



**INTEGRATED  
SUPPLY**

**CASE STUDY**

# IMPLEMENTING SUCCESS AT LEADING UK FOOD MANUFACTURER

Optimised inventory and redesigned storeroom increased the efficiency of the MRO supply chain, creating significant savings.

May 24<sup>th</sup>, 2024 – Warrington / UK



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# BACKGROUND

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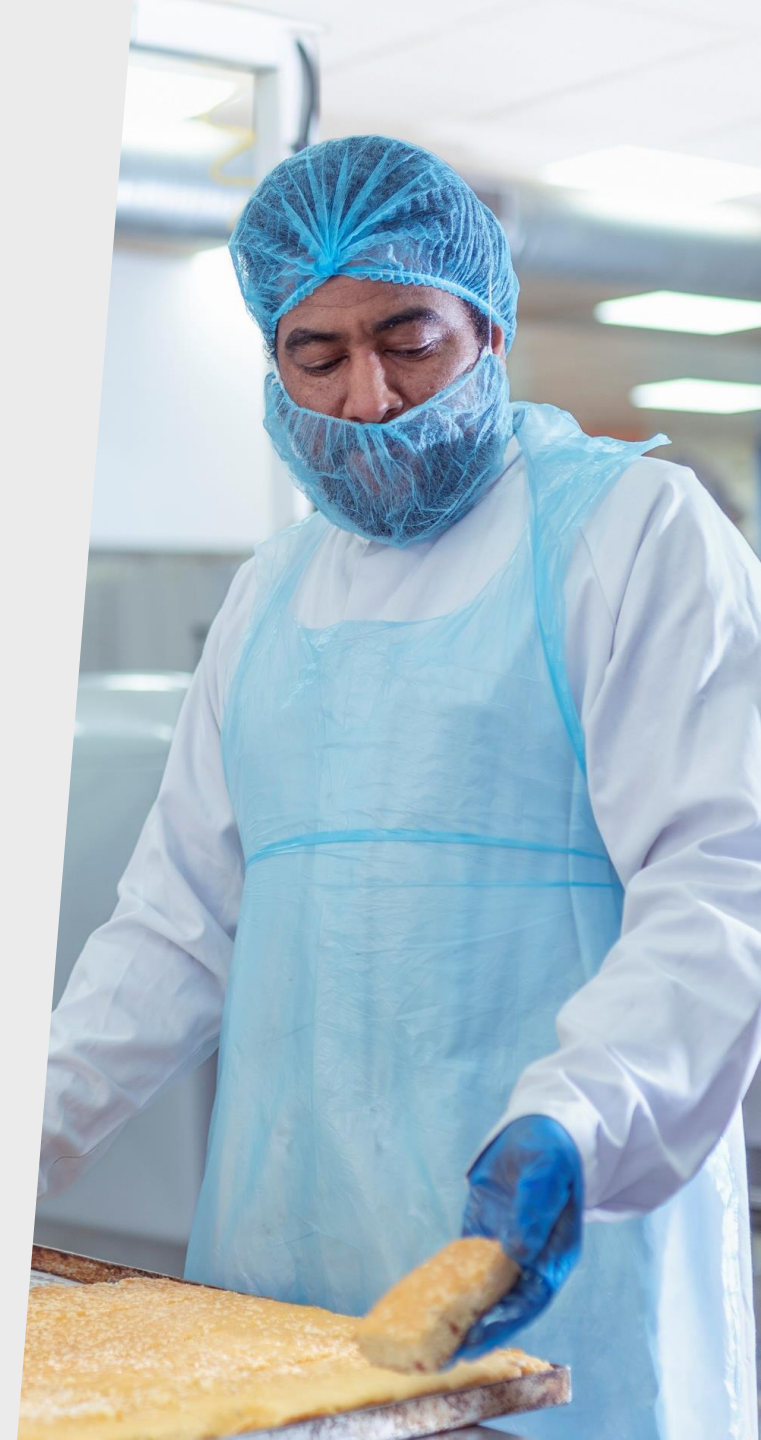
## Global Challenges Impacting the Food & Beverage (F&B) Industry

- Impact of COVID-19 and Brexit on supply & demand balance
  - Ukraine-Russia war & global food price surge
  - UK's food price inflation peaked at 19.2% in March 2023
  - Decline in consumer demand
  - Shift from high-end to traditional consumer goods
  - Compression of profit margins in the F&B sector
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From 2021 to 2024, political crises like the Ukraine-Russia war, COVID-19, and Brexit disrupted supply chains and destabilised the supply-demand balance, driving global food prices to historic highs. **In the UK, food price inflation soared to 19.2% in March 2023**, the highest in over 45 years. **This caused a severe cost-of-living crisis**, shifting consumer demand from high-end to traditional goods and squeezing profit margins in the food and beverage (F&B) sector.

In response, **F&B companies sought to improve efficiency and reduce operational costs**. In early 2023, a major food industry company contacted us for integrated supply services for their MRO (Maintenance, Repair, and Operations) needs across four UK sites. As the client's product costs are heavily influenced by commodity prices, **they required an optimised MRO solution to enhance operational profitability**.

Our client faced significant inefficiency issues with their indirect material supply chain management, resulting in **increased downtime and operational costs**. At the top of the problem list was a **poor inventory management system** that relied on spreadsheets, leading to uncontrolled inventory. **Additionally, housekeeping did not reflect the client's world-class manufacturing standards**. Moreover, MRO-related transactions consumed over 90% of their purchasing workload, while accounting for less than 5% of their expenses, highlighting significant inefficiencies in their supply chain management.





# THE CHALLENGE

Providing integrated and end-to-end MRO supply chain services always involves tackling challenges, as this case study exemplifies. In response to all the challenges our client faced, from Inventory Management to Storeroom Condition and Stakeholder Management, RS Integrated Supply provided an end-to-end service to address the issues across all four sites in the UK. However, improving storeroom management with a successful implementation was key to the project's success.

## Inventory Management Issues

- No optimum stock levels (min/max) determined
- Poorly documented inventory data

## Storeroom Condition

- Disorganised environment due to inadequate shelving and item identification

## Stakeholder Management

- Lack of control in the end-user item pickup process
- Minimal oversight and accountability

# OBJECTIVES

As the client required a fully integrated supply services solution, the objective of the wider project encompassed all processes related to the procurement and management of stocked and unstocked MRO items. However, the primary focus of the implementation project revolved around the storeroom, with the identified targets below.

- Re-organize the storeroom and housekeeping.
- Record existing inventory data.
- Optimize and reduce inventory levels.
- Implement the RS SYNC™ system for inventory management.
- Build a highly competent team to oversee storeroom operations.



# THE SOLUTION

RS Integrated Supply's Storeroom Solutions® was the perfect answer for the client's needs. Recognising the storeroom's pivotal role in the supply chain and the financial burden of stocked items, we embarked on a multi-month implementation project to establish Operational Excellence with a properly functioning management system and optimal inventory levels. During the implementation, our dedicated team diligently worked to elevate all storerooms across four sites to the world-class standards of RS Integrated Supply before the project's go-live date.

These efforts included:

- **Existing Inventory Data Generation**

We collected, cleansed, and standardised inventory data using our proprietary SnapPart™ app.

- **Inventory Optimization**

The optimum stocking levels for each unique item are determined based on past purchase data, criticality, and lead times.

- **Storeroom Layout & Design**

Considering ideal inventory levels, turnover rates, employee traffic flow, safety, and ergonomics, we redesigned and rebuilt the entire storeroom for all four sites.

- **Integration of RS SYNC™**

Enabled us to manage inventory and record and track all item movements fully, in addition to procurement and transactional management functions.



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**“We are excited to see our storerooms transformed into seamlessly functioning service stations.”**

**Director, Site Operations**

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**BEFORE**



**AFTER**



# THE OUTCOME

The implementation outcome was remarkable. As a result of the 12-week implementation program at each site:

- ✓ **100% of the inventory was categorised and recorded** with a highly reliable dataset, including manufacturer names, part numbers and images.
- ✓ The housekeeping standards of the storerooms were significantly improved, providing substantial support through Operational Excellence.

An impactful insight: **we discovered 4888 unrecorded items across all four sites, accounting for 27% of the total stock and worth more than £1 million.** Their existence went unrecorded for years, highlighting the importance of thorough inventory management.

Consolidated Data for 4 Sites	Before	After	Improvement
# of Recorded Items	12923	17811	37%
Items w/ Manufacturer Info	16%	99%	83%
Items w/ Manufacturer Part Number	9%	94%	85%
Items w/ Images	0%	100%	100%
Items Linked to Categories	32%	100%	68%



# RESULTS

Within six months, the program had significantly enhanced efficiency, demonstrating the potential to deliver **up to £500,000** annually in direct and indirect savings.

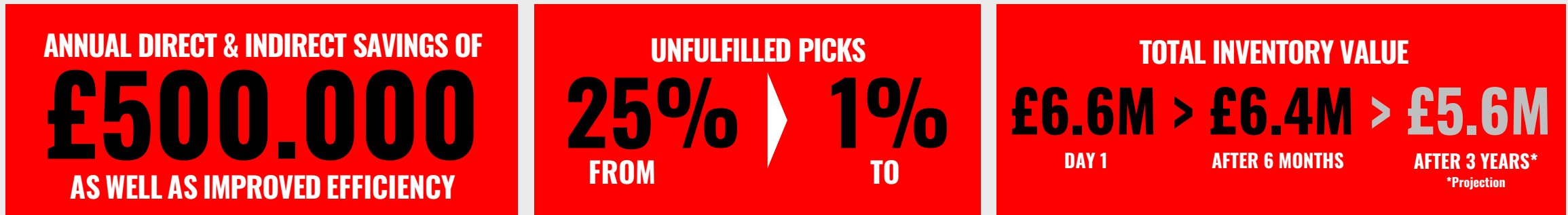
Initially, the client benefited from RS Integrated Supply specific item prices and a substantial MRO procurement transactional workload reduction, with vendor consolidation of over 90% and transaction reduction of over 80%. In addition to these procurement-driven savings, the implementation project yielded further benefits:

- **Inventory Optimization**

The overall on-hand inventory level was **reduced from £6.6 million to £6.4 million** and is projected to decrease to £5.6 million by the end of the initial 3-year contract duration. Representing an **improvement of over £100,000 in stock carrying costs**.

- **Reduced Storeroom Wait Times**

The average storeroom has a failure rate of 25% unfulfilled picks before initiating RS Integrated Supply Operational Excellence, which reduces to below 1% after completing our implementation. Based on four storerooms that represent over 3,000 unsuccessful storeroom visits per year being removed, **saving maintenance time worth over £100,000 annually** and significantly reducing overall asset downtime.





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