

# Kandil Steel

## Strengthening a Steelmaker

Case Study  
Metals & Mining

## Delivering success from raw materials to finished goods through Total Cost of Ownership

**Company Name:** Kandil Steel

**Location:** Egypt

**Sector:** Metals & Mining

**Function:** Supply Chain

**Business Challenges:**

Become a high quality, low cost producer through TCO and a 'can do' mentality

**Consulting Services:**

Performance Improvement, Change Management

**Capabilities:** Supply Chain

Management, Revenue Growth, Organisational Effectiveness (Sales effectiveness, MCRS®)

**Client Quote:**

*"TCO made us realise that we were buying the cheapest coils, but not necessarily the most profitable ones."* Khalil Kandil, CEO

### Situation

Egypt's Kandil Steel is a genuine regional player, with over 21 years experience in steel manufacturing. Its ambition is to become a high quality, low cost producer, but it had not fully achieved this despite its strong technical capabilities and recent investment in a new service centre. The steel sector was also at the bottom of the cycle, so a decision was made to launch a high-impact Change Management programme that would re-instate Kandil Steel as a successful operator and Celerant Consulting was brought in to help drive it.

### Approach & Delivery

The Change Management programme was designed to increase profitability by rationalising supply channels, redesigning the end to end supply chain process and increasing product standardisation and quality.

It had an holistic focus and included 4 workstreams - Supply Chain Management, Sales, an effective MCRS® and a Total Cost of Ownership (TCO) model to enable Kandil to balance customer satisfaction with optimised cash flow.

Celerant Consulting designed a sophisticated TCO model that included every component of total cost, from procurement of raw materials to processing and, as part of a comprehensive MCRS® to drive compliance and generate savings, installed and measured relevant KPIs at various levels.

A streamlined purchasing process also supported Continuous Improvement by driving supplier OTIF and quality and reducing inventory. In turn, the new S&OP procedures impacted customer satisfaction by increasing OTIF and quality.

### Results

Within 3 months of TCO installation, the application had saved \$141k on purchase orders for 1 month ahead.

Annualised savings of \$1.15m have been achieved, inventory write offs reduced by \$3m and inventory levels by an average 5 days on hand.

### Client Satisfaction

Management compliant Operational KPIs have been fully installed, Short Interval Controls implemented across different functions and a Performance management system & culture and a 'can do' attitude fully embedded in the team.