



SUPPLIER REDUCTION COST REDUCTION IN PURCHASING

INITIAL SITUATION

Nowadays, purchasing within a company has to deal with much more than mere procurement tasks. The buyer must research articles, check specifications, obtain offers, carry out price comparisons, initiate orders, process complaints, and possibly hold annual discussions. The number of suppliers a company works with seems to be endless.

Especially with sources of supply with a low volume, the negotiating position and the standardization of processes are difficult. For low procurement volumes, it is impossible to be granted long payment terms, or to set up EDI interfaces is too time-consuming. Procurement via many individual suppliers also generates processes and effort in the logistics and accounting departments. Processing in standardized processes such as shipping guidelines or uniform payment terms is a major challenge.

Lingemann will help you with your purchasing transformation!

ANALYSIS BY LINGEMANN

Our customer, who with over 30 locations in 14 countries is one of the 100 top-selling automotive suppliers in the world, turned to us with precisely this requirement. First and foremost, it was about reducing the number of suppliers and ensuring the proper delivery of his C-parts.

With a consignment warehouse from Lingemann, the company benefits from the fact that the required goods are always at hand. Long delivery times or delays, right through to material bottlenecks that can have a massive impact on production, are a thing of the past. Thanks to the consignment warehouse, which is located near the company premises, our customers can save the investment costs for their goods or parts warehouse. Another advantage is the simplified billing at fixed intervals, which minimizes the administrative effort.

“THE MEASURES INTRODUCED MADE IT POSSIBLE FOR OUR CUSTOMER TO RECORD TIME SAVINGS IN ACCOUNTING, PURCHASING, LOGISTICS, AND INCOMING GOODS.”

IMPLEMENTATION

With the main focus on the supply of goods, the delivery strategy was initially optimized. By implementing consignment warehouses, a total of more than 1000 suppliers could be replaced by Lingemann. Also, a magazine that is managed by Lingemann staff was found in isolated locations. The installation of our BOOST.Tower dispenser, including the filling service, supports the employees a lot in their operational work. Also, we carried out the picking of orders, control management for security requirements, the processing of repairs, and the internal distribution of goods according to cost centers and users.

Since our customer also has plants outside of Europe, Lingemann acts as a supporter in customs clearance and shipping of goods to non-EU plants. Orders are placed via the customer-speci-

fic ARIBA catalog, which now covers over 90% of the requirements for C-parts. Special or one-time procurement as well as saving suggestions and product substitutes are researched, cataloged, and made available to the customer. Once the delivery has been made and the goods have been booked, payment is made using a credit note procedure.

OPERATION AND ONGOING OPTIMIZATION

After only 12 months, all project goals were achieved and every plant was connected. We started the first delivery activities after a few days, even in the factories that did not yet have ARIBA access. Our customer benefits from simplified billing at fixed intervals, which significantly reduces the administrative effort. Also, comprehensive control over the entire ordering process is possible, as is the targeted standardization of work processes in logistics.

An expansion of the automation with additional output systems such as the BOOST.Tower, the BOOST.Box and the BOOST.Sensor is planned for the next few months.

MEASURABLE SUCCESS

The measures introduced made it possible for our customer to record time savings in accounting, purchasing, logistics, and incoming goods. There were significantly fewer inexpedient walking routes for employees and there was no need to store defined goods. Also, the delivery times have been shortened through lean approval procedures, and purchasing and controlling receive monthly cost overviews.

In total, our customer has reduced more than 1000 suppliers in the C-parts area. There was no further advance financing for magazines in the area of C-parts and inventories.

CONTACT

Are you interested in which support we can offer you for your business? Contact us for a non-binding consultation, we will be happy to advise you!

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