



Case Study

Aluminum Processor with Global Operations

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By Ron Factor

Alcan's Primary Metal Group (APMG) has developed and implemented a world-class partnership program with suppliers in order to achieve significant, measurable and on-going savings based on the principles of Total Cost of Ownership (TCO). The program entitled 'Maximizing Value' embraces a number of leading edge sourcing and partnering principles e.g. web portal, communication, a series of global supplier days, reporting, performance measurement, etc., in order to achieve its goals. The principals at KCB Inc. assisted APMG in establishing the program and most recently helped to develop content, presentations and workshop materials for their renewed Supplier Day rollout in selected geographies.

The program was launched three years ago and achieved greater than expected initial success. APMG seeks improvements each year in terms of its own performance, that of its suppliers, and that of the program. The program was sound and generally well regarded, however there was a need to improve in the following areas:

- Providing 'one face' to the supplier - the need to drive a common message to the suppliers.
- Insuring internal alignment - plant and purchasing people communicate with suppliers on a regular basis and at a tactical level. There was a need to ensure that the program delivered a consistent corporate message.
- Determining what value suppliers saw in the program. Also, to determine the value that all parties placed on the web tool.

KCB conducted the following work:

- Developed and administered a survey covering suppliers, APMG plant personnel and APMG buyers. The objective of the survey was to identify strengths and areas for improvement in the Maximizing Value program and to describe how improvements could be implemented. The survey covered North America, Europe, and Australia.
- Updated the "Supplier Day" presentations with a focus on where APMG's Maximizing Value efforts were headed, describe successes achieved over the past year, and outlined new initiatives that were planned to ensure that the momentum created through previous years' efforts continues to strengthen.
- Developed a process for each of the Supplier Days to allow APMG suppliers to engage in interactive discussion and workshops to share and explore ideas, examples and opportunities to collaborate and create additional value in the context of Alcan's Sustainability Framework: a) Environment, Health and Safety (EHandS), b) Sustainability, and c) Cost Improvement.
- Developed a process within the Supplier Day workshops to address APMG's successes with Lean and 6 Sigma as an example of what APMG is doing internally to

- achieve competitive excellence, and how similar approaches could benefit its suppliers.
- Provided a framework for suppliers to present their success stories, including those generated through the use of the portal.
 - Reviewed the value proposition of the portal, including portal characteristics such as user friendliness, intuitiveness, value added derived from use, and what end-users require to enhance their experience with the portal.
 - Provided feedback on the survey in order to share content and recommendations, as well as to continue to enhance internal and supplier communication.

The outcome of this work was an enhanced program offering that Alcan's Primary Metal Group could provide to its supplier community to support their efforts in overall performance improvement, not the least of which was in cost savings. APMG continues to run this program successfully.



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