

Refine business processes through supply chain and logistics improvements to meet future growth



Challenge Summary

Would the supply chain and logistics network of Safra, a manufacturer and distributor of hydrocarbon solvents based in Saudi Arabia, be able to handle increased business volume as the company expanded plant capacity and entered new markets?

Services & Technologies Used

- Centrx Supply Chain Analysis
- BDP-GENCO Supply Chain Management and Execution Services

Case Study: Safra Company, Limited

Challenge

Safra Company Limited, a leading manufacturer and distributor of hydrocarbon solvents located in Saudi Arabia, was planning a plant expansion that would multiply their production capabilities tenfold. While capitalizing on major market demands meant the opportunity for increased revenue, the company wanted to be sure the supply chain was positioned to handle the growth.

Solution

Safra communicated its requirements to BDP during a conference in Dubai, so BDP introduced Centrx to Safra as a solution provider. A call to the managing director of Centrx, BDP's supply chain analysis subsidiary, set the wheels in motion and resulted in a meeting with the Logistics Officer for Safra, and with GENCO, one of BDP's strategic partners, a 3PL specializing in supply chain management and execution.

"When we saw the background and resources of Centrx, we were confident that they knew what they were doing," Safra's Logistics Officer says. "BDP's experience and involvement in the region, as well as the company's international reputation, was a large factor in the selection of Centrx-BDP GENCO. Their knowledge of manufacturers and other petrochemical processing companies in the region was important."

Planning for growth

"We wanted to develop and optimize our supply chain process and find a better way to handle our operation," says Safra. "Because our target completion date was only two years away, we wanted to know what the logistics implications would be."

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Safra Logistics Officer

According to the managing director of Centrx, Safra was seeking to develop a logistics plan looking out five years. "It was a case of evaluating the current state of their supply chain and logistics network to determine if the network could handle any number of challenges, given that the company wanted to be in certain locations and markets by that time," he says.

The scope of the project included:

- Infrastructure and resource planning process
- Proposed physical flow including: transshipment points, modal, packaging and storage options
- Tactical questions:
 - Is one new berth sufficient?
 - What is the utilization of a feedstock vessel?
 - What size road tanker fleet is required?

Safra's customers are worldwide. Currently, the majority of business is conducted within Saudi Arabia, but future plans will change that. The company's headquarters are in Jeddah and there is a refinery in Yanbu on the Red Sea coast from which solvents products are shipped to clients—large factories that manufacture adhesives, paints and pesticides. Safra also has a

small wholesale division (SPP) for packaged products geared to end users of Safra's products in the paint market in Saudi Arabia, including construction companies.

"The Centrx-BDP GENCO process focused on developing recommendations based on understanding where the client is within its supply chain logistics development and through the analysis of shipment data," says Centrx.

"One area Centrx suggested we concentrate on initially was our internal process separate from development of our logistics needs," Safra's Logistics Officer points out, "and to work on our internal communications—better scheduling and a more detailed look at what we were doing."

"The first step was an evaluation of their existing supply chain, an end-to-end, quantitative network analysis, and how it compared with similar kinds of supply chains," BDP-GENCO'S Logistics Engineering Manager says. "Understanding the supply chain's level of development is important. High partner interaction and integration and zero information delays are characteristics of a highly developed process. Those characteristics can range from fragmented, process-driven at one end, all the way through to the virtual network at the high end."

"The virtual network is agile, has dynamic end-to-end integration, responds to opportunities, and has highly trained and knowledgeable staff," Centrx adds. The conclusion was that Safra is at the earlier stages of development.

Next, the type of logistics plan to be

developed was discussed—basically a function of the business objective and complexity of the supply (logistics resource) market. It was determined the logistics plan should be based on risk management, a strategy that pursues minimizing outages to ensure supply and minimizing risk in the critical components of downtime. This covered physical flow (berth, vessels, road tankers, and the SPP division, and storage and distribution). Partner development and information flow were key considerations.

Capacity constraints were analyzed in terms of the growth Safra was expecting: Would Safra have the right number of tankers, road tankers and ISO tankers? Would they need their own vessels to handle all the feedstock—essentially raw materials—coming into their plants? Would they have enough pump capacity to move product to and from the berths?

One of the unique challenges was information sharing. Due to different business cultures and business standards in Saudi Arabia, compared to the US, confidentiality agreements there are more liberal, which is also true between companies in Saudi Arabia.

Using basic market and company research data that was available, Centrx and BDP GENCO proceeded. "We were successful because we are small enough to give clients the attention they demand and we have the right resources and the expertise to get it done," says BDP-GENCO'S Logistics Engineering Manager.

Go-Forward Plan

"Strategically, it was recommended that the company improve the integration of the supply chain team into business planning activities, as well as enhance the availability of data for faster response," Safra's Logistics Officer notes. "Also, information is to be used as an important asset. Further, although sufficient

assets exist, it was agreed that asset risk must be minimized through constant review."

Through a tactical "Go-Forward Plan," it was determined that Safra has sufficient berth and road tanker capacity for the foreseeable future. Further, focus will be on developing long-term partnerships with a limited number of partners to reduce the risk of outages.

There was no perceived operational need impending for a storage and distribution point outside of the region. However, as business direction changes and as more capacity is available, a look at regions outside the GCC and Middle East may be warranted.

For Safra, "The most beneficial part of the relationship was exposure to the international experience of Centrx. Their flexibility and the trust we established were key factors that made our relationship much smoother. Working with Centrx-BDP GENCO has helped us not just in our logistics operation, but it also confirmed for us that we need to rework our process and the way we do business."

Customer Benefits

- Clearer approach to business and operations
- Improved definition of business processes
- Improved management of critical resources to reduce risk



Global Logistics & Transportation Solutions

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