



Case study - Procurement Cost Reduction for Oilfield Equipment Manufacturer

Engineering Equipment Manufacturer achieves >\$1.5m savings in steel, tooling and factory overheads across US and UK sites

Client

Multi-national engineering equipment manufacturer providing specialist steel assemblies to the oilfield services sector.

Manufacturing sites in US, UK and Europe
Local site procurement but little group-wide procurement.

High spend on steel raw material, tooling and consumables. Senior management targeting profit improvement.

Approach

Spend Analysis and Opportunity Assessment identified \$1.2m savings opportunity through improved group procurement.

International deployment with consultants in each factory providing co-ordinated procurement.

eAuction for raw material steel to leverage volumes.

Focus on scrap material to increase rebate revenue.

Identifying savings | Delivering savings | Maintaining savings

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Results

Savings of over \$1.5m delivered in six months.

Working capital improved through consignment stockholding.

- Steel raw material moved to eAuction spot-buy process with 4.25% savings
- Global tooling tender delivering preferred supplier relationship with 6% saving
- Vendor managed consignment stock introduced for tooling
- Scrap process redesigned to maximise revenue streams from high-value materials and index-linked to ensure sustainability of benefits
- 12% saving through sourcing of machine consumables
- Volume-based rebate structures introduced with all key external service suppliers



We are specialists in procurement cost reduction. Our consultants work closely with all kinds of organisations to improve their profitability through identifying, delivering and maintaining savings in procurement expenditure. A relentless focus on bottom-line results combined with our deep supply-market knowledge ensures that spend is optimised – and stays optimised.

- Our team has achieved over £20m in savings
- Projects are self-funding with no risk for clients
- We work closely with your people to embed best practice
- Our unique spend intelligence service ensures ongoing savings

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