



STRATEGIE E PREVISIONI DI MERCATO PER LA FILIERA DELL'IMPIANTISTICA INDUSTRIALE



Cooperate to compete

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20° Convegno ANIMP

Milano, 30 Ottobre 2014



Competitive vs Cooperative Approach

Porter (1980)



- **High number of suppliers** to ensure continued competition but not too high not to excessively dilute volumes and therefore to maintain bargaining power
- **Select vendors based on performances** and distribute volumes among them
- **Continually vary the volume allocated** as a function of the actual performances, so as to stress the competition
- **Occasional market scouting** for price, technology and performance benchmarking



- *End the practice of awarding business on the basis of price tag. Instead, minimize total cost. **Move towards a single supplier** for any one item, on a long-term relationship of loyalty and trust*
- ***Break down barriers between** departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.*



Deming (1986)



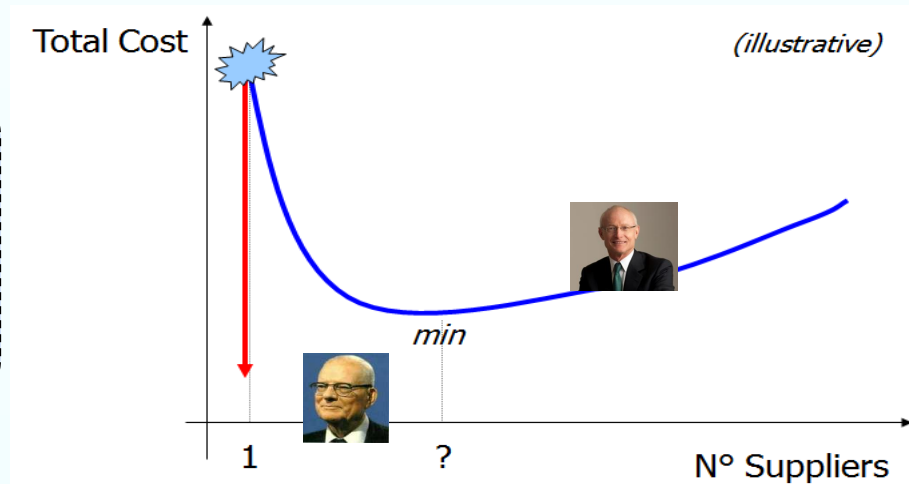


Taking over Deming's Challenge

Expectations from locking one's supplies to a limited number of selected source vary according to these opposite views

Single Sourcing Impact	Deming 	Porter 
Quality	Improves	Worsens
Total Cost	Reduces	Increases
Cooperation Customer – Supplier	Increases	Decreases
Dependence on supplier	None	Increases

THE CHALLENGE: *Sizing the supply base to foster competition while driving total cost optimization through cooperation with selected partners*





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Case Study 1

Partner

International market leader in the manufacturing of mechanical seals, couplings, bearings, filtration systems and artificial lift equipments and systems for industrial applications covering the petrochemical/chemical industry, oil & gas and power generation industries

Employees: 6,900. Turnover: 900M€

Rationale

Standard Project agreement for supply of mechanical seals and associated systems for pumps (300+ seals / systems). Targets:

- *Optimized **standard design** basis for all plant units*
- *Standardization of technical specifications and list of technical exceptions **shared** with the seals manufacturer since the beginning*
- *Advanced **planning** and delivery improvement of the equipment*
- *Advanced setting of commercial and legal **terms and conditions** for project execution*
- *Optimization of Client's **stock of spare parts***

Win-Win Outcome

- *MET: supply process optimization, cost reductions, competitive edge*
- *Supplier: supply process optimization, cost reductions, market share consolidation, design optimization and standardization with OEM (pumps), access to after sales market*





Case Study 2

Partner

Global leading manufacturers of high pressure equipments for the chemical and petrochemical industry, especially for the fertilizer industry. Employees: 150. Turnover: 50M€.

Rationale

Standardization of Urea synthesis HP Equipments is key in making delivery well predictable, shortening lead times and reducing costs.

Steps and criteria :

- *Freezing engineering data sheets*
- *Purchasing of main materials in advance*
- *Designing HP equipments based on most common \ stringent codes.*

Win-Win Outcome

- *Delivery time reduction by 4 to 6 months*
- *Engineering cost reduction by 60 %.*
- *Reduced proposal time and risk.*

