

Development of a benchmarking procurement strategy for a company in the chemical industry

Task

Energy supply is one of the greatest costs in the chemical industry.

Procurement of low cost energy is one of the most important key success factors.

We were asked to review the procurement processes of chemical company to make sure it was operating as efficiently as possible.

Objective

For optimization purposes, benchmark the procurement and purchasing of energy for the company in relation to the industry average.

Search for industry alliances to bundle the procurement with companies from other industries (steel, breweries, etc.).

Search for new suppliers and energy products.

Optimize their own production systems to reduce the amount of energy required.

Development of a benchmarking procurement strategy for a company in the chemical industry

Methods

- ◆ Conduct Europe-wide telephone and personal interviews (at least 10 different countries including eastern Europe) with market participants in the energy and industrial sector, especially with independent process and energy experts.
- ◆ Research the current legal situation and planned renewals and changes.
- ◆ Contact and discuss options with energy associations.
- ◆ Analyze the current purchasing and procurement methods.

Result

Tranches, self generation (gas, wood, others), hedging models, forwards, spot markets and strategic alliances were analyzed and compared within the creation of a benchmark model for different procurement methods.

A presentation of the trends in the overall market and indication of key specifications in Germany was made. A concrete proposal for the future organizational structure in purchasing was developed and a list of possible suppliers as well as a supply chain overview was delivered.