

# Sourcing Waste Management



Client: Major Brand UK Food Manufacturer

Size: 2000 + Employees

Project: Sourcing

## The Challenge: A complete rethink of waste management

The client had a variety of different waste solutions across their portfolio of sites with different needs and cost structures. The challenge was to standardise both the solutions provided and the cost structures utilising best practise across each site. No site would accept a price increase, so the solution needed to be cost effective at both a plant and group level.

Considerations also had to be made to individual site contract status. Some sites were coming to the end of their contracts, others midway through and some operations were without contracts. As part of these considerations the impact of early exit costs and lease costs for equipment used by the site had to be reviewed.

The situation included 6 Waste Management suppliers managing 7 different waste streams across 4 sites. The exercise included incumbents and potential new suppliers.

## The Solution:

The current processes and practises were broken down by site and stream to provide a clear landscape of spend and saving opportunities. The sites were engaged to review the in-scope requirements and gain a clear understanding of actual behaviours by the client and suppliers as well as detailed review to how costs were being calculated and charged.

The annualised existing costs for waste were £264,500 with a 5% increase in the following years due to an increase in Landfill Tax.

The awarded proposal was costed at £141,000 (including the Landfill Tax increase) providing savings of £134,000 per year on like for like waste stream volume. This equates to a saving of 49%.

### Savings were identified from a number of areas including:

- ✓ Review of the specifications and scope of services - lack of careful contract management meant that a large amount of services provided to some sites were surplus to current requirements.
- ✓ Leveraging the contract at a group level, rather than at individual site and allowed further savings to be made.
- ✓ Innovation – engaging with the shortlisted suppliers to identify how they (the experts in Waste Management) would drive costs out. Such processes as Dry Mix Recycling – the analysis of what goes to landfill that could be recycled and subsequent actions and equipment put in place to capture these waste materials separately – were implemented.
- ✓ Review of the materials breakdown also allowed for a different cost / revenue model to be applied to maximise rates for recyclable materials and reduce land fill costs.
- ✓ The eAuction which included bringing in non-incumbents to the exercise put a competitive edge for the event and further drove prices down.
- ✓ Change in Cost Model to include a Contract Management element (shared across each site) to ensure the pro-active management of the waste streams by the supplier.

### The award wasn't just about cost:

The business was given to the second most cost competitive supplier who demonstrated the most innovative solution to driving more waste through recycling and as such was capable of further cost reduction after they were able to manage the existing waste streams.

The exercise was considered a particular success as they were achieved at a time when rebates on recycled waste were in a downturn.

Site	Tax Adj Cost	Awarded Costs	Savings	Projected Savings (%)
1	£53,000	£34,000	£18,500	35%
2	£58,000	£31,500	£26,500	46%
3	£86,500	£56,000	£30,500	35%
4	£77,500	£19,000	£58,500	75%
<b>Total</b>	<b>£275,000</b>	<b>£141,000</b>	<b>£134,000</b>	<b>49%</b>

## Xoomworks Sourcing Services

Our sourcing offering allows for a tailored set of defined services for the areas where you need the most support, ranging from simple programmes of e-auctions to complex category management.

### Category coverage:

Our consultants have managed over £1 billion through events, saving over £130 million in a broad range of direct and indirect categories for growing and established organisations.

Xoomworks brings category, process and system expertise to achieve greater savings at a faster rate.

Additionally, our transactional expertise helps ensure the savings you've achieved on contract are delivered through to the business and reach the bottom line.

Direct	Indirect			
Over £700m sourced	Over £500m sourced			
Raw Materials 5-9%	Advertising & Marketing 8-20%	Office Equipment 7-25%	Professional Services 5-12%	Travel 5-10%
Goods For Resale 4-14%	Promotional Products 10-20%	Stationery 5-12%	Temporary Labour 8-18%	Fleet 10-15%
Packaging 5-11%	Training 7-15%	Print 6-18%	Facilities & Warehousing 5-21%	Transport & Logistics 8-17%
Equipment & Machinery 10-45%	IT Hardware & Peripherals 10-22%	Telecomms 6-14%	Fuel 5-10%	Utilities 6-15%
Total Savings: Over £130m				

**“Working with Xoomworks has enabled us to generate significant savings out of our sourcing investment.”** Head of Supply Chain

### Our Results

While we have saved our clients over £130m, it's not always just about cost savings - the results must be sustainable.

Both our approach and our fees are structured to encourage this:

Our approach is collaborative meaning our expertise is transferred to your team, up skilling them and making them more self-sufficient.

As transactional experts, we also advise how to capture the savings, so they become more than just paper-based.

Our fees, unless specifically requested, are not based on percentage of savings achieved, meaning supplier assessment and award can objectively consider non-cost metrics.

There are a number of case studies on our website with greater detail from a small sample of our successes.

### Industry Experience

As well as a broad range of categories, we work across most industry sectors, including:

- Pharmaceuticals
- Financial Services
- Retail
- Media & Entertainment
- Utilities
- Travel
- Mining
- Automotive
- Aerospace
- Oil & Gas
- Public Sector
- Property
- Manufacturing
- Communications
- Professional Services
- Hospitality
- Food & Beverages

## About Xoomworks

Xoomworks is a niche consultancy and outsourcing company that specialises in Procurement and Business Intelligence. Staff are based in UK and Europe and consist of technical, business and behavioural consultants, and senior procurement staff. Our Complete Procurement proposition addresses both the mechanics and behaviours of Procurement that drive the greatest value for organisations.

Interested in finding out more about Xoomworks Procurement?

Call us now on +44 20 7400 6120 or send an email to [procurement@xoomworks.com](mailto:procurement@xoomworks.com)  
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