

# TCO: The hottest challenge for a cold rolled steelmaker.

*Kandil Steel's ambition is to become a high quality, low cost steel producer, so it asked Celerant Consulting to help it forge a new TCO model - and a can do attitude.*

**E**gypt's Kandil Steel is a genuine regional player, with over 22 years experience of manufacturing cold rolled, hot rolled, galvanised and pre-painted steel. Its ambition is to become a high quality, low cost producer, but despite exceptionally strong technical capabilities and a recent investment in a new service centre, it knew that many parts of the business could still improve.

Kandil Steel operates in a fiercely competitive market and a complex sector in terms of quality and conformity, so a decision was made to launch a high impact Change Programme and Celerant Consulting was brought in to help design and drive it.

#### Galvanising the entire operation

Kandil's mission is not just to deliver first class products, but to build lasting relationships with its local and global customers. So improving customer satisfaction was at the core of the new programme.

Designed to increase profitability by rationalising supply channels, redesigning the end to end supply chain process and increasing product quality and conformity, the programme was holistically focused and included 4 workstreams - Supply Chain Management, Sales, an effective MCRS® (Celerant's management system) and a TCO (Total Cost of Ownership) model that would enable Kandil to balance optimised cash flow with customer satisfaction.

It was imperative that Kandil not only target every inefficiency that might exist within its delivery system, but also redefine and re-engineer the way its supply chain functioned so that it could build strong business relationships with its suppliers. Celerant Consulting designed a sophisticated TCO model that scrutinised every component of total cost, from the procurement of raw materials to the shipping of finished product, and as part of a comprehensive MCRS®, installed and measured relevant KPIs at every level throughout the organisation to drive compliance and generate savings.

Celerant also introduced a streamlined purchasing process to support the new culture of Continuous Improvement by driving supplier OTIF and quality and thereby reducing inventory. In turn, the new S&OP procedures impacted customer satisfaction by increasing OTIF and quality. ■

#### HOT ROLLED RESULTS

- Within 3 months of TCO installation, the application had saved \$141k on purchase orders for 1 month ahead
- Annualised savings of \$1.15m have been achieved
- Inventory write-offs reduced by \$3m
- Inventory levels reduced by an average 5 days on hand
- Management compliant Operational KPIs fully installed
- SICs implemented across different functions
- A Performance management system and can do attitude fully embedded in the team

**'TCO made us realise that we were buying the cheapest coils, but not necessarily the most profitable ones.'**

Khalil Kandil, CEO.