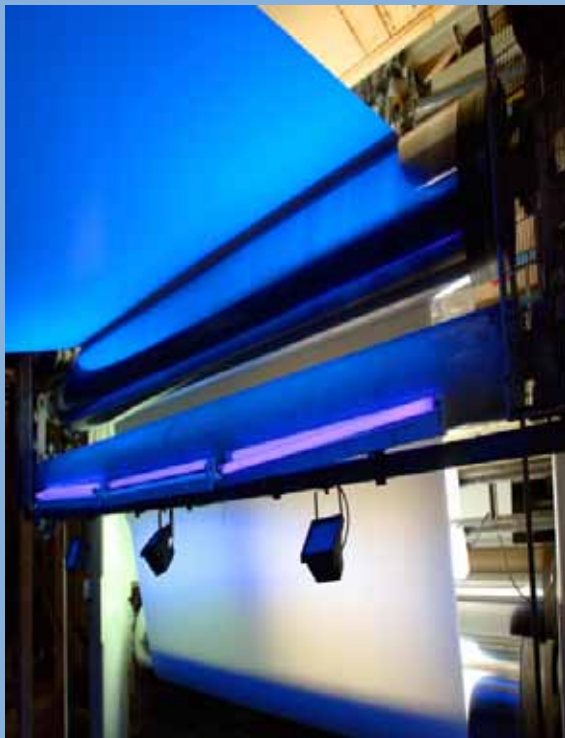




IT Procurement De-Risking

Tullis Russell Papermakers Ltd., based in Fife, Scotland, manufactures a wide range of quality papers. In its search for an end-to-end ERP system, the company has faced many challenges. Now, assisted by BPG's business and procurement expertise, Tullis has an automated manufacturing system that delivers what they need at a fraction of the cost of its predecessor.



Having been burned once with an expensive system that never lived up to expectations, Tullis decided to bring in a procurement, contract and business transformation specialist to project manage its new mill-wide production, sales and warehousing system implementation. This involved mapping every step of the operation from business objectives to system specifications, sourcing the supplier, negotiating contracts, software testing and all stages to go-live.

The end result was a solution that delivers what the company wanted, on time and on budget with no 'scope creep'. Not only was the new system installed at half the cost of the previous application, it caused no interruptions to Tullis' high-volume production schedule, and therefore no revenue loss.

A 100% reliable timeframe

When Tullis began looking for technology, they knew what they didn't want – a solution like the one they had bought ten years earlier for a seven figure



Tullis Russell Papermakers



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Gary Wallace
financial director

sum that wasn't fit for purpose and could only ever be partially used. What they did need was something to automate, integrate and manage the entire manufacturing cycle from the sales order entry to raw materials purchasing, production scheduling, warehousing, inventory control, logistics and invoicing.

Getting it right the first time

A decade later, with production at full capacity and ever-increasing pressure to optimise operational efficiencies, Tullis decided a new system could be delayed no longer. This time there was no room for error. Says Gary Wallace, Financial Director: "Because we operate a 24/7, 358-days a year production environment with five shifts a day turning out 150,000 tons of specialty paper per year, every second counts and a single day of downtime can cost us at least £75,000."

Reducing risk

To ensure success, Tullis turned to outside help. As Wallace explains: "For us it was all about reducing risk. We wanted to get independent advice from people who had managed this kind of project before, knew the manufacturing environment and had business, IT and contract negotiating experience." Of course Tullis did have access to legal, IT and procurement specialists, but while the legal team was able to handle the procurement contracts they had no knowledge of implementation issues, and the IT consultants were unfamiliar with contractual side of procurement.

The right stuff

Just as Tullis was wondering where they could source the right combination of skills, they discovered *Best Practice Group*. BPG was brought in to oversee the entire project, from analysing Tullis' business objectives and processing environment to identifying system requirements, sourcing, testing and implementation. As Wallace points out: "BPG's knowledge of technology, procurement contracts and the manufacturing industry enabled us to make progress immediately. They created a framework for the system specification documentation and ensured our interests were fully protected throughout the implementation process – all of which gave us much needed peace of mind."

End-to-end process visibility

To make the project more manageable and to minimise risk, it was decided to split procurement of the sales/warehousing and the manufacturing applications into two phases. Since the 1990's system was handling the sales and warehousing side of the business adequately, the pressing need was to replace the 1960's legacy technology that was still being used to run the main production

facility. The plan was to get the new manufacturing system up and running smoothly and then look to replacing the sales system, linking them to create an integrated end-to-end ERP (enterprise resource planning) and supply chain management platform.

"When completed, the new environment will give us greater visibility and control across the entire business," says Wallace. "This will enable us to increase overall efficiencies and reduce things like paper wastage because we can more easily identify machines that are creating overruns. By having the sales side linked to production, we'll be able, for example, to match the customer order flow with resource availability to achieve better production management"

Step-by-step procurement guidelines

To head up procurement, Tullis selected three staff members from the three main operational areas: Manufacturing, Finishing and Planning. Following a thorough audit by BPG, a set of system requirements templates was drawn up for the team to use in gathering information and preparing all of the procurement documentation. Says team member George Armit: "By using BPG's methodology we simply had to follow the steps laid out for each stage of the procurement process. As a by-product, the work also helped us gain a broader knowledge of the business." Wallace agrees: "It's very difficult to cover all the bases when you're so close to day-to-day operations, so BPG's guidelines helped us catch things we might have otherwise missed that might have caused problems downstream."

No production loss during install

The specifications complete, BPG then oversaw the supplier relationship and implementation. In order to de-risk the process and ensure it was on track at each stage, the ASCman modules were installed as they came ready, rather than waiting for the entire system to be completed. "Thanks to good planning by BPG and a cooperative supplier," says Wallace, "we managed to get everything up-and-running without any issues and no lost production time, which is very rare."

Preparation pays

The preparation was well worth it, according to Armit: "At first we wondered if the level of detail BPG advised was necessary, but it turned out to be time well spent. Because of this investment upfront, there were no unpleasant or costly surprises when we got the modules, so installation was fast and glitch-free. On the few occasions where minor changes were required, we avoided drawn out hassles or extra charges by referring back to the original documentation where everything had been thoroughly itemised. This gave all our vendor dealings great clarity."



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George Armit
project team member



The vendor wins too

Tullis' preparation has also benefited the vendor. Says Bill Craigie, Managing Director at ASC: "As part of the procurement we were invited to do a scoping study to advise on system needs. Without the time already put in, Tullis couldn't have presented their requirements so clearly." Wallace confirms this view: "Bringing in ASC for the scoping study meant that we and our supplier both fully understood our business expectations and the vendor commitments from the start. We knew upfront exactly what ASC could and couldn't provide, and what compromises we had to make." One important proviso that BPG put in place before contracts were signed was an 'opt-out' option with no financial penalties for Tullis if ASC introduced any unexpected new charges during implementation.

"Past experience has taught us", Wallace continued, "that it's always better to get things right than rush them through". Although it took Tullis several man-months to gather up the data and prepare the documentation, this was negligible compared to the vast amount in production revenue the company stood to lose if forced to shut down because of system build-up problems, not to mention the wasted investment if the new solution proved to be a disappointment. As it was, everything met Tullis' business needs in less time than expected with no budget overruns.

Joining up both ends

Ultimately, not only has Tullis managed to procure a superior system at a lower cost than its predecessor, but the process of studying the business and technology requirements has also led to some positive operational restructuring. Tullis recognises that given its expertise in papermaking, this could not have been done alone and credits BPG for its business and IT acumen. With most of the production system now live, Tullis is turning its attention to replacing the sales/warehousing system. Will they use BPG again? Affirms Wallace: "BPG has given us an insurance policy that we dare not be without."

About Best Practice Group

Best Practice Group (BPG) provides high quality services and expert consultancy to public and private sector clients, assisting with the procurement and implementation of both insourced and outsourced business solutions. BPG's advice is impartial, vendor independent and based on a unique blend of contract management, commercial law and IT knowledge. Consultants take a proactive, hands-on approach in managing complex IT deployments and business transformation projects, and are committed to achieving certainty of outcome with reduced customer risk and a lower overall cost of solution ownership. BPG's reputation for delivering high quality results is based on a track record of success with over 500 referenceable UK-based clients.

BPG's specialist capabilities include: Developing business cases, identification of outcomes and key performance measures, requirements definition, OJEU/OGC/Catalyst procurements, supplier evaluation, contract negotiations, due diligence, gateway reviews, project readiness assessments, implementation management, business transformation, supplier relationship & contract management, project health checks, risk mitigation, project recovery & contract re-negotiation, dispute resolution, termination & compensation, exit management and expert witness services.

BPG has given us an insurance policy that we dare not be without.

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