



INCREASING FAR EASTERN COMPETITION

In 1905, Trelleborgs Gummifabriks AB was founded. Under the management of Henry Dunker. It rapidly became Scandinavia's leading rubber production company, with bicycle and car tyres, industrial rubber goods and raincoats as its principal goods.

Trelleborg is a global engineering group whose leading positions are based on advanced polymer technology and in-depth applications know-how. They develop high-performance solutions that seal, damp and protect in demanding industrial environments and functions that are vital for customers within selected segments of the global markets, such as aerospace, agricultural, automotive, construction, transportation, oil/gas and other sectors.

The Group has annual sales of approximately SEK 31 billion, with about 23,000 employees in 45 countries.

Trelleborg Sealing Solutions (TSS) is a leading global supplier of precision seals for the industrial, automotive and aerospace markets.

The European operation has eight manufacturing sites, namely in the UK, Poland, France, Italy, and Malta. Cheaper Far Eastern imports and increasing cost down pressures from Automotive and Aerospace manufacturers forced TSS to recognise that there was an opportunity to reduce its procurement spend across four sites in the UK and Poland by installing a centralised procurement structure and effective procurement processes and control systems.

There was a recognition that the company neither had the expertise or the resources to conduct such an exercise.

Historically procurement was conducted in an unstructured manner resulting in significant efficiency opportunities.

TSS needed to develop and install a detailed route map with a centralised procurement function based in Poland.

An "Impactable" spend of €20M across various product categories was identified.



REDUCING PROCUREMENT COSTS

The Procurement P4i (plan for improvement) included:

- Mapping Procurement Management Systems & Processes
- Product grouping
- Spend patterns and buyer behaviour
- Spend analysis and categorisation
- Pricing reviews
- Development of a detailed implementation schedule with financial and operational deliverables
- A behavioural survey of Manager and Supervisory values and attitudes management values enabled **Mteq** to define the project deliverables.

The project provided TSS with:

- A revised and effective semi-centralised procurement structure
- Pertinent procurement KPIs and performance measures focussing upon procurement effectiveness and cost reduction
- Supplier assessment tools and mechanisms
- Robust and auditable procurement processes and systems
- Effective procurement Management Systems
- Positive behavioural change amongst “buyers” ensuring effective perpetuation and behaviour change

HOW?

The Implementation phase spanned several months and focussed upon:

- Design and installation of a procurement structure covering four sites (UK and Poland)
- Mobilisation of product category workgroups
- Tactical behavioural interventions
- Supplier and contract negotiations
- Installation of auditable procurement processes and Management systems
- Monthly procurement KPI and Variance Reporting
- Management Review Mechanisms

Management System elements and

processes were jointly developed reviewed

and tested coupled with direct on site support and one to one coaching, thereby ensuring sustainability of benefits and lasting behavioural change.

Initial TSS objectives called for a centralised procurement function based in Poland due to costs being less than in the UK. The project was able

to demonstrate that this would not be in the long term strategic interests of TSS and any short term cost gains would be a false economy in the medium to long term.

“The development of the focus groups around specific areas of expenditure has been very successful in integrating a broad population from our four factories into the process. We are developing innovative purchasing solutions”

Gordon Roper, Managing Director



THE BENEFITS

The Project at TSS delivered an ROI over 560% in procurement cost improvements which were validated by financial department reporting.

TSS now have robust and auditable procurement processes overlaid with effective Management control systems and a structure which allows accountability and continuous improvement.

“The Focus groups have delivered impressive results driving costs out of the business even at a time of substantial inflationary pressure on many of our key supplies – we have seen a real overall reduction of 7%”

Gordon Roper, Managing Director

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