



## FLUOR HANFORD IMPROVES MATERIAL SUPPORT THROUGH AUTOMATED INTERNAL VISIBILITY AND WEB BUYING

### *Executive Summary*

Fluor Hanford Inc. (FHI) had made numerous procurement improvements over the past couple of years, winning the Department of Energy – Headquarter annual award for Innovation and Excellence in 2002, 2003 and 2004. **We recognized that we needed to go further by not focusing solely on efforts to improve just those processes and costs internal to our organization but to be the catalyst to help the whole company. Higher performance drives higher expectations of our customers and ourselves.**

The challenges we were focused on were (a) fill current requests from existing stock or inventory first and (b) fill new orders in a disciplined manner from established sources. These challenges are magnified as transactional streamlining usually results in shifting work from the traditional buying staff to field personnel (i.e. secretaries, engineers, craft workers, planners/schedulers, etc.). These folks in the field are usually more than busy with their original job responsibilities. Thus they may not have the time nor training/experience to best source and obtain pricing. Most common solutions to this dilemma is for supply chain organizations spend far more managing and controlling order fulfillment than the unit price of common commercial material warrants.

The ability to meet these challenges in a timely and cost effective manner will benefit the whole company through (1) better utilization of existing resources which avoids redundant buying and processing costs and (2) provide more timely support to end users by using established agreements which include negotiated price discounts and streamlined processes. In the middle of 2004, FHI Supply Chain Operations management team took on this challenge. The team brainstormed a simple, quick and efficient tool that would be useful to every employee striving to guide them to appropriate internal or external sources and then provide them a way to obtain that material quickly and more cost effectively.

In an effort to make a company wide impact, FHI Supply Chain Operations initiated a plan to integrate the supply chain throughout the company, provide a more automated process that screens and issues material from all internal company sources and then processes selected outstanding requirements via a distributed, established, streamlined web ordering process. The specific objectives were to:

- Provide visibility throughout FHI of existing material whether in a number dispersed controlled stock locations or idle material at project locations through out the entire company.
- Encourage and simplifies the process for end users to use existing material prior to spending funds to buy what we already have on hand.
- Reduce the transactional involvement of the procurement staff by allowing for end user ordering.
- Shepherd end users to established sources providing them with more timely access to the market place.
- Take greater advantage of the cost and processing savings associated with the FHI Purchasing-Card system.
- Drive additional price reductions through more integration with supplier systems and a more comprehensive volume driven agreement with suppliers.

FHI developed an inexpensive (~\$26,000) web-based Material Sourcing Wizard search application that merged descriptive information from many internal FHI sources as well as data from our established suppliers into a single standard view. This tool was developed to be the front end or first entry point for end users who request an item.

As a side benefit derived from the effort of merging information from the existing databases, duplicate stock items and redundant material were identified, stocking levels adjusted, product descriptions were updated and in a number of cases digital pictures were added to assist the end users in identifying the actual



material they really need. We also identified over 80% of our high volume direct material buying (represents ~\$20 million per year) could be grouped in thirteen sourcing areas. FHI then developed with the assistance of suppliers who we knew and had a mutual beneficial working relationship an Electronic Commerce Agreement (ECA), see Attachment 2, as a basis for conducting our work exclusively via the WEB. This agreement consisted of the following components:

- Terms and Conditions,
- Specific streamlined ordering, statusing and delivery instructions,
- Pricing and payment agreement,
- Software system requirements with WEB site criteria,
- Security requirements, encryption, password protection,
- Dispute resolution, and
- Performance criteria, measurement and reporting requirements.

A summary of high level benefits of the new approach include:

- Provides FHI end users with real-time visibility of on-hand material saving approximately \$ 300,000 this past twelve months from redundant buying.
- Eliminated the majority of our low dollar, high volume material purchases (averaging 2000 line items per month) from going through the procurement organization.
- Saved field personnel tremendous processing/researching time.
- Reduced transactional costs by \$2M per year.
- Established pricing agreements that reflect a 10% to 60% reduction in unit prices depending on the commodity.
- Eliminated a significant number of invoices being submitted to and handled by our Accounts Payable organization.
- Received \$400,000 in direct rebates from suppliers and the Bank credit card provider based on the new process for the time period October 1, 2004 through September 30, 2005.
- Reduced in-house stocking items by 1/3 allowing us to increase other inventory levels based on better demand information.

This business model has been shared with and elements are being utilized by other Department of Energy and government contractors. The State of Washington is the latest government organization to examine the FHI model. The State is in the process of moving their material commodity supply chain function from a centralized stocked warehouse concept, to a web-ordering only method.



## FLUOR HANFORD IMPROVES MATERIAL SUPPORT THROUGH AUTOMATED INTERNAL VISIBILITY AND WEB BUYING

### Challenge

Fluor Hanford, Inc. (FHI) over the past six years has drastically revised the way procurements were conducted by implementing a variety of commonly accepted improvement actions; a series of joint value engineering initiatives with our suppliers, installing an ERP system, implementing a paperless electronic requisitioning and routing system, negotiating and placing a series of just-in-time, long term blanket purchase agreements with our key strategic suppliers, etc. These steps allowed FHI to make a quantum leap in how as a procurement organization we processed requisitions which resulted in reducing transactions costs. These efforts lead to FHI winning the Department of Energy – Headquarter annual award for Innovation and Excellence in 2002, 2003 and 2004. However, there is continuing pressure to further reduce costs, minimize IT operating costs, and meet our customer expectations for better and more current product access and information. **We recognized that we needed to go further by not focusing solely on efforts to improve just those processes and costs within our organization but to be the catalyst to help the whole company. Higher performance drives higher expectations of our customers and ourselves.**

The challenges we were focused on were (a) fill current requests from existing stock or inventory first and (b) fill new orders in a disciplined manner from established sources. These challenges are magnified as transactional streamlining usually results in shifting work from the traditional buying staff to field personnel (i.e. secretaries, engineers, craft workers, planners/schedulers, etc.). These folks in the field are usually more than busy with their original job responsibilities. Thus they may not have the time nor training/experience to best source and obtain pricing. Most common solutions to this dilemma is for supply chain organizations spend far more managing and controlling order fulfillment than the unit price of common commercial material warrants.

The ability to meet these challenges in a timely and cost effective manner will benefit the whole company through (1) better utilization of existing resources which avoids redundant buying and processing costs and (2) provide more timely support to end users by using established sources with agreements which include negotiated price discounts and streamlined processes. In the middle of 2004, FHI Supply Chain Operations management team took on this effort. The team brainstormed a simple, quick and efficient tool that would be useful to every employee striving to guide them to appropriate internal or external sources and then provide them a way to obtain that material quickly and more cost effectively.

### Background

FHI operates for the Department of Energy a nuclear reservation in the southeast corner of Washington State. FHI facilities and 4,000 personnel are spread out over 500 square miles, organized in a half a dozen major project offices. FHI stocks/stores approximately 30,000 line items within six controlled storage locations valued at \$25M. Additionally, there are numerous tool cribs and project material staging areas scattered throughout the numerous facilities with millions of dollars of idle/redundant material. Despite being one company, there was little in the way of sharing of information or material between the various projects offices.

FHI's annual procurement activity is approximately \$200M for a wide variety of goods and services. The FHI method of purchasing materials consisted of a FHI buyer either: 1) placing a purchase order with an average of 3 line items with a single supplier, or 2) issuing a release against an exclusive blanket purchase order agreement. Both of these purchasing transactions are processed through our electronic ERP - Purchasing system software. This method of purchasing material items consisted on average of thirty-two (32) separate steps performed by either FHI, or our supplier.

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It is noted that FHI does have a versatile Purchasing Card system. However, there are times where – due to unique terms and conditions, requirements, etc. – the use of the Purchasing Card is not appropriate. Additionally, from a business perspective, the opportunity for volume-pricing had been missed by use of the traditional Purchasing Card approach.

## What Changed

In an effort to make a company wide impact, FHI Supply Chain Operations initiated a plan to integrate the supply chain throughout the company, provide a more automated process that screens and issues material from all internal company sources and then processes selected outstanding requirements via a distributed, established, streamlined web ordering process. The specific objectives were to:

- Provide visibility throughout FHI of existing material whether in a number dispersed controlled stock locations or idle material at project locations through out the entire company.
- Encourage and simplifies the process for end users to use existing material prior to spending funds to buy what we already have on hand.
- Reduce the transactional involvement of the procurement staff by allowing for end user ordering.
- Shepherd end users to established sources providing them with more timely access to the market place.
- Take greater advantage of the cost and processing savings associated with the FHI Purchasing-Card system.
- Drive additional price reductions through more integration with supplier systems and a more comprehensive volume driven agreement with suppliers.

In reviewing what was available in the marketplace to facility our changes, we noted that there were a number of third party services that act as facilitators, gatekeepers, brokers, etc. However, these services would add costs, would take a significant amount of time to implement and contained limitations relative to internal visibility. We felt we could avoid these if we were to take advantage of existing common technology and to work direct with to the suppliers. FHI felt that the evolution of the INTERNET has gotten to the point where buyers and seller can conduct relatively sophisticated transactions with little or no outside assistance. FHI felt that direct access to our partnered suppliers would provide our end users with the latest product information, stocking/availability information, ability to issue direct orders, receive order status and shipping information and have the bill come the FHI Purchasing Card process. Additionally, we could take this same approach toward providing visibility and access to our existing material, by treating ourselves as a supplier.

Supply Chain Operations decided that to accomplish this change we needed to restructure the upfront requisitioning process used through out the company by focusing on the initial end user interface such that they could be simply guided to on-hand stock/material first and then the appropriate supplier with an established agreement.

FHI developed an inexpensive (~\$26,000) web-based Material Sourcing Wizard search application that merged descriptive information from many internal FHI sources as well as data from our established suppliers into a single standard. This tool was developed to be the front end or first entry point for end users who request an item, see Attachment 1 for more details. This approach leads to several advantages:

- Searches through the entire FHI inventory via one simple search application, on hand materials and partnered suppliers materials with a balance on hand.
- Displays on-hand material stock first in the results set, which encourages reutilization of existing materials in lieu of redundant purchasing.
- Provides a user friendly, extremely intuitive method of searching that required extremely little roll out training.
- Provides a drill-down option which presents a wide variety of search criteria, one of a dozen formats (part number, model number, manufacturer, key word strings, associated piece of equipment, etc.) that accommodate the various end users comfort zones.

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- Allows users to be taken to appropriate ordering application directly from the search result panel, eliminating having to exit out of one application to go into another.
- Omits any passwords or permissions for usage. The tool is open to all users at all times.

As a side benefit derived from the effort of merging information from the existing databases, duplicate stock items and redundant material were identified, stocking levels adjusted, product descriptions were updated and in a number of cases digital pictures were added to assist the end users in identifying the actual material they really need. We also identified over 80% of our high volume direct material buying (represents ~\$20 million per year) could be grouped in thirteen sourcing areas. FHI then developed with the assistance of suppliers who we knew and had a mutual beneficial working relationship an Electronic Commerce Agreement (ECA), see Attachment 2. This agreement consisted of the following components:

- Terms and Conditions,
- Specific streamlined ordering, status and delivery instructions,
- Pricing and payment agreement,
- Software system requirements with WEB site criteria,
- Security requirements, encryption, password protection,
- Dispute resolution, and
- Performance criteria, measurement and reporting requirements.

FHI then negotiated with some of our suppliers to convert their traditional blanket purchase agreement over to the ECA structure. In these negotiations, it was determined that between the transactional efforts of FHI and the suppliers there were a number of mutual reductions. Based on our detailed value engineering studies, FHI was able to quantify a per transaction cost reduction from \$106 to \$34 (majority of which were labor costs). For some commodities, FHI conducted open competition based on the ECA approach. These competitive procurements were surprisingly well accepted in the marketplace and quickly awarded.

FHI was able to have all thirteen commodity areas converted over to the ECA approach within a little over one year. The FHI team that worked with each supplier consisted of the following:

- Contract Specialist
- FHI Purchasing Card Administrator
- Commodity Manager
- End user representatives
- Engineering and Quality Assurance representatives for specific commodities

Following is a comparison of some key time and cost saving functions between the traditional purchasing method and web ordering methods:

<b>Task</b>	<b>Prior Purchasing Method</b>	<b>ECA Ordering Method</b>
▶ End user Learning Curve	High	Low
▶ Risk of Order Entry Errors	High	Low
▶ Returns to Vendor due to wrong material ordered	Medium	Low
▶ Supplier Rebates	No	Yes
▶ Invoices	Many	None
▶ Real Time Catalog	No	Yes
▶ Volume Pricing	Limited	Extended
▶ Email Order Confirmations and Shipment Status to end user	No	Yes
▶ Real Time Product Availability to end user	No	Yes

Some of the additional benefits of the ECA:

- Vendor tracks the recycling content data for Federal reporting,
- Regular performance data and reports from vendor,

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- Use of supplier's commercial web site eliminates the need to create Hanford-specific site,
- Real time market accessibility for end users, and
- Volume discounts for all materials in the supplier's catalog.

Additionally, due to the mutual processing streamlining achieved via the ECA, FHI was able to negotiate specific rebates directly from its suppliers, as well as its Purchasing Card Bank provided under this new agreement.

The new tools were rolled out in two basic phases. The first was the searching wizard. We first targeted those 20% of our end users who generated 80% of the material requests. The WEB based tool is so simple and intuitive that with a simple roll out message together with a series of open house demonstrations conducted at key facilities throughout the Site, end users were heavily using the tool within a week. Based on the system usage counter this tool is opened about 300 times a week but exact number of searches performed is not known.

The second phase was the evolution from the more traditional acquisition processes to the WEB based agreements. Here as commodities were converted, they were rolled out to the user community. The first commodity converted was office supplies. As subsequent commodities was converted over to the new process, the user's guide was updated as appropriate but there were fewer questions due to the consistency of the process and the learning that occurred from previous deployed commodities. For our end users, this has become the norm and expected manner to conduct business.

## **Results Summary**

Benefits of the new approach:

- Provides FHI end users with real-time visibility of on-hand material available throughout FHI via a simple to use desk top application.
- Increased use of existing material has saved FHI approximately \$ 300,000 this past twelve months from redundant buying.
- End users have reported that this has saved them tremendous processing/researching time in the field.
- Eliminated the majority of our low dollar, high volume material purchases (averaging 2000 line items per month) from going through the procurement organization.
- Minimized IT cost to implement and held down long term IT maintenance costs.
- Reduced transactional costs by \$2M per year.
- Established pricing agreements that reflect a 10% to 60% reduction in unit prices depending on the commodity.
- Reduced vendor payment cycle time from 30 days to within forty-eight (48) hours via the Purchasing Card process.
- Eliminated a significant number of invoices being submitted to and handled by our Accounts Payable organization.
- Lowered the material return rate by providing requestors more current product information.
- Received \$400,000 in direct rebates from suppliers and the Bank credit card provider based on the new process for the time period October 1, 2004 through September 30, 2005.

Additional benefits:

- Reduced in-house stocking items by 1/3 allowing us to increase other inventory levels based on better demand information. Our turn rate increased and we had no stock outs the past nine months.
- In support of supplier diversity requirements of our Federal client, all 13 of our WEB based material Electronic Contract Agreements (ECA's) have been awarded to local small businesses.
- We developed an excess bulletin to supplement the Sourcing wizard to allow the reuse of excess of material as well. This saved additional redundant purchasing; the dollar value is not tracked.

This business model continues has been shared with and elements are now being utilized by other Department of Energy and government contractors. The State of Washington is the latest government

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organization to examine the FHI model. The State is in the process of moving their material commodity supply chain function from a centralized stocked warehouse concept, to a web-ordering only method.



## FLUOR HANFORD IMPROVES MATERIAL SUPPORT THROUGH AUTOMATED INTERNAL VISIBILITY AND WEB BUYING

### *Attachment 1 Sourcing Wizard*

#### **Background**

Currently, when a customer attempted to identify material that we have on-site, three controlled inventories must be queried:

- FHI Spare Parts
- Project Convenience or Temporary Storage
- FHI General Supplies Inventory
- Project specific stock in tool cribs, lay down yards, shop stocks, etc.

If the item cannot be found in one of these inventories, the user must determine what is covered by an established Fluor Hanford material ordering agreements. To do this, the user would have to search each vendors catalog or material listing by logging on with a unique username and password to access each individual vendor site. Each vendor site typically has its own search function.

The lack of an integrated view of all potential material sources has created problems for our customers, resulting in viewing differing data format of the Fluor Hanford inventory cataloging system's nomenclature, or the multiple suppliers' catalog formats. This results in a process so difficult and intimidating that our customers typically do not follow it. Consequently, customers routinely just remember which way they found their materials the first time and repeat that method. This practice results in customers ordering items from new or existing suppliers when there is a balance on hand of the material within the company.

#### **What Changed**

Fluor Hanford has developed an inexpensive (~\$26,000) web-based search application that allows us to merge descriptive information from many sources together for a single standard view. The Material Sourcing Search Tool offers several advantages:


- Searches through the entire inventory materials with a balance on hand and within approximately 17 suppliers with existing agreements.
- Displays on-site stock on-hand first in the results set, which encourages reutilization of existing materials in lieu of outside purchase.
- Provides a user friendly method of searching that requires absolutely no remedial or extensive training.
- Provides a drill-down searching option which presents commodity categories, names and types.
- Allows users to open the ordering application and immediately from the search.
- Omits any passwords or permissions for usage. The tool is open to all users at all times.
- Presents results immediately. There is virtually no lag time between the time that a mouse clicks the search button and the results are displayed.
- Allows partial or full searches and searches within descriptions
- Includes a "Usage Report" so that we can view the people who are taking advantage of this resource and encourage those who are not to do so.
- Eliminates the common complaint that searching for material in our ERP system (Passport) is too hard.
- Permits a variety of search criteria:

**Fluor Hanford Material Sourcing Search Tool**

Home [Excess Bulletin Board](#) | [Contracts & Supply Chain](#)

[Clothing](#)
[Computers](#)
[Construction Materials](#)
[Electrical](#)
[Electronics](#)
[Filters](#)
[Industrial](#)
[Lab & Safety](#)
[Office Supplies](#)
[Pumps & Plumbing](#)
[Tools](#)
[Waste Packaging](#)

**Tools ▼**

 [Click Here to Search Within Results Text](#)  
[Print Results Table](#)

**BOX : TOOL**

#	Catalog ID	Part Number	Model Number	Manufacturer	Catalog Description	QL	BOH	Ordering Link
1	0000630995	*N/A		Not applicable	BOX, TOOL, BX # 1-HARDWARE (DUST COLLECTOR,RADIAL STOPS,NAILS,SAWBLADES,SQUARES)	0	1	Passport
2	0000596575	6587A24		Mcmaster carr	BOX, TOOL, HIP-ROOF, WITH TOTE TRAY, MCMMASTER-CARR PART # 6587A24	3	0	Passport
3	0000596934	6758A7		Mcmaster carr	BOX, TOOL, TOP-OPENING, 60 IN. WD. X 30 IN. DP. X 36 IN. HT.	3	0	Passport
4	PC00002257	UB-60-064		Stanley	Vidmar Under the Bench Cabinet. COLOR: Light Blue. W/ a #92 Lock.	0	0	
5	PC00011377			Craftman's mfg	UPRIGHT CRAFTMAN TOOL BX	0	0	
6	PC00010116	WEATHER GUARD		*N/A	TOOL BOX FOR PICK-UP TRUCK	0	0	
7	305030397	30-138RED	*N/A	Akro mills inc	30-138RED SHELF BIN 6-5/8X4X17-7/8	0	0	Horizon distribution
8	305030322	30-130YEL	*N/A	Akro mills inc	30-130YEL SHELF BIN 6-5/8X4X11-5/8	0	0	Horizon distribution
9	305030181	30184	*N/A	Akro mills inc	30184YEL SHELF BIN 8-3/4X4X23 - 5/8	0	0	Horizon distribution
10	305030306	30-130BLU	*N/A	Akro mills inc	30-130BLU SHELF BIN 6-5/8X4X11-5/8	0	0	Horizon distribution
11	129178752	FG87529CLR	*N/A	Irwin tool companies, inc	FG87529CLR 16" TOOL BOX	0	0	Horizon distribution
12	129177184	FG780300	*N/A	Irwin tool companies, inc	FG780300 35" INDUST. TOOL BOX	0	0	Horizon distribution

Local intranet

Search for:  Search value:

Note: "Ctrl F" to search results table

### Unlimited Possibilities

Fluor Hanford's Supply Chain organization controls the contents of the database, allowing the Material Sourcing Search Tool to be expanded to include other sources. We have required all new ordering agreement suppliers to send an electronic copy of their full catalog in a prescribed format to allow us to offer end-users a full product line for each of the contracted suppliers.

### Results Summary

This tool has peaked the interest of other DOE contractors who have used the tool and realized its usefulness in increasing employee productivity and decreasing employee stress. Since implementation, there has been an abundance of positive feedback and a complete lack of criticism. Employees have expressed their need for a resource like this and have reported that they enjoy using it. We have seen the attitudes of users change from frustrated and discouraged to motivated and encouraged. The usage report

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confirms that an average of 75 employees use the Material Sourcing Search tool each day. This number continues to grow as repeat users encourage fellow employees to take advantage of this innovative new employee resource.



## FLUOR HANFORD IMPROVES MATERIAL SUPPORT THROUGH AUTOMATED INTERNAL VISIBILITY AND WEB BUYING

### *Attachment 2* *Electronic Commerce*

#### **Background**

In an effort to reduce the cycle time and processing cost associated with purchasing materials, FHI initiated a business plan to move a majority of their low-dollar, high-volume material purchases to direct WEB ordering by the end users with payment by a Purchasing Card.

#### **What Changed**

In reviewing what was available in the marketplace to facilitate our changes, we noted that there were a number of third party services that act as facilitators, gatekeepers, brokers, etc. However, these services would add costs, would take a significant amount of time to implement and contained limitations relative to internal visibility. We felt we could avoid these if we were to take advantage of existing common technology and to work direct with the suppliers. FHI felt that the evolution of the INTERNET has gotten to the point where buyers and seller can conduct relatively sophisticated transactions with little or no third party assistance. FHI felt that direct access to our partnered suppliers would provide our end users with the latest product information, stocking/availability information, ability to issue direct orders, receive order status and shipping information and have the bill come through the FHI Purchasing card process.

In reviewing our procurement history over the past two years, we identified over 80% of our high volume direct material buying (represents ~\$20 million per year) could be grouped in thirteen sourcing areas. FHI then developed with the assistance of suppliers who we knew and had a mutual beneficial working relationship a model Electronic Commerce Agreement (ECA).

- ECA---What is it?
  - ▢ The ECA is the contract vehicle for entering into a long term ecommerce agreement
  - ▢ The ECA includes sufficient information to form a binding contract
  - ▢ ECA terms are in addition to the standard contract terms and conditions
  - ▢ Describes the basis for how business will be conducted and protects both parties
  
- ECA, What Does it Contain?
  - ▢ Terms & Conditions
  - ▢ Pricing and Payment method
  - ▢ Software System Requirements, Web Site Evaluation Form
  - ▢ Security
    - ⊙ Virtual Private Network (VPN)
    - ⊙ Encryption
    - ⊙ Password Protection
  - ▢ Disputes & Disagreements – 1 to 1 relationship
    - ⊙ Pcard Holder & Contractor negotiate in good faith
    - ⊙ Billing, Shipping & charging disputes handled between the Pcard Holder and Contractor
    - ⊙ Unresolved disputes, Pcard Holder & Contractor can submit it to Alternative Dispute Resolution (ADR)
  - ▢ Performance Criteria and Measurement Process
    - ⊙ To ensure Pcard Holder's satisfaction
    - ⊙ Agreed to delivery schedule
    - ⊙ Returns & shipment errors



- ⊗ Right to cancel ECA with 30 day notice
- ⊗ Contractor provides a 6 month review

FHI then negotiated with some of our suppliers to convert their traditional blanket purchase agreement over to the ECA structure. In these negotiations, it was determined that between the transactional efforts of FHI and the suppliers there were a number of mutual reductions. Based on our detailed value engineering studies, FHI was able to quantify a per transaction cost reduction from \$106 to \$34 (majority of which was labor costs). For some commodities, FHI conducted open competition with suppliers based on the ECA approach. These competitive procurements were surprisingly well accepted in the marketplace and quickly awarded.

FHI was able to have all thirteen commodity areas converted over to the ECA approach within a little over one year. The FHI team that worked with each supplier consisted of the following:

- Contract specialist
- FHI Purchasing card Administrator
- Commodity manager
- End user representatives
- Engineering and Quality Assurance representatives for specific commodities

This is a screenshot of the e-Store website, which lists all of the different commodities and the corresponding dedicated suppliers.

Fluor Hanford
Contracts & Supply Chain

Hanford Internet | PHMC Home | Projects & Programs | Electronic Library | Support Services | Management Systems
Contractors | General Information | Prime Contract Mgmt | Communications

Contracts & Supply Chain

Contracts & Supply Chain Management
eStore Marketplace

- Hardware
- Industrial Supplies
- Office Supplies
- Food & Water
- Services
- Self-Registration
- Fluor Hanford Material Sourcing Search Tool

 Material Coordinator  
 Online Tools  
 PassPort  
 P-Card  
 Prime Contract Management  
 Procurement  
 Property  
 Training  
 Resource Library  
 Site Map  
 Frequently Asked Questions  
 Search  
 What's New  
 Test & Development  
 Print Preview

## eStore Marketplace

- [Fluor Hanford Material Sourcing Search Tool](#)

# E-STORE

User Self Registration

Required Source List



<b>Hardware</b>	<b>Industrial Supplies</b>	<b>Office Supplies &amp; Furniture</b>
<ul style="list-style-type: none"> <li>• <a href="#">Hand Tools and General Hardware</a></li> <li>• <a href="#">Fasteners</a></li> <li>• <a href="#">Swagelok Fittings</a></li> <li>• <a href="#">Tie Downs*</a></li> <li>• <a href="#">Slings*</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Chemicals</a></li> <li>• <a href="#">Electrical</a></li> <li>• <a href="#">Safety &amp; Lab Equipment</a></li> <li>• <a href="#">Prescription Safety Eyewear</a></li> <li>• <a href="#">Gases*</a></li> <li>• <a href="#">Janitorial</a></li> <li>• <a href="#">Safety Footwear</a></li> <li>• <a href="#">Winter Wear</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Office and Copier Paper Products</a></li> <li>• <a href="#">Computers</a></li> <li>• <a href="#">Standard Computer Information</a></li> <li>• <a href="#">Monitors</a></li> <li>• <a href="#">Printers &amp; Scanners</a></li> <li>• <a href="#">Workstation Furniture</a></li> </ul>
<b>Food &amp; Water</b>		<b>Services</b>
<ul style="list-style-type: none"> <li>• <a href="#">Overtime Lunches*</a></li> <li>• <a href="#">Water &amp; Dispensers</a></li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">M&amp;TE Calibration</a></li> </ul>

Once on the e-Store homepage, you can click on any commodity to see the ordering information corresponding to that commodity. In the example below, we've clicked on "Hand Tools and General Hardware."

Contracts & Supply Chain Management

eStore Marketplace

- Hardware
- Industrial Supplies
- Office Supplies
- Food & Water
- Services
- Self-Registration
- Fluor Hanford Material Sourcing Search Tool

Material Coordinator

Online Tools

PassPort

P-Card

Prime Contract Management

Procurement

Property

Training

Resource Library

Site Map

Frequently Asked Questions

## Hardware

# E-STORE

index: [Tools](#) / [Fasteners](#) / [Swagelok](#) / [Tie Downs](#) / [slings](#)

## Tools, Drills and General Hardware items

Contractor: Horizon Distribution Inc.  
Contract Number: 25212  
Buyer Name: Karin Garcia; [Karin\\_M\\_Garcia@rl.gov](mailto:Karin_M_Garcia@rl.gov)  
Phone: 376-3497  
Contract Expiration Date: 10/31/07  
Ordering Method: Electronic Commerce

[Link to Web Ordering](#)

**Questions? Contact Roger Skaggs 1-800-572-3806**

## Fasteners

Contractor: NOVA Machine Products  
Contract Number: 14069  
Buyer Name: Shannon Manlisani; [Shannon\\_C\\_Malisani@rl.gov](mailto:Shannon_C_Malisani@rl.gov)  
Phone: 373-9274  
Contract Expiration Date: 04/30/05  
Ordering Method: Electronic Commerce

- [Link to web ordering](#)  
Questions? Contact Venkata Dulla @ 216-267-3200 (cell 216-496-4531) or Jim Skufca @ 216-267-3200 (cell 216-233-2073).  
*To search the online catalog you must be a registered user with a login and password. Contact Venkata Dulla to obtain a login and password.*

The user would then click on the “Link to web ordering” link to access the vendor’s site for product and availability information, to place the actual order, to status their order and send e:mail questions. It is noted that when our end users initiate sourcing activities via the Sourcing Wizard, the search results include the direct links to the selected suppliers ordering WEB page.

Following is a comparison of some key time and cost saving functions between the traditional purchasing method and web ordering methods:

<i>Task</i>	<i>Prior Purchasing Method</i>	<i>ECA Ordering Method</i>
▶ End user Learning Curve	High	Low
▶ Risk of Order Entry Errors	High	Low
▶ Returns to Vendor due to wrong material ordered	High	Low
▶ Supplier Rebates	No	Yes
▶ Invoices	Many	None
▶ Real Time Catalog	No	Yes
▶ Volume Pricing	Limited	Extended
▶ Email Order Confirmations and Shipment Status to end	No	Yes

user		
► Real Time Product Availability to end user	No	Yes

Some of the additional benefits of the ECA:

- Vendor tracks the recycling content data for Federal reporting,
- Regular performance data and reports from vendor,
- Use of supplier's commercial web sites eliminates the need to create Hanford-specific sites,
- Real time market accessibility for end users, and
- Volume discounts for all materials in the supplier's catalog.

Additionally, due to the mutual processing streamlining achieved via the ECA, FHI was able to negotiate specific rebates directly from its suppliers, as well as credit card Bank provided under this new agreement.

### Implementation Activities

This process change was implemented in a phased approach. A small pilot group targeting our heaviest office supply ordering was chosen to test the various links and interfaces with the supplier and our Purchasing card system which logs the activities and provides for costing distribution upon receipt. We as an organization spent very little other than informational road shows lasting about an hour. After a 90 day test period, the pilot program indicated that the new process was very simple, user friendly, required very little user training or set up. We prepared a users guide with illustrations of screen shots and then opened the office products commodity to the full company, 4000 requestors. There were very few problems or issues that had to be resolved.

As each commodity was converted over to the new process, the user's guide was updated as appropriate but there were fewer questions due to the consistency of the process and the learning that occurred from previous deployed commodities. For our end users, this has become the norm and expected manner to conduct business.

In conclusion, the continued success of the FHI eStore Marketplace has enabled our supply chain end-users to receive the right product, at the right time, and at the right price to meet Fluor Hanford's cleanup milestones, while also supporting Fluor's socioeconomic objectives.

(2006 Flour Project Description. Doc)  
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