



Case study - Vendor managed inventory

Acquiring ownership of vended solution whilst reducing unit price

Client

Leading international airlines business

- Flying over 5 million passengers a year on over 100 routes
- A fleet of 90 aircraft

Approach

Legacy long-term supplier; unit costs included rental of vending equipment > 5 years old

Introduce an effective Supplier Relationship

Management strategy to create a solution without access to a Capex budget

Detailed analysis of consumption to review stockholding, determine design of new vend solution.

Ownership of vend solution passed to Airline at end of 3 year contract, removing link between solution and supplier

Identifying savings | Delivering savings | Maintaining savings

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Results

- 3 year contract, introduced new solution, 5-day on-site support and 23% savings on £400k pa spend
- Significantly enhanced data reporting to improve analysis by individual job number and 3rd party recharges
- Significant improvement in cost avoidance through behavioural change; increased traceability, visibility of use by individual engineer
- 2 year contract extension negotiated to extend vend solution to address CAA audit finding and improve shop-floor productivity
- Facilitated internal process workshop to remove customer-driven costs, enabling the supplier to increase their investment in the account and hold pricing at contract renewal.



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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