

# Opportunity Assessment in MRO Spend

**Client:** Global Brewery and Beverage Distribution Company

**Location:** Multiple Breweries on the East Coast of Australia

**Scope:** Opportunity Assessment of the Maintenance, Repairs and Operations Parts and Services

“The cost reduction projects were forecast to deliver 5.3m in annual cost reductions to hit the bottom line, which is equivalent to \$35m in additional sales revenue with a net profit of 15%.”

The client had not tendered its MRO requirements in many years, and many supply and services contracts had expired. The company did not have the internal expertise to complete a review to determine the cost reduction potential for the MRO spend.

Caliba was engaged to complete a detailed review of the company’s purchasing history and the supply and services contracts currently in place across multiple breweries on the east coast.

As part of the review we interviewed 13 internal stakeholders who were operations managers, business improvement specialists, and purchasing staff. We also categorised 57,820 lines of purchasing data into meaningful MRO categories.

We identified 15 cost reduction projects including competitive tenders, negotiating with original equipment manufacturers (OEMs), and changing the maintenance labour model for production line bottling, labelling and packaging equipment.

The cost reduction projects were forecast to deliver 5.3m in annual cost reductions to hit the bottom line, which is equivalent to \$35m in additional sales revenue with a net profit of 15%.

The company has approved a selection of the projects for implementation to realise the cost reductions.

**\$98m**

*Purchasing Value Assessed*

**15**

*Cost Reduction Projects*

**\$5.3m**

*Cost Reduction*