

SER® REPORT

VALUE PROPOSITION #4 ACCESS TO STOCK

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Insights on businesses serving diverse industries in Australia

SER® REPORT

VALUE PROPOSITION #4 – ACCESS TO STOCK

Welcome to the Steel Efficiency Review® Report for Value Proposition #4 – ACCESS TO STOCK. This report has been compiled from our unique and proprietary industry insight resource – The Steel Efficiency Review®.

1053 >>>

REVIEWS



7 YEARS ON OUR SOLUTIONS CONTINUE TO CREATE CUSTOMER VALUE

To date we've completed 1053 Steel Efficiency Review® visits nationally, with steel businesses both large and small.

This has amounted to over 2863 hours developing real solutions to save them time, money and reduce risks.

From these SER® appointments we have isolated findings relevant to specific industry sectors and niche businesses within that sector to identify business improvement insights – those that can help you run your business more profitably.

IN THIS SER® REPORT, WE FOCUS ON VALUE PROPOSITION #4 – ACCESS TO STOCK.

This report provides you with a summary of the common challenges faced by steel businesses serving diverse industries in Australia, relevant to STOCK ACCESS. We also offer solutions to help you to build a more efficient and profitable business.

We hope this SER® Report provides an opportunity for you to look closer at your business and review your operation.

You're also welcome to participate in our complimentary Steel Efficiency Review® as a 'fresh set of eyes' helping you to identify ways to turn steel into gold.

If you have just participated we look forward to working with you to uncover the 'gold' in your business.

Regards

The SER® Team



KEY FINDINGS FROM CONDUCTING OUR STEEL EFFICIENCY REVIEW® ON 1053 AUSTRALIAN STEEL BUSINESSES - RELEVANT TO ACCESSING STOCK

STOCK ACCESS was considered to be a challenge for steel businesses serving diverse industries in Australia.



105 clients from the 1053 completed Steel Efficiency Review® consultations, a total of 10% required greater ACCESS TO STOCK relating to time in waiting.

These clients worked with our SER® consultants to jointly solve challenges related to ACCESS TO STOCK in their business and operations. Key SER® findings revealed the issues at hand with proposed solutions to provide step change improvements resulting in operational cost savings, greater efficiencies in processing and overall profit improvement.

STOCK ACCESS tends to pose major challenges with steel businesses involved in manufacturing, fabrication and building. Many businesses require the right inventory to meet demanding customer requirements. In the quest to meet these requirements and expectations, stock access is critical. Investing in the right type and amount of stock where possible; ensuring the range and scale works for your business will help meet demanding customer needs and strict project requirements. In addition ensuring cash is optimised and working for your business will allow the right investments in stock, people, processes and equipment.

The Steel Efficiency Review® process recommends operations and productions teams to make what the customer wants when they want it, as specified. STOCK when not managed effectively can cost steel businesses' money, time and opportunities to win new work. These costs can amount to a considerable sum over time.

With 1053 Steel Efficiency Review® consultations completed, we have found if you could have the right ACCESS TO STOCK the savings would be straight back on your bottom line improving the profit in your business.

COMMON CAUSES OF STOCK ACCESS ISSUES:

- » **Inaccurate Information**
Working to inaccurate sales forecasts and guessing what customers will want in the future can invariably cause stress to many operational environments. The wrong products can be ordered and produced in excess burning cash and disappointing key customers at the same time. This can sometimes promote excess inventory practices – promoting purchasing and operations teams to build stock buffers. This creates stock access issues with funding not being directed to the right activities.
- » **Poor Warehouse Layout**
Stock issues can also be caused by poor warehouse layout and lack of balance in the workflow - causing the wrong type of inventory to build up before or after different processes. This helps hide stock in each step of the production process. The outcome is not favourable for steel businesses resulting in poor use of cash and exceeding pressure to access the right type of stock.
- » **Unreliable Legacy Processes**
“This is how we have always done it!” is the common cause based on legacy and unreliable systems and processes. After 1053 SER® consultations, we have uncovered unreliable processes are a cause of stock access issues. Unreliable processes cause product quality issues, constant re-work and inefficiencies in production. This all plays a role in accessing the right type of stock.

3 KEY VALUE PROPOSITION SOLUTIONS FOR ACCESSING STOCK

Utilising the Steel Efficiency Review® to better understand businesses serving diverse industries, our SER® consultants have recommended the following 3 key value proposition solutions to help ACCESS STOCK:



1. ACCESS TO HIGH QUALITY BRANDED STEEL PRODUCTS.

Leveraging recognised, reputable and high quality steel products will allow steel business to leverage market awareness to grow market share and increase revenue. Working with a supplier to further promote your products and services into new and existing markets will not only provide access to the right stock but also increase market penetration.



2. TIME IN WAITING IMPROVEMENTS TO REDUCE BOTTLENECKS

Simplifying purchasing patterns and systems to allow seamless management to access the right type of stock. Predicting future sales trends and using accurate sales forecasting tools and templates will help improve time in waiting and reduce operational bottlenecks. A workable solution to improve workflow and provide greater access to the right stock.



3. ABILITY TO SOURCE HIGH QUALITY RAW MATERIALS (SEMI-FINISHED)

Supporting our customers with semi-finished raw materials so they can concentrate on adding value with a few small steps in their own production line helps decrease labour costs and increase business cash flow when needed the most. A highly workable solution to help with ACCESSING STOCK in any steel business.

USING THIS VALUE PROPOSITION TO FORM A COMPETITIVE ADVANTAGE?



The first step is to identify the common causes of STOCK ACCESS issues and realise that your business is actually doing it. We have uncovered when discussing our key findings from our Steel Efficiency Review® consultations with our customers, a common understanding is required to ensure we admit to the waste and want to find possible solutions to eliminate or reduce it.

Once we all understand the issues and challenges associated we can work together as supplier and buyer to recommend improvements. Keeping it simple is something we aspire to with our key findings and possible recommendations to ensure buy-in and implementation. Using simpler and easy to implement processes ensure our customers will first want to invest the time to change and reap the rewards in the long term.

The recommended value proposition element to be employed - can be as simple as "Simplifying purchasing patterns and systems to allow

seamless management to access the right type of stock. Predicting future sales trends and using accurate sales forecasting tools and templates will help improve time in waiting and reduce operational bottlenecks." (VP Element #2)

In making this change, our customers not only ACCESS THE RIGHT STOCK but they start to put their own customers first and even highlight the causes of many other problems within processes that are hidden by this challenge.

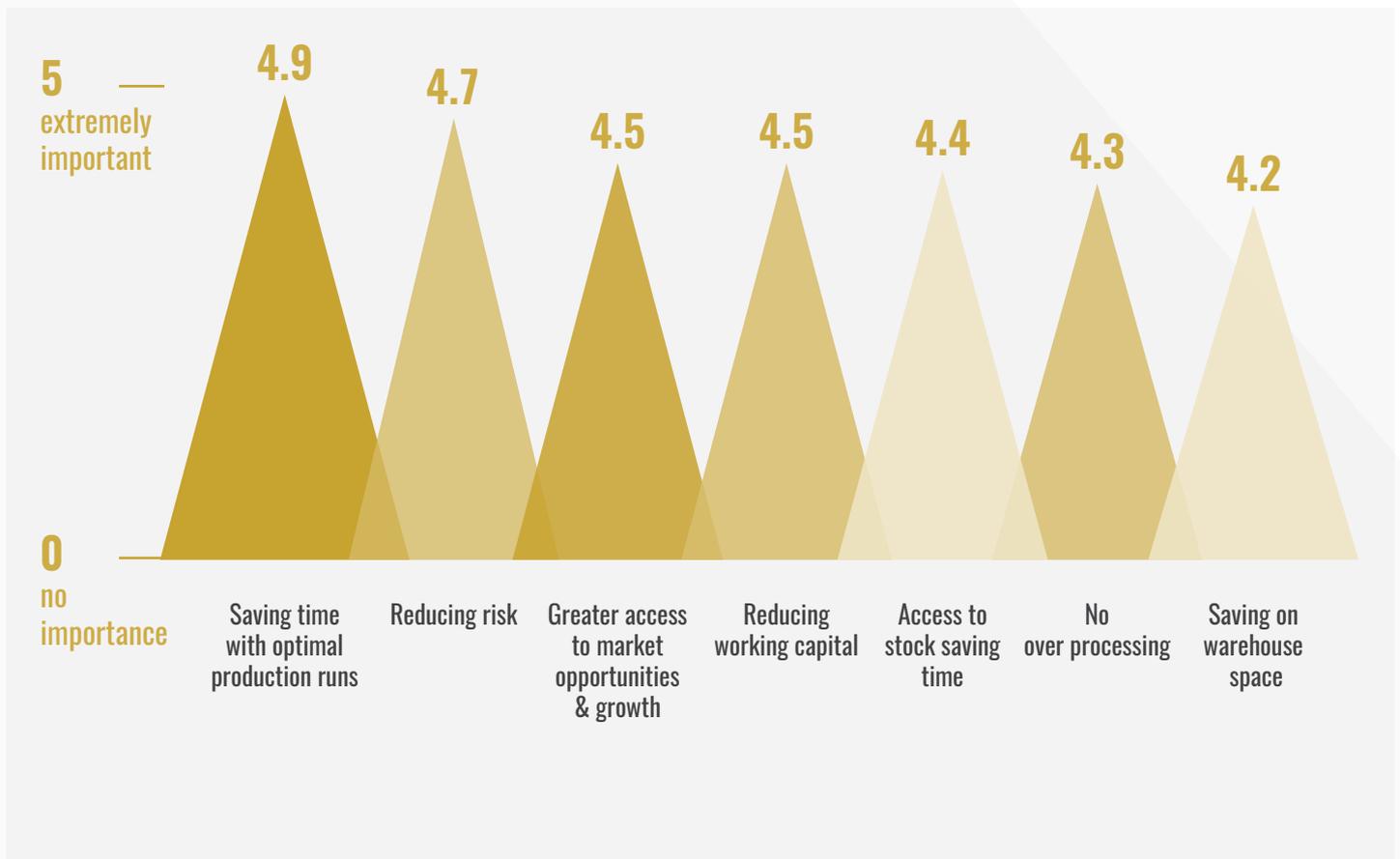
A competitive advantage starts to get formed and can be very strong when customers start to experience a different and better offer, superior to others in the market. This then allows the right products to be produced based on customer demand. Add in a bit of customisation and expertise to develop specialised products – premiums can then be charged at more profit made.

THE SER® CUSTOMER'S PERSPECTIVE SHINES THROUGH

It's clear when our customers are involved in the Steel Efficiency Review® they undertake a challenging role of looking at their business in a very different way. They start to identify and examine key challenges to further understand the possible causes and drivers. They dig deeper and ask questions to determine possible solutions for improvement.

With the help of their SER® consultant the findings are then tested further and possible recommendations are considered. And when we look at the importance of relationships with our customers as we work closely together to create win-win opportunities, it's quite clear that supporting each along the way creates a long lasting partnership.

When we asked our SER® customers how they would rate the importance of the following value proposition elements (key customer benefits) – we found ACCESS TO STOCK SAVING TIME rated as important with an average rating of 4.4 out of 5.0 (5.0 being rated as "very important").



THE SER® CUSTOMER EXPERIENCE DRIVES A STRONGER RELATIONSHIP

So when it comes down to it, what actually drives our SER® customers to want to make a change in their business. And what is the role of the SER® consultant at this point in the journey?

When we asked our customers what drove them to undertake the Steel Efficiency Review® they answered both these questions. They commented on "needing some support to work on their business - rather than in it". They also mentioned they were after a "different point of view or perspective on their business".

This was the role of the SER® consultant to first build comfort into the process and ultimately look for win-win opportunities for both customer and supplier. 7 years on our customers will remember these initial wins and continually look for more improvements in challenges such as STOCK ACCESS to implement some change to produce great results.

CONCLUSION

The key findings from conducting 1053 Steel Efficiency Review® consultations on Australian steel businesses relevant to Value Proposition #4 – **ACCESS TO STOCK**, show the need for:

HIGH QUALITY STEEL PRODUCTS MADE WHEN NEEDED, DRIVEN BY CUSTOMER TOLERANCES AND SPECIFICATIONS.

When speaking to 1053 steel businesses involved in diverse industries nationwide, we concluded that it comes down 3 key VP solutions to **ACCESS STOCK**:

➤ **ACCESS TO HIGH QUALITY BRANDED STEEL PRODUCTS**

➤ **TIME IN WAITING IMPROVEMENTS TO REDUCE BOTTLENECKS**

➤ **ABILITY TO SOURCE HIGH QUALITY RAW MATERIALS (SEMI-FINISHED)**

In implementing these value proposition solutions, our customers not only improve their **ACCESS TO STOCK** but they create opportunities to focus more closely on their customers and even highlight the causes of many other problems within processes that are hidden by this waste.

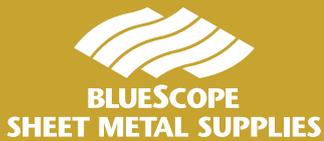
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We have found, our customers pursue the SER® as a vehicle to look at their business in a different way to make some small changes to reap big rewards. When we asked our customers what drove them to undertake the Steel Efficiency Review® they used words such as “fresh set of eyes” and “cost efficiencies” and “value” to determine their thinking behind their decision.

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REVIEW®



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