



CASE STUDY

DEPEND ON OUR TAILORED SOLUTIONS FOR COST SAVINGS AND FLEXIBILITY

Steelmaker works in partnership with RS Local
to reduce the cost of MRO purchases



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PUTTING AN END TO INEFFICIENT, COSTLY PROCUREMENT PROCESSES

Procurement teams and engineers face several challenges regarding the maintenance, repair and operation of their organisation's assets and facilities. The supply chain for indirect materials is complex due to the number of stakeholders involved, a fragmented supply base, and the sheer number of products that are split across categories. In addition, there is constant pressure from senior management to reduce costs.

As an omnichannel solutions provider, RS is in a unique position to understand the complex needs of its customers and to help these businesses streamline their processes and make cost efficiencies.

Indirect procurement process costs can be twice as much as the amount spent on the products themselves. So, if your organisation spends £100,000 on purchasing products over the course of a year, you will spend a further £200,000 on processing or 'soft costs'. As such, there is significant value in reducing process costs rather than focusing on the purchase price of individual items.

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THE CHALLENGE

Tata Steel is one of Europe's largest steel producers and serves key markets including construction, automotive, and packaging. Its primary steelmaking site in Port Talbot, South Wales, employs around 4,000 people and is home to two blast furnaces capable of producing five million tonnes of iron each year.

Like many manufacturers, Tata Steel is continually looking for ways to improve procurement efficiencies while keeping an eye on costs. Each year, the steelmaker recruits up to 30 manufacturing apprentices. Every apprentice requires a set list of site-approved tools and equipment, including electronic cutters, hammers, hacksaws and chisels.

Totalling 44 items, each tool had to be purchased individually and then stored and assembled as a kit by Tata Steel stores personnel, before being distributed to the new starters. This was a time-consuming, costly, and labour-intensive job, which sometimes led to an inconsistent mix of products across the workforce.



30 manufacturing apprentices every year



Set list of approved tools and equipment purchased for each apprentice



44 pieces in total purchased, stored and assembled as a kit



Each kit individually distributed to each new starter

THE SOLUTION

RS has worked closely with Tata Steel for decades, with RS Local's South Wales branch playing an instrumental role in delivering products and services tailored to meet the needs of the steelmaker. This partnership allowed the RS Local team to identify how value-added solutions like its kitting service could be used to streamline and simplify the cumbersome process.

RS Local's Graham Steele explains: "We worked with the Tata Steel team to identify and approve a kit that would be suitable for each of the engineering apprentices. This included a large number of RS PRO products, which attracted savings in comparison to branded products."

Each of the apprentice kits is now collated and assembled by the RS Local South Wales branch team, freeing up the time previously spent by Tata Steel personnel sourcing and purchasing tools from multiple suppliers before being put together in-house.

"Our kitting service can help customers like Tata Steel achieve soft cost-savings and streamline time-consuming processes," adds Graham.

THE OUTCOME

The service has helped Tata Steel reduce costs, with savings of approximately £146 per kit, with the added reassurance that the kit is compliant. In the five years since it was launched, the kitting solution has saved Tata Steel many thousands of pounds.

The time spent by personnel sourcing and compiling the kits has also been freed up, while the procurement process has been streamlined with a single purchase order and invoice required instead of dealing with multiple vendors.

"The kitting service has made a real difference for us," says Richard Powell, Electrical Instructor at Tata Steel. "RS Local place all of the tools required by our apprentices in the same box and then deliver it to us on demand. We no longer need to purchase the parts separately or hold the kits on site, so the whole process keeps us compliant, and saves us time and money."

The bespoke kitting solution is just one of a number of services RS Local South Wales provides Tata Steel. The branch has also assigned a dedicated team member to deal with all of the customer's operational requirements. RS Local also provides a direct-to-desk delivery service, which is particularly important to the steelmaker's operations given the size of its Port Talbot site. Using a dedicated driver, who has authorisation to enter the site, RS orders are delivered directly to the named individual at their location of work.

RS National Account Manager, Sarah Thurlow, says: "We are continually evolving our customer partnerships to identify how the breadth of our product portfolio and value-added solutions can be tailored to make a real difference to our customers, saving them time and money."



Reduced costs with savings of approx £146 per kit



Dedicated team member assigned