improved the client's cash position in 18 days through payment terms extension, inventory reduction and unnecessary capex investments
3. Spin worked very closely with the client CFO, sponsor of the project, to implement a consider retrofit of the organization, including the appointment of client's first CPO, 2 new procurement category heads (being one internal candidate developed through the programme) and the progressive replacement of over 40% of the team in a relatively short period of time (6 months)
4. The ERP platform (SAP) has been completely upgraded to accommodate a much enhanced visibility and control, the new processes implemented and the elimination of non-value added activities; in addition, a new e-procurement tool has been implemented in a tight timeline, being one of the 10 procurement levers of the programme

Procurement 2.0. Transformational Programme

Top 5 Global Cellulose Multinational

Business Background

- Following the success project of the previous case study, Spin has been invited to develop a similar programme in its head-office, its main operation, similar in terms of volume, but much more challenging in terms of complexity
 - 3 line of business: cellulose, wood and paper),
 - 9 factories (instead of 2)
 - 80 procurement professionals (including 1 CPO and 5 category leaders)
 - Among others
- The procurement maturity level of this operation was considerably higher than the previous case study, having already delivered important cost savings mainly via:
 - Volume consolidation
 - Renegotiation with suppliers
 - Long term contract establishments
- On the other hand, given the declining international prices of its products, the client faced the same need in terms of significant cost reductions via a robust procurement programme.

How Spin Consulting Professionals Helped

- Spin has been invited to support the client in the programme, named Procurement 2.0., which involved reposition procurement as a key business partner in all cost related aspects of the business
- The same 3Cs objectives have been defined (Cost saving, Cash Optimisation and Collaboration, the same TCO-TVO-TRO frame adopted, Processes + Systems + Organisation tackled, among
- However, a more advanced procurement toolkit has been adopted, as follows

#	PROCUREMENT 1.0. FROM:	PROCUREMENT 2.0. TO:
1	Procurement as Functional Support Area	Procurement as Core Area at the Center of Key Business Discussions
2	Cost Optimization only	Holistic Value, Cost and Risk Optimization
3	Transactional & Tactical focus	Tactical & Strategic focus
4	Supplier – CMPC Interface	Extended Value Chain Mindset
5	Procurement technical Professionals	Procurement Specialists as Business Operators
6	Technology as Enabler	Technology Leverage to Big Data & AI
7	-	Sustainability, CSR (Corporate Social Responsibility) and Compliance at the Core at Key decisions
8	Supplier as Key Business Partners (long-term view on relationships)	Suppliers yet key business partners but with clear commitments and skin on the game to constantly provide 1) Cost Savings 2) Proactive Innovations 3) Act as an Extended part of the CMPC business
9	Long Term Contracts	Variable Contracts with Competitiveness and Cost Savings Objectives
10	-	New Ways of Operating: Commodity Risk Management, Low Cost Countries (LCC) Sourcing, ONE CMPC Procurement
11	Fixed Costs	Performance Based Costs (Fixed + Variable)
12	Cost Savings	Cost Savings, Cash Reduction, Turnover Growth
13	-	CMPC becoming customer of choice for suppliers (1st to be offered new solutions)
		Among others

Achievements

- The programme delivered 5.5% cost reduction (gross basis) over the spend to be delivered over 12 months (aprox. 70mm USD) and yet identified further 4.2% (approx. 54mm USD) to be delivered over the following 12 months
- In addition, the programme improved the client's cash position in 14 days through payment terms extension, inventory reduction and unnecessary capex investments
- Procurement has been repositioned with the business as a strategic partner in charge of short, medium and long term Value Creation via Cost Reduction, Cash Optimisation and Internal/External Collaboration

Case Study – MRO Inventory Optimisation Programme

Pulp / Cellulose Manufacturer – Top 5 Market Players

Business Background

1. Our client is one of the major pulp manufacturers worldwide, manufacturing pulp in 6 manufacturing sites around the world
2. Its strategy is verticalization, ie, intensively investing in assets to manage the business from the field to the customer.
3. This resulted in Capital Intensive investments (Capex) in Trees Production, Transportation, Processing, Pulp Manufacturing, Outbound Logistics (including operations in few Ports), etc
4. The nature of the Pulp production value chain is based in large assets/machinery varying from very small / market standard parts to huge made-to-purpose parts – encompassing, group-wide, in over 200k items
5. The client strategy was to keep everything possible in-house in their own manufacturing & distribution sites, which resulted in significant capital investments (over 300mm USD) and significant operation costs related to their Inbound Warehouses Management.
6. In addition, obsolescence also became an important issue given the low turnover of the parts vs their respective shelf lives -

How Spin Consulting Professionals Helped

1. Spin was supporting the client in a procurement-wide programme for 18 months which drove significant costs savings out of the business (over 8% gross savings) and has been asked to support the MRO Inventory Optimisation programme
2. We generated very detailed analytics to provide full visibility of the MRO inventory, including a. acquisition and Total Cost of Ownership), b. its value chain, c. a matrix mapping the importance of each part, among others
3. Based on the analysis, we developed strategies, working very closely with the MRO and Procurement teams, to define different strategies for each cluster of MRO. For each site, for each category, for each supply, we defined and implemented a different replenishment model which included in-house kept, near shore, medium shore, longshore, consignment, make to order, etc
4. In parallel, service-level agreements have been put in place with each key supplier to ensure the delivery of the lead times agreed in the contracts. This included, for the critical suppliers/parts, establishing penalties in case of delays (as it is extremely costly to keep a pulp production line stopped)
5. The programme has been piloted/implemented in the clients' 2 main sites over a 12 months time programme fully supported by Spin; and thereafter further deployed across other locations driven by an internally assembled MRO Inventory Optimisation Programme team

Achievements

1. Significant reduction of the MRO Inventory cash need in the 2 pilot sites (over 45mm USD inventory reduction)
2. In addition, that resulted in lower Warehousing costs (OPEX) which delivered an extra 1.5mm USD on a yearly basis.
3. Overall improvement of service, speed and reliability – driven by full visibility, SLAs, clear roles and responsibilities, etc
4. Obsolescence reduction – in the first wave of implementation, 13% of the parts sitting in the client's inventory were no longer fit for usage 13 (dragging unnecessary cash and more importantly presenting significant risks of stoppages to their production lines)