

Kandil Steel

Delivering success from raw materials to finished goods through total cost of ownership

Business Challenge

Egypt's Kandil Steel is a genuine regional player, with over 21 years experience in steel manufacturing. Its ambition is to become a high quality, low cost producer, but it had not fully achieved this despite its strong technical capabilities and recent investment in a new service centre.

The steel sector was also at the bottom of the cycle, so a decision was made to launch a high-impact Change Management program that would re-instate Kandil Steel as a successful operator and Hitachi Consulting* was brought in to help drive it.

Approach

The Change Management program was designed to increase profitability by rationalizing supply channels, redesigning the end to end supply chain process and increasing product standardization and quality.

It had a holistic focus and included 4 workstreams:

- Supply Chain Management
- Sales
- An effective MCRS®A Total Cost of Ownership (TCO) model to enable Kandil to balance customer satisfaction with optimized cash flow.

Hitachi Consulting* designed a sophisticated TCO model that included every component of total cost, from procurement of raw materials to processing and, as part of a comprehensive MCRS® to drive compliance and generate savings, installed and measured relevant KPIs at various levels.

A streamlined purchasing process also supported continuous improvement by driving supplier On-Time In-Full (OTIF) and quality and reducing inventory. In turn, the new Sales and Operations Planning (S&OP) procedures impacted customer satisfaction by increasing OTIF and quality.

Results

Management compliant operational KPIs were fully installed, short interval controls were implemented across different functions and a performance management system and a 'can do' attitude was fully embedded in the team.

- Within 3 months of TCO installation, the application had saved \$141k on purchase orders for 1 month ahead
- Annualized savings of \$1.15m have been achieved, inventory write offs reduced by \$3m and inventory levels by an average 5 days on hand

Overview

Customer challenge

The primary objective of the client engagement was to help them become a high quality, low cost producer through TCO and a 'can do' mentality

Location

Egypt

Sector

Metals and Mining

Function

Supply Chain

Service Lines

Performance Improvement, Change Management

Capabilities

Supply Chain Management, Revenue Growth, Organizational Effectiveness (Sales effectiveness, MCRS®)



About Hitachi Consulting

Hitachi Consulting is the global solutions and professional services organization within Hitachi Ltd., a global innovation leader in industrial and information technology solutions and an early pioneer of the Internet of Things. Hitachi Consulting is a business integrator for the IoT era and a catalyst for digital transformation. Using our deep domain knowledge, we collaborate with clients to help them innovate faster, maximize operational efficiency and realize measurable, sustainable business and societal value. As a consulting-led solutions company, we can help you leverage data as a strategic asset to drive competitive differentiation, customer loyalty and growth. To learn more, visit www.hitachiconsulting.com.

“TCO made us realize that we were buying the cheapest coils, but not necessarily the most profitable ones.”

- Khalil Kandil
CEO