

Laboratory consumables, chemicals & industrial gases: saving money, optimising supply and storage for Inspectorate International

CLIENT:	Inspectorate International
SECTOR:	Inspection & Testing
COST CATEGORIES:	Laboratory Health & Safety, Laboratory Consumables & Chemicals, Industrial Gases

Inspectorate and Expense Reduction Analysts (ERA) have a partnership spanning more than seven years.

THE CLIENT

Inspectorate is one of the world's leading inspection and testing companies, providing independent testing and certification of commodities through its network of laboratories at key trading locations worldwide. Its expertise spans a range of sectors including oil and petrochemicals, metals, minerals and agriculture.

THE CHALLENGE

Inspectorate and ERA have a partnership spanning more than 7 years. When Inspectorate first embarked on its laboratory cost efficiencies programme, it had over 50 suppliers to manage with limited internal procurement resources. As Inspectorate's business grew, management of ordering and invoicing became more complex, at a time when it needed to maintain a tight laboratory budget to be fully cost effective.

Furthermore, as suppliers' prices increased, Inspectorate realised it did not have any benchmark market data with which to validate these rises; in addition, it didn't have the resources or expertise to run a competitive tender; and writing and managing the tender process would in any case distract existing laboratory staff from their core client-facing activities.

Having reviewed several procurement partners, Inspectorate selected St. John Rowntree, Business Development Manager at ERA, to deliver a detailed cost efficiencies programme within a very short period of time. Cynthia Hollingsworth, UK Operations Manager for Metals & Minerals, noted that ERA already had the deep understanding of the key issues facing her industry that was essential to the production of a programme truly tailored to the organisation.

SUMMARY OF SAVINGS

Laboratory Health & Safety	30.30%
Laboratory Consumables & Chemicals	18.25%
Industrial Gases	17.10%



INSPECTORATE

"Expense Reduction Analysts have provided some really excellent savings for us. Our relationship has developed strongly over the last few years, enabling them to better understand our business to link us with suppliers who not only meet our pricing expectations, but also assist our operations by maintaining an excellent delivery rate."

DARREN DAVIES, DIRECTOR
NORTHERN EUROPE, INSPECTORATE INTERNATIONAL LTD

Laboratory consumables, chemicals & industrial gases: saving money, optimising supply and storage for Inspectorate International

St. John brought in specialist colleagues, Nilesch Prag for laboratory consumables and chemicals and Manoj Pabari for industrial gases, to analyse Inspectorate's expenditure in these complex areas. The challenge was to streamline the supply chain functions and consolidate the supplier-base, further ensuring that quality and service levels were not compromised and that laboratory consumables and chemicals prices were benchmarked and competitive in the marketplace.

Nilesch Prag comments, "These are complex category areas. Our primary objective was to reduce costs without compromising product quality and service. At Inspectorate, we gained the trust of internal staff by working as their shadow team, whilst always ensuring they were in control. It was vital to understand the organisational structure and its current supply chain and sourcing strategy - which products are needed when, the required quality of those products, the quality, purity and grades of the laboratory chemicals, how they are used, the delivery and lead time requirements, as well as other operational factors."

More than savings: with retained stock at supplier warehouses, delivery guaranteed and reduced stock holding at Inspectorate

ERA's analytical expertise, database of suppliers and aggregated purchasing influence allowed Inspectorate quickly to achieve significant cost savings. Inspectorate was able to reinvest savings of circa £100k, purchasing strategic laboratory equipment. In addition, rationalisation of suppliers and consolidation of invoicing saved Inspectorate enormous amounts of administrative time and money, as well as reducing the chance of overcharging.

Manoj Pabari explains another benefit, "Expense Reduction Analysts were also able to rationalise Inspectorate's bulk gas holding tanks and cylinders, thereby optimising the overall capacity and lowering the number of deliveries and the associated delivery cost, without any impact on usage or stock."

Once all of these savings and service enhancements were implemented, ERA ensured that they were maintained through the provision of ongoing quarterly supply audit reports. Prices were and are validated against industry benchmarks and market analysis data. Discrepancies are quickly noted and acted upon. Special issues - missed, delayed or extra bank holiday deliveries, occasional quality issues and replacement cylinders - are analysed and quickly resolved with ERA's assistance. And any pertinent changes in consumables needs are addressed.

"Expense Reduction Analysts have taken a lead with many of our day-to-day procurement processes and relieved the pressure on a small team. They have been proactive in monitoring and reviewing our whole expenditure, and never cease looking at new opportunities."

DARREN DAVIES, DIRECTOR
NORTHERN EUROPE, INSPECTORATE INTERNATIONAL LTD

In summary, ERA put in place a laboratory procurement strategy which has resulted in a significant impact on the bottom line, particularly in the area of indirect laboratory consumables costs, where the products and services offered by laboratory suppliers are often similar. The quality of the laboratory consumables and chemicals, and the high level of service from the chosen suppliers, was therefore crucial to the success of this initiative.