SUMMARY

A $1.2 billion specialty chemicals manufacturer under pressure from global competition sought to cut costs of operations and establish a predict-prevent rather than break-fix maintenance environment. Toward those strategic goals, the company engaged Spinnaker to help its stakeholders gain visibility and control over spending, strategically source MRO and capital goods, reduce maintenance inventory, as well as streamline ordering and payment processes.

CHALLENGE

A previous effort to control and streamline transaction processing via e-procurement had fallen short. The platform never lived up to expectations and the company underestimated the work required to maintain the system. Furthermore, because the system was not integrated with plant-level inventory and asset management, coordinating cross-plant initiatives proved difficult.

The company recognized technology by itself was not the answer and that solutions require process and integration support. The client was not in a position to add headcount and internal resources were committed to other core functions. The company settled on a three-phase strategy:

1. Transition to new technology platform
2. Quickly add external sourcing expertise
3. Deploy new processes, contracts, and support services

HIGHLIGHTS

• Transitioned off the legacy technology platform in under eight months, training 100% of affected workforce on the new systems
• Delivered annualized savings of $1.5 million
• Instituted quarterly supplier review program and reduced number of suppliers by 80%
**Spinnaker** is a global leader in supply chain consulting and execution services. We deliver supply chain excellence with world-class people, processes, technology and operational know-how.

Founded in 2002, Spinnaker operates on two guiding principles – measure our success by our client’s accomplishments and treat every situation with honesty and integrity. It’s from these guiding principles that Spinnaker has been able to achieve tremendous growth.

Spinnaker has worked with entrepreneurial start-ups to Fortune 100 enterprises in industries such as Energy/Oil & Gas, Consumer Products & Retail, High Tech & Semiconductor, Industrial Manufacturing, Medical & Pharmaceutical, and Telecommunications. We combine our vast supply chain and business process knowledge with industry best practices to deliver solutions that drive tangible results for our clients.

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**APPROACH**

The client sought a strategic partner rather than a one-off consulting relationship. Spinnaker represented an outsourcing partner willing to configure a unique solution by teaming with others to deploy the ‘right’ solution.

Working with a technology partner and in collaboration with key company stakeholders, Spinnaker’s responsibilities included:

- Launched a project to convert e-procurement to Datastream 7i Buy and eliminate incumbent subscription fees
- Managed supplier transition and on-boarding activities
- Rolled-out the new systems to all North American plants
- Implemented reengineering of req-to-check processes, including p-card reconciliation process between Datastream e-procurement and US Bank reconciliation software
- Supervised the training of personnel
- Began the first of a series of initiatives aimed at sourcing $30 million of spend in the first year to generate significant annualized savings that funds ongoing supplier management activities

**RESULTS**

The team exceeded expectations by successfully transitioning off the legacy technology platform in under 8 months, training 100% of the affected workforce on the new systems and procedures, bettering the 7% savings target for the first wave of strategic sourcing, and delivering annualized savings in excess of $1.5 million. Additionally, Spinnaker instituted a program to conduct quarterly supplier reviews and reduced the number of suppliers by 80% on categories sourced, saving thousands on labor needed to conduct day-to-day administration and supplier management activities.

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