

Fluor Hanford honored for procurement improvements

Deborah Dunn, *Fluor Hanford*

The U.S. Department of Energy Headquarters has recognized Fluor Hanford's efforts to reduce the cost of obtaining goods and services while increasing end-user satisfaction. Anthony Lorenz, the director of Procurement for the DOE Richland Operations Office, presented the Executive Procurement Award to Norm Powell, Fluor Hanford vice president of Business Systems, during a recent meeting of Fluor Hanford Contracts employees.

The message from DOE-HQ praised Fluor Hanford for developing a strategic approach to supply-chain management that resulted in reductions in processing costs and lead times, a significant increase in the use of purchasing cards and electronic ordering vehicles, and heightened customer satisfaction.

Fluor Hanford's Contracts organization spearheaded an effort that began in 2000 to develop better support to cleanup projects by improving the supply chain — the beginning-to-end process for obtaining goods and services. The Fluor Hanford Supply-Chain Strategic Plan was developed and first published in fiscal year 2000 and has been updated annually. The changes it promoted resulted in a significant improvement in just 18 months.

Results for FY 2002 compared to 2001 are noteworthy — a 22 percent reduction in processing costs for requested goods and services, a 48 percent increase in the use of faster and more cost-effective procurement vehicles (purchasing-card and Internet ordering), a 30 percent reduction in the time for placing a contract, and an increase in end-user satisfaction from 75 percent to 90 percent.

The positive results are attributed to value-engineering techniques, participation by the many organizations involved in the supply chain and a spirit of teamwork. Initially, a value-engineering study identified areas for improvement, from inconsistent use of electronic procurement tools to confusing requirements.

A workshop brought together representatives of several Fluor Hanford business organizations; cleanup project personnel; and engineering, safety-and-health and quality-assurance professionals. Workshop participants developed a strategic approach that covered planning, developing common terminology, identifying customer expectations and obstacles, and tracking ways to measure success. A list targeted 44 supply-chain improvements over the term of the current Fluor Hanford contract with DOE-RL.

Regular meetings to resolve supply-chain issues were established and continue today for members of key organizations.

The supply chain was improved by consolidating training and all procedures, striving to standardize ordering at all facilities and expanding the use of electronic vehicles — the purchasing card program, Internet buying, consignment inventories and Hanford Site paperless transactions.

After 18 months, participants in the monthly meetings reported greater understanding of the contributions each makes to the supply-chain process and earlier resolution of issues. Procedures and requirements documents were scrutinized to simplify their use by eliminating conflicts and redundancy. Further, a single new consolidated training class replaces four predecessor classes. Expanded use of electronic tools and the Internet for communications and ordering has contributed to efficiency.

Fluor Hanford is continuing to implement its strategic approach to the supply chain and is using the success as an example for other business improvements. The improved supply chain was one of the factors in a recent reorganization that established the Fluor Hanford Supply-Chain Operations and Support organization. ■