

Portland Group carried out LCCS Sourcing, Benchmarking and Trial Ordering for industrial MRO items for a paper manufacturer

Procurement Project Scope

Procurement Diagnostic	Procurement Strategy
Strategic Sourcing	Category Management
Low Cost Country Sourcing / International Purchasing	
Organisation and Skills	Policies and Systems

Industry Segments

Industrial	Construction
Mining	Utilities
Consumer Goods	Food & Beverage
Retail	Services
Financial	Transport
Healthcare	Government

Business Challenge

- The client is one of the world's leading fine paper merchants and Australia's principal manufacturer of quality communication and packaging paper with annual sales of over four and a half million tonnes of paper and packaging materials worldwide.
- Client needed assistance with its LCCS initiative with ~AU\$ 5.7M annual spend in the complex category of industrial consumables/maintenance and repair items (MRO) across multiple manufacturing sites.

Our Solution

- Based on analysis of the category specifications and baseline data collected, 3 out of 25 categories, i.e., Electric motors, Valves, and Screen Plates were identified for a Total Cost of Ownership (TCO) price benchmark study.
- Portland conducted a two-phased approach for the LCCS initiative.
 1. Nine items with highest saving opportunities and distinct specifications were recommended to go to trial run in order to confirm viability. The Price Benchmark Study estimated annual savings of 15 - 20 %
 2. Twelve suppliers were identified through rigorous supplier selection process for trial run. The successful Trial Order of a small number of products confirmed viability by testing the supply market and the end-to-end supply chain cost.

Outcomes

- Successful conclusion of Benchmark Study and Trial Ordering resulted in achieving savings in average of over 30%.
- International supply chain model was built for long-term LCCS benefits.
- On-going supplier management and development.

