WEB: www.hargraveconsulting .co.uk
EMAIL: info@hargraveconsulting.co.uk

CASE STUDY

Procurement and Logistics Transformation for UK's Largest PV Installer for New Build Properties

In early 2022, Our Client, a renewable energy leader, raised ethical sourcing concerns, particularly in its Chinese supply chains due to a combination of high-profile reports of forced labour affecting the Uygur population in western China

To ensure compliance with all UK regulations, meet demanding housebuilder requirements for Chain of Custody, and address ethical concerns, HCG implemented a comprehensive solution, optimising procurement and logistics. This included streamlining procurement across solar panels, batteries, EV chargers, inverters, and proprietary systems providing full supply chain transparency coupled with significant cost savings. Furthermore, a 3PL model was introduced to consolidate deliveries, reducing carbon footprint, improving efficiency and remove waste. This case study will explore how we successfully navigated these challenges and enhanced its sustainability and ethical practices.

Problem

Previously, our client utilised a network of UK independent renewable energy merchants for the procurement of solar panels, inverters, and ancillary equipment required for installations. This decentralised procurement model presented significant challenges, primarily a lack of transparency that impeded our client's ability to verify ethical sourcing practices and ensure adherence to stringent industry standards. Furthermore, engaging numerous merchants and logistics providers resulted in elevated costs, increased operational complexity, and heightened supply chain vulnerabilities.

Approach

HCG conducted a comprehensive review of procurement and logistics processes. The review identified several areas for improvement, including:

01. Lack of traceability within its merchant supply chain:
    Limited visibility into its supply chain, making it difficult to determine full traceability and track products from source to destination to meet its ethical sourcing standards.
02. Limited audit of suppliers:
    Reliance on merchant networks to audits of its OEM's to meet its ethical sourcing standards and traceability were non existent in most parts.
03. Future Proofing Your Construction Supply Chains
    The company's current reliance on numerous third-party merchant networks presents several key business risks. These include exposure to unpredictable pricing fluctuations, market constraints, and a heightened risk of unethical sourcing practices. Furthermore, the absence of formal agreements and established improvement plans within these supply chains exacerbates existing vulnerabilities and hinders risk mitigation.

Based on its findings, HCG recommended several changes to procurement and logistics processes, including:

01. Establishment of direct relationships with OEM's:
    Following rigorous market testing, HCG has identified several high-potential partners in China and the EU. These partners possess exceptional credentials and, importantly, have not been previously identified in publicly available reports. This strategic advantage allows HCG to pursue direct relationships with key Original Equipment Manufacturers (OEMs) within a carefully managed and structured framework. This approach ensures optimal collaboration and maximises traceability and potential for success.
02. Implement a chain of custody process:
    To ensure product traceability from origin to destination, HCG recommended and implemented a chain of custody process. This process leveraged HCG's China-based sourcing and accreditation team. OEM audits provided the client with comprehensive traceability and mapping of all OEMs within their supply chain. Ongoing compliance and traceability were maintained through periodic follow-up audits and review of remediation plans.
03. Take control of logistics
    HCG further recommended establishing direct import logistics from Chinese and EU OEMs, leveraging its Felixstowe-based 3PL network for distribution to all UK construction sites. Subsequently, HCG implemented the UK's largest solar panel pick-and-pack kits operation, servicing over 450 new build construction sites. This network resulted in substantial cost reductions for the client, while simultaneously improving delivery efficiency and on-site logistics.

Results

Our client achieved remarkable success by implementing HCG's recommendations. The project generated a substantial £5.8 million in savings over 12 months and is projected to deliver an additional £8 million over the next two years.

Key achievements include:

01. Significant cost reductions:

45%
Savings on solar panels and inverters through containerised OEM direct sourcing from China.

18%
Savings on proprietary systems, ancillary items through merchant networks delivered directly to 3PL and distributed to over 450 housebuilding sites across the UK

15%
Reduction in our client's logistics and distribution costs via a third-party logistics solution through plot specific installation packs.

02. Enhanced supply chain visibility and control:
Improved tracking of products from source to destination through our global sourcing team.

03. Improved ethical sourcing:
Confidence in supplier adherence to ethical standards through HCGs China based audit team carrying out in OEM factory audits and remediation planning.

04. Reduced supply chain risk:
Minimised reliance on third parties

Conclusion

Our Client's procurement and logistics transformation project has been a success. The company has improved its visibility into its supply chain, assured the ethical sourcing of its products, and reduced the risk of supply chain disruptions. The project has also led to significant cost savings and improved customer relationships.

This case study demonstrates the importance of taking a proactive approach to procurement and logistics management. By working with HCG, companies can identify and address potential risks in their supply chains and ensure that they are meeting their ethical sourcing commitments whilst delivering significant cost benefit.