

CEPROCS THE SYSTEM OF SUCCESS – A CASE STUDY ABOUT AN OUTSOURCING COMPANY

Dan MIRICESCU¹, Daniela CURMU² and Virginia GROZA³

¹ “Lucian Blaga” University of Sibiu, dan.miricescu@ulbsibiu.ro

² Ceprocs Romania SRL, Marketing, daniela.curmu@ceprocs.com

³ Ceprocs Romania SRL, Manager Strategic Sourcing, virginia.groza@ceprocs.com

ABSTRACT: This paper is case study about a successful story about a company that started in 2010 to play on the outsourcing market. The company is located in Sibiu area and is in a continues growing process. CEPROCS offer worldwide services in the buying processes founded analysis, competent and multilingual consulting, adapting to the client’s needs. The procurement processes are usually expensive and complex within large firms. Storage, as cost-intensive factor, and high processing times represent an unnecessary load for the companies. Intern cost structures can and must be optimized. CEPROCS™ applies the optimization of the purchasing and purchasing processes of our customers is our core business.

KEYWORDS: outsourcing, flexibility, competitive advantage, professionalism, customised solutions.

1. INTRODUCTION

CEPROCS™ offers you high quality services and makes sure that your business objectives are accomplished. We offer worldwide Sourcing, funded analysis, competent and multilingual consulting and we adapt our model according to client needs. We let our clients focus on their core business. Our know-how enables us to design and adjust successful procurement strategies and enable opportunities for growth in our customers’ best advantage.



Figure 1 CEPROCS logo

In 2010 CEPROCS™ was founded by an Austrian purchasing expert Matthias Trittinger, who united a team of experts in the two locations, Sibiu and Vienna. He managed to build up an extensive network in purchasing due to his over 20 years of experience in purchasing, being also chief purchasing officer within the automobile industry.

CEPROCS is a privately held company and an independent private business, with over 100 employees and over 10.000 network partners

Our motivated employees do business in nearly all European languages and counting. We speak English, French, German, Greek, Hungarian, Polish, Romanian, Russian, and Spanish.

The ongoing advanced training of the employees with regard to languages and the most different specialists within own **CEPROCS™**- Academy are therefore extremely important. This knowledge benefit guarantees a vital strategic advantage on the market.

On today's global markets the external management of purchasing and process optimization become increasingly important. So, our firm can provide enormous competitive advantages to our customers due to process optimization and flexible adjustment on modified conditions of the market. The procurement processes are usually expensive and complex within large firms. Storage, as cost-intensive factor, and high processing times represent an unnecessary load for the companies. Intern cost structures can and must be optimized. **CEPROCS™** applies the optimization of the purchasing and purchasing processes of our customers is our core business!

Being close to and always at our customers' disposal makes us a reliable partner. We ascertain, evaluate, and define goals and priorities within the personal dialogue. On the basis of this analysis, we develop individual business models, which are professionally processed in our know-how centers due to an efficient process management. We have a distinctive and highly developed expert know-how, disposing of a global network of partners from various fields due to over 20 years of experience in specialized purchasing. Our field of interest is service sector, and special market knowledge, with regard to industry, rounds off our profile. Currently, we meet our demands through a purchasing volume amounting to 300 million Euro and we process more than 140,000 of orders per annum for our customers.

Together with our global network providers, we grant key benefits to our customers within personal dialogues. We do not conduct anonymous supplier correspondence. So we say previous, our employees speak all European languages, so that they constantly connect individually with both customers and providers. Our company unites customer-overarching demands due to modern tools (process management, analysis/ reporting), conclude worldwide tenders, and evaluate offers. In this way, our advisors can find the best global offers for the appropriate customer needs within personal contact.

We offer comprehensive services to our customers. We also provide further premium-services besides our purchasing services:

- Accounts receivable management including arrears billings and invoicing
- Accounts payable management, materials accounting in order to determine the stock of inventory and the stock value
- Corporate reporting, accounting under IFRS and GAAP
- Human resource management: attendance and holiday management, payroll and salary accounting
- High-output IT department: interface-based programming, system integration, and individual applications

2. CEPROCS™ MODEL MADE TO IMPROVE YOUR BUSINESS

It is not just a story line for us to deploy our strategic team in the client's business so that we can develop the most suitable solutions for the projects we handle.

We focus on sourcing, pricing and acquisition of the right things at the right price and at the right time in order to deliver efficiency. We are always measuring the possible risks by the likelihood of an unwanted event that can occur and the consequences resulting from the event.

The impact of risk could be the same for both small damages resulting from a highly probable recurring event and very large damage resulting from rare events. The strategy includes in the planning stage, the identification of the origin, probability and magnitude of the risks.

It is important in each stage of the procurement process that the risks are kept low. Besides the risk management and the high quality materials and services we have supported our projects to reduce costs by offering a new concept and a longer life solution.

2.1 Long lasting results by efficient solutions

All businesses need input in order to be able to function. This might be materials, such as raw materials, like engine components for car manufacturer. It is vital that inputs not only meet the required quality and reliability standards, but also that they are competitively priced.

Procurement has a highly strategic role, whether the organization is manufacturing or service-oriented and it covers the full supply chain, from contracts (negotiating), procurement (purchasing) and logistics (storage/ distribution).

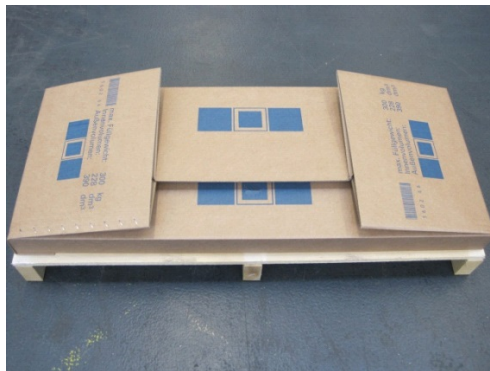
One of our main objectives is to help our clients to save in spend. This fast-real results that improve the bottom line and create competitive advantage is possible due to our experienced sourcing team. Guided by the best analytical and sourcing tools, talented and the best IT infrastructure we fight to deliver best solutions from the project start.

Bellow there are presented two cases of strategic sourcing.

2.2 Packaging materials- sample sourcing case

Overview of the case:

- 18 packaging materials were enclosed in sourcing.
- These 18 materials are used to pack different parts by after sales division, parts that need to be shipped to dealers in Europe.
- This strategic sourcing case is covering German and Spanish site.



• **Figure 2** Packaging materials

Main requirements for the suppliers that quoted for this case were to:

- Be able to provide entire package solution together with the related services included in the material prices.
- Maintain the service level, quality (zero damages during the shipping) and just in time deliveries.
- Reduce costs
- Consolidate materials
- Offer stock management

The sourcing strategy involved purchasing, stakeholder and supplier (in different percentages) and special key value drivers that challenged the users to provide detailed information regarding their needs and to fully understand the spend category. Also technical data information and all necessary requirements helped in the case by looking high profit in strategic (high supply risk) and leverage products (low supply risk) and low profit in bottleneck (high supply risk) and routine products (low supply risk).

The factors which could change the cost of the case and in which the sourcing team paid attention were:

- Design changes
- EUWID (Europäischer Wirtschaftsdienst GmbH) clause
- HPE (Holzpackmittel – Paletten – Exportverpackung) index
- Raw materials
- Logistics

- Other costs

The acquisition price was influenced by:

- Cost allocation of raw material (cardboard and wood)
- % of corrugated board per packaging
- % of wood per packaging
- Quantity of material
- Percentage of material
- Percentage of the whole packaging

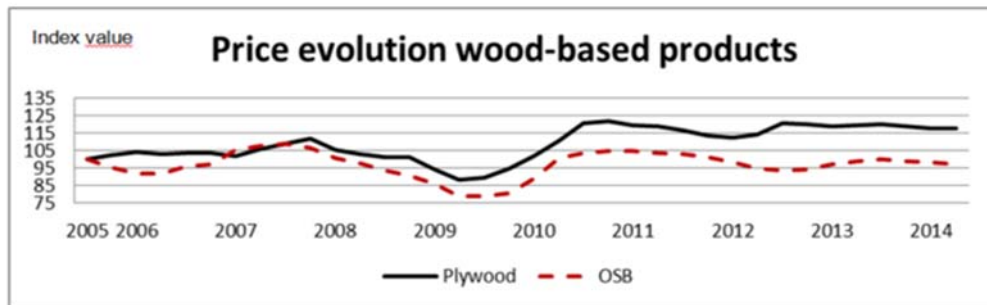


Figure 3 HPE index

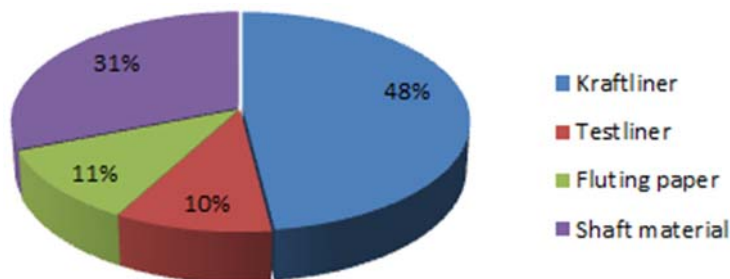


Figure 4 Oriented Strand Board Playwood – Wood Panels

The techniques and tools we used went beyond unit price reduction and created the opportunity for savings. We configure solutions to suit specific goals, programs to achieve specific savings targets, to shorten term, category-specific engagements.

Therefore:

- 3 suppliers were able to quote and deliver the entire package together with the related services included in the materials' prices.
- The Contractor is responsible for the whole transport, including the corresponding costs.
- Orders received by the contractor until 12:00 shall be delivered latest within 24 hours (normal order).
- The contractor shall deliver qualitative high-class packaging material.
- Achieved 22% savings.

2.3 Leasing of Work ware- sample sourcing case

Overview of the case:

- Tradition in using the same service for over 20 years, contractual agreements applied starting with 1993.
- Plant related contracts have been created in order to cover all services and needs for 7 plants in 4 countries.

Main requirements for the suppliers that quoted for this case were to:

- Consolidate contracts currently covering 7 plants/4 countries
- Continue improvements provided via rental services
- Maintain the same service level and improve reporting along with information flow
- Implement new key performance indicators

The sourcing strategy included several key value indicators such as: supplier market assessment and supplier survey, helped users identify alternatives and developed a preferred pool of providers for global requirements.

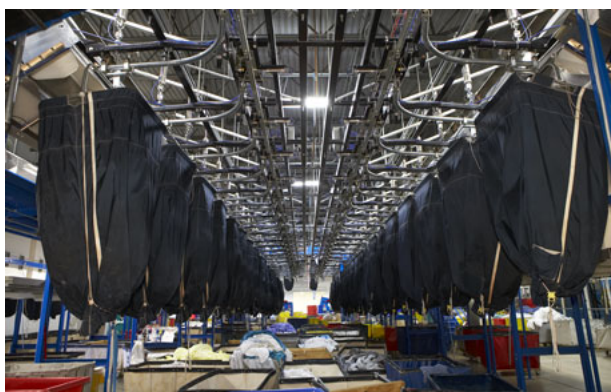


Figure 5 Warehousing

The factors that could influence the price and the pricing structure were:

- Procurement and warehousing
- Labelling
- Supply of garments
- Delivery points
- Lockers and distribution
- Washing and maintenance
- Disposal of old garments
- Spare garments
- Fluctuations in HR
- Number of users
 - types of garments
 - pieces in one set
 - garments washed per week
- Dirty garment collection rate (days per week)
- Frequency of change
- Models and features

A well prepared strategy and documentation increases efficiency and effectiveness, jumps in productivity, builds stronger and more strategic relationships with suppliers, and of course, substantial savings.

Therefore:

- The general conditions were applied and the standard contract updated and contract signed for the next 3 years
- Clear service description based on each plant demand (individual annexes) and complete overview of the leasing process
- New design changes of garments for different departments
- Implementation of KPI's (client's responsibility & purchasing support)
 - Work wear service managing
 - Health and Safety requirements
 - Cleanliness and sanitation
 - Quality standards for customer service
 - Financial settlement
- Achieved of 17% savings

Our team has worked with the client, shared data and discussed goals and objectives for these projects. The professional skills and resources supported them in taking the best decisions in offering premium services.

3. REFERENCES

1. Bălan, Carmen, Logistică, ed. a 3-a, Editura Uranus, București, (2006)
2. Ballou , Ronald H. – *Business Logistics/Supply Chain management*, Fifth Edition, Pearson Education, Inc., Upper Saddle River, New Jersey, (2004)
3. Johnson L., Fearon F., *Purchasing and Supply Management: with 50 supply chain cases*, 13th ed.: The McGraw-Hill Companies, (2006)
4. Miricescu, D., *Study Regarding the Customer Satisfaction Evaluation Considering the Logistics Service Level*, The 2013 SCM 4 ECR Conference: Customer Experience Management through Sustainable SupplyChain, Târgoviște, 31 May – 1 June 2013, Valahian Journal of Economic Studies, Volume 4(18) Issue 3, 2013, Valahia University Press, Târgoviște
5. Țuțurea M., Miricescu D., *Compendiu de management strategic*, Editura Universității “Lucian Blaga” din Sibiu, Sibiu, (2011)
6. Documents belonging to Ceprocs Romania SRL
7. www.ceprocs.com