

# Case Study

## Welcome to Shell Toilet upgrade savings



### Client Background

Shell is well known as one of the five major national suppliers of petroleum products. Shell supplies their fuel and convenience products through a vast network of retail and commercial sites across South Africa, with many assets in constant daily operation.

Shell contracted Pragma to conduct all maintenance activities at more than 400 retail sites nationally through the Facilities Management Centre (FMC). The partnership spans over 12 years.

The Welcome to Shell concept centres around the Shell Retail site being clean, bright and welcoming for any customer that enters.

### Key Challenges

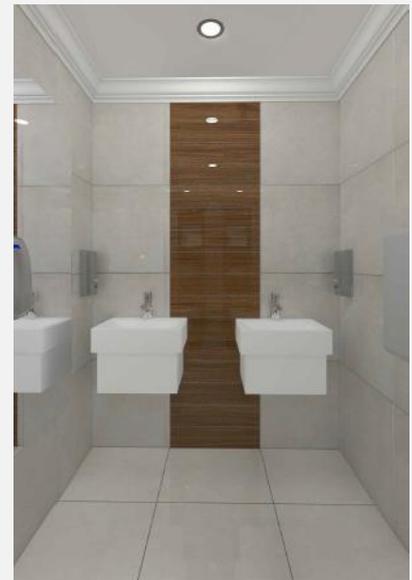
- Customers should be treated as if they were a guest in your house. As part of Welcome to Shell, in recent years, Shell has embarked on a program to upgrade their toilet facilities at their sites.
- Shell has prerequisite designs and standards on how the toilets should be built and look. The scope includes tiles, toilets, toilet roll holders, washbasins, hand soap dispensers, flush plate, handheld spray, urinal, grab rail, mirrors, baby changing station, dustbin, hand-dryer and air freshener.
- There were several process inefficiencies identified relating to materials, the handling of purchases and distribution of the material that was used for the upgrades. These inefficiencies resulted in high costs.

### Value Add

- 25 toilet upgrades were completed in the year
- Financial savings mounted to R 1 733 037.33
- This budget was used to upgrade further sites and bring value to the client
- Satisfied Retailers
- Satisfied customers
- Increased revenue due to additional customers attracted to site to use the toilet facilities
- The same approach can be used if Pragma continues with the program in subsequent years
- The learnings and concept can be applied to other programs going forward



**Significant cost saving achieved that can be redistributed into the business.**



### Pragma Intervention

In previous years, the contractor was provided with the toilet specification and would purchase material from the supplier and perform the upgrade.

In 2019 the process was amended around three categories on which the financial cost benefit is based:

1. Pragma partnered with Tile Africa as the sole supplier and negotiated reduced rates for the bulk material needed to upgrade all the toilets.
2. With Pragma purchasing the material directly and giving it to the installation contractor, the 15% mark-up contractors would usually charge on material supply, was saved.
3. Pragma worked with the specification to get the most similar cheaper alternative approved by Shell.

### Tools and Technology

- Spare Parts Administration
- Focused Improvement
- Project Management
- Supply Chain Management
- Data Analysis