

Client

A paper mill

- ✓ Production: 450 kt
- ✓ Turnover: €450m

Context

- Volume of Purchases: €300m;
- Organisation: 2 buyers, 7 assistant buyers;
- 7 key segments pulp/raw materials/energy/transport/new work/general purchases/maintenance;
- Volume of maintenance purchases: €11m;
- Little contract hedging for provision of services (35%);
- Restricted suppliers panel; 1st sub-contracting supplier: 15% against 30% in other paper mills;
- High parts stock levels: 23 months against 13 months in other paper mills.

Objectives

- To define a target organisation for the purchasing department;
- To reduce purchase and maintenance costs by controlling service levels (quality/availability/lead time);
- To reduce stock of parts.

Project Content

- **Phase 1:** Evaluation (4 months)
 - ✓ Strategy 1: Analysis of the purchasing department (functional analysis, roles and tasks, target organisation chart);

 - ✓ Strategy 2: Analysis focusing on purchases of maintenance services and parts, quantifying the pros and cons (€560k).

- **Phase 2:** Deployment (5 months)
 - ✓ Strategy 1: Implementing the purchasing organisation;

 - ✓ Strategy 2: Launching and implementing action plans pertaining to maintenance purchases (parts, contracts, work), and considering the possibility of e-sourcing;

 - ✓ Strategy 3: Appraisal of energy purchases (€20m).

Results

- Defined target organisation:
 - ✓ Structure/roles and tasks/procedures and operating procedures.

- Quantitative results regarding maintenance purchases:
 - ✓ Savings of €235k made annually;
 - ✓ Identified annual savings from the €325k (parts segment/introduction of alternative suppliers/number of suppliers/stock reduction/etc).

- Developing methods and tools;

- A methodical guide to purchasing;

- Control panels (parts and warehousing purchases/contracts).