

## CUSTOMER CASE STUDY

# Caribbean Export Control and MRO Service Program

Caribbean

**FERGUSON**  
INDUSTRIAL



### EXPORT COMPLIANCE & DOCUMENTATION

Efficient export documentation and customs requirements for reduced shipping time.

### SHIPPING & LOGISTICS

Streamlined receiving, identification, staging and container loading.

### MATERIAL AGGREGATION & CONTAINERIZATION

Shipping to one point of aggregation and streamlining process for international shipping.



### STRATEGIC SOURCING

Providing strategic sourcing expertise that identifies, evaluates and selects suppliers for the most cost effective and efficient strategies to lower the total cost of ownership.

### TACTICAL PROCUREMENT

Proactively manage all aspects of tactical procurement with a focus on having the right material, the right price, at the right time.

### CONSOLIDATED SUPPLIER ACCOUNTS PAYABLE

Eliminates the need for cross-border payments; provides sub-tier supplier management and supply chain financing, while limiting the exposure of foreign currency exchange rates.

## PROJECT OVERVIEW

### CUSTOMER:

Sizeable primary metal mining and refining operation that converts raw material into refined alumina powder for use in world markets

### CHALLENGE:

The customer's unique production complexity, remote location and lack of developed local sources of supply required a robust international sourcing capability and an enhancement of procurement processes and systems to reduce long lead times.

### SOLUTION:

Design and create customized processes and deploy proprietary operating systems leading to the implementation of a comprehensive solution that included a dedicated support team of procurement, supply chain and logistics professionals located in the US

### KEY RESULTS:

- Access to 30,000+ reliable and industry-leading suppliers
- Elimination of an international company attempting to establish credit positions with key US-based suppliers for \$18M+ in annual purchases
- Direct customer link to a dedicated team of experienced and knowledgeable purchasing, inventory management and logistics professionals
- Cost-competitive sourcing and supply chain utilization by leveraging our market-leading position within the Industrial Distribution marketplace
- Ability to procure at US price points vs. in-country or export price points typically sold at a premium
- Export Documentation and Compliance Control processes and standards
- Container loading, distribution expertise, port transfer and drayage services, shipping schedule conformance and shortened lead-time turnaround

### BACKGROUND AND SCOPE

Our customer is a sizeable primary metal mining and refining operation located in the Caribbean that converts bauxite into refined alumina powder for use in world markets. The operation involves mining unrefined material and transferring it via conveyor and rail systems to the plant. From there, the refining process begins and eventually turns into finished product that can be used in the aluminum manufacturing industry. A final transfer of finished products occurs via conveyors and loading equipment onto ocean vessels for international customers.

The customer was challenged to provide support and expertise for an offshore mining and refining facility. A few of the driving factors the teams faced were the geographical location, complexity of operations and reliance on third parties to manage the shipping and delivery of goods to the location. It became clear that a comprehensive approach was needed to mitigate the existing factors. This approach needed to address a wide range of requirements and considerations:

#### Turnkey Service Model:

- Access to extensive supplier base
- Supply chain management
- Total cost of ownership savings
- Export compliance
- Logistics
- Overall cycle time reduction
- Improved quality of service

## SERVICE MODEL

### Challenge:

The customer's Caribbean location was built over many decades utilizing numerous suppliers, equipment and technologies. However, most suppliers and OEM providers had difficulty servicing a remote facility outside of their home market. Indirect material and consumable facility needs were difficult to source, export, ship and arrive in time for the customer's demanding production schedule. Most large US-based OEM and supply partners did not have the expertise or system tools in place for optimal support.

### Solution:

We worked closely with the customer to develop a cost-effective purchasing and cross-docking operation to support the offshore facility. This included a dedicated warehouse and office complete with personnel, material-handling equipment, warehousing/storage, product identification and end-user part number identification, along with other essential resources to ensure a successful outcome for each shipment.

## EXPORT COMPLIANCE

### Challenge:

There are many factors to consider when managing a large-scale export operation: understanding regulations; the proper classification of goods; licensure and permitting; debarred and validated parties; and foundational requirements like documentation, commercial invoices, packing lists and other relevant shipping procedures.

Prior to our arrival and implementation, there was little consistency and expertise in these matters. It was largely left to an array of suppliers with experience and expertise in some, but not all, of these areas. Consequently, shipments would often be delayed because of incorrect classifications, missing information and a general lack of understanding in exporting material on a larger scale.

### Solution:

We worked directly with internal and external sources to establish an efficient and repeatable process for export compliance. We collaborated with the customer to set up technology and human resources to establish a truly comprehensive program. Our team created and implemented a proven methodology and process component for all aspects of item classification and document completion.

## LOGISTICS

### Challenge:

Given the nature of an underdeveloped source of supply in-country and the reliance on those based in the US, there was a key need for timely and dependable product availability and access to reliable delivery via carriers and freight forwarders serving this account.

One obstacle we had to overcome was the lack of a dedicated handler at the customer's host site. Other challenges included mandated prepayment, a lack of expedited services into the country, extended lead times and shipping variability, along with staffing concerns exhibited by the current providers.

### Solution:

Ferguson Industrial challenged the current state by introducing a trusted and proven partner whose expertise and consistent performance record allowed for many improvements. The customer was able to realize a significant cost reduction in container- and freight-forwarding services by utilizing our preferred relationship. As the nation's largest provider of PVF products, our sophisticated supply chain and network of providers allowed us to leverage this capability to the benefit of our customer.

We also provided a solution for expedited delivery outside of the regular shipment schedule, an option that did not exist before our program. Additionally, many providers for export services require prepayment as a condition of doing business, but we were able to improve terms and conditions significantly based on their size, strength and position in the market, another example of a proven and capable partner.

## SUPPLY CHAIN MANAGEMENT

### Challenge:

The efficacy of a comprehensive supply chain management program is determined by several factors. For this program, the customer had a vested interest in lowering costs, developing reliable sources of supply, reducing their risk within the supply chain and improving production. The expected outcome was to create a competitive advantage in the marketplace. A progressive, flexible and forward-thinking service provider was needed to join these disparate and isolated functions together.

### Solution:

Utilizing our proprietary system tools and time-tested processes, we created an efficient requisition, order fulfillment and delivery system that reduced lead times, improved efficiencies and mitigated risk for the customer.

In addition, we continually provide valuable insights through in-depth reporting for trends in consumption, usage and cost savings to drive improvement. The cornerstone of our program is working effectively to improve the overall experience—we become an extension of the customer to support their core mission and align our organizations to achieve their goals.

## ADDITIONAL RESULTS

- 22.6% reduction in total cost of ownership
  - 24.6% PPV cost savings against current market pricing via efficient sourcing
  - 24.5% reduction in container expense
  - 8.2% reduction in custom crating and packaging costs
- Significant cost savings associated with a third-party logistics provider
- Product file integrity and compliance
- Inventory cleansed, cataloged and cycle-counted to comply with generally accepted accounting principles (GAAP)
- Robust reporting and KPI program with standard customer dashboards and access to multiple reports for spend, budget controls by cost center, usage and forecasting abilities
- Improved inventory turns by consolidating redundant part numbers (including redundant part numbers by multiple manufacturers), eliminating multiple manufacturers that had not been formally approved for the manufacturing process and improving visibility of available product to customer personnel
- Improved reliability and control of the supply chain, the right approved product and the correct unit of measure, MOQ and purchase quantity

## THE FERGUSON INDUSTRIAL DIFFERENCE

We are more than a supplier—we're a comprehensive solutions provider for industrial businesses of every size and scope. The collective and coordinated expertise of our associates proves to be a crucial resource for overcoming our customers' challenges holistically, enhancing operational, logistical, compliance and financial situations in the short and long term. For more information about our Integrated Supply solutions, visit [fergusonindustrial.com/Integrated-Supply](https://fergusonindustrial.com/Integrated-Supply)