

Case Study

Reduced Total Acquisition Costs Siemens

The Challenge

Siemens wanted a better view of how tools were being used by the Siemens workforce at its Lincoln plant, which is spread out across several different buildings over several acres. With nearly 30 cabinets randomly dotted around the site, and each cabinet containing around 1,150 consumable items, traceability and accountability of these products was difficult – made more so because engineers tended to keep a supply of tools at their workstations.

There was also a problem of duplication. Of the 30,000+ consumable items held on site, many were already kept on-site but in different cabinet areas. This had implications for cash flow: money was being spent on products that were already held in stock. Siemens called on Buck & Hickman to overhaul the stores and cut consumption at its Lincoln factory.

The Solution

Buck & Hickman began by assessing current use of the stores cabinets and concluded that they should be better replaced by vending machines at six strategic points across the factory. They installed ProStock vending machines – 14 in total – introduced over a 12-month period.

The vending machines offer tighter control of stock by requiring every user to enter an access code. Stock can then be monitored as data is collected on what parts are vended, when they are obtained and whom is using the part. This in turn can prevent unauthorised or excessive consumption.

The vending machines also use a real-time reporting system, meaning that products which are in high demand can be replenished quickly by Buck & Hickman avoiding stock outs and expensive downtime. Data on fast moving parts can be used to proactively drive value adding projects. For example, a carbide tool was identified as having a high usage, Buck & Hickman's technical specialists interrogated the vending machines' reporting system to understand who was using the part so they could appreciate the application where the part was being used and offer alternative products with longer lifespans.

The Outcome

Siemens made a 30% saving in the first 12 months following the introduction of the 14 ProStock vending machines by Buck & Hickman. The factory spend on consumables had been in excess of £1.3 million per year. Since the vending machines were installed, this has dropped to £930,000.

Through the product substitution of the carbide tooling from one manufacturer's design to another, Siemens has saved £90,000 per annum on this product conversion and considerable downtime in not having to replace the tool.

In short, Buck & Hickman has cut Siemens' total acquisition costs by more than £300,000. They have also cut Siemens' purchase-to-pay (P2P) costs by eliminating manual processes and by producing consolidated invoices – all of which minimise back office input.

Commenting on the success of the machines, James Curtis, Key Account Manager at Buck & Hickman said:

"Our ProStock vending machines have not only produced a 30% cost saving, they've produced a marked cut in consumption of tools, PPE and other equipment. Siemens' working capital requirement

is down, and we've shown how effective stock management can have a positive impact on the profitability of any manufacturing facility."

Paul Duncombe of Siemens said:

"Buck & Hickman's audit of cabinet use showed us the inefficiencies of this way of working. We're delighted with the cost savings that have been achieved."

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