AES Eletropaulo
Improving Materials Management

AES Eletropaulo is an electricity distribution company that integrates the AES Group Brazil and serves 24 municipalities in the metropolitan region of São Paulo – including the state capital, a key economic and financial center of Brazil and the world.

Considered the largest distribution company in Brazil in terms of energy distributed, the company operates in a concession area with high population density, which has the largest GDP (Gross Domestic Product) in Brazil.

PROJECT GENESIS
AES Eletropaulo recognized that there were cost reduction opportunities in reducing usage of materials as well as reducing wastage. Having a long-standing relationship with the company, Renoir was invited to implement control and traceability in the materials used by the field teams. The scope covered the Air Distribution, Subtransmission and Subterranean business units.

PROJECT APPROACH
In the first phase of the project, Renoir documented the as-is and designed the to-be processes which were built into a dashboard to consolidate the movement of the materials by vehicle. In the second phase, Renoir developed a blueprint to systematize the project control solutions and led its implementation within the warehouses of the three business units involved in the scope. The project involved representatives from the areas of Information Technology, Supplies, Purchases, Facilities, Finance and Business Support. The assignment ran for 14 weeks in the 1st phase and 19 weeks in the 2nd phase.

IMPLEMENTATION
The project was characterized by the close collaboration of AES Eletropaulo and Renoir personnel along with a knowledge transfer strategy which was based on a management system that involved operational and support areas.

Training in the new system was undertaken at all levels and, as a result, the team was able to foster sustainability and embed a culture of continuous improvement. The endeavor included:

- Development of a blueprint to systematize the control and traceability of materials.
- Support the installation of the blueprint as well as enforcing the new process with logistics contractors within the warehouses for the Subtransmission business unit.
- A planning process to ensure the efficient re-stocking of materials and their routing.
- Review of standardisation of vehicles and ABC curves to focus on the movement of materials with higher added value and volume of consumption.

Key Results
- Training of all levels involved in the movement of materials (Coordinators, Supervisors, Analysts, Administrative Assistants and Electricians, in addition to the commercial teams that support the TMA
- Savings of R$ 2.0M annualized by reducing consumption and waste of materials withdrawn from the warehouses
- Return on Investment of 3 :1

“Congratulations for the work, we knew that this project would be difficult. Another project delivered with quality by Renoir Team. We need to think about what will be the next work ...”

Saulo Ramos
(Operations Manager AES)
• Development of operational procedures and working instructions to support management of projects.
• Implementation of regular operational reports to monitor the movement of materials, withdrawals of high value items, summary directives and replacement of vehicles.
• Availability of the SAP PM order on hand-held devices which allows the engineer to access the electrical system’s design, work instructions and historical field forms attached.
• Implementation of a TRACKER tool to gauge the level of adherence of the new management model implemented, identifying deviations and taking corrective action immediately.

RESULTS
AES Eletrpaulo now has clearly defined roles and responsibilities within the areas of scope for all operational functions and support services. Approximately 1200 personnel – at all levels – were trained in the new management control systems that allow better visibility of materials consumed and wasted, along with traceability of their movements. In this way, the company not only has benefitted from the short to medium term savings but also has a firm foundation for implementing future improvements without the need for external support.