



Integrating and driving procurement synergies and improvements across five business units while enhancing revenue and competitiveness

Building a single and enhanced strategic procurement organization with a common, integrated set of processes

The results

Maine Pointe's experienced team helped our client:

- Consolidate 5 functions into 1 high-performing strategic procurement function
- Achieve a 6% direct material cost reduction and identify a 6% additional reduction for the following year
- Identify a new revenue opportunity that will deliver a 4-6% improvement in revenue and negotiate compelling terms with the new supplier
- Deliver 18% reduction in airfreight within 8 weeks through accelerated airfreight consolidation
- Increase terms with suppliers by an average of 15 days to improve overall cash flow position
- Move their procurement function up the maturity curve
- Achieve a ROI of 4:1 in year 1 leading to 6:1 in year 2

This story is for PE firms and CEOs who:

1. Have multiple procurement entities and want to consolidate and centralize processes to improve performance.
2. Want to improve EBITDA & Cash and identify new revenue enhancement opportunities.
3. Need to infuse best practice to ensure sustainability and continuous improvement in a complex, consumer-driven environment.

The challenge

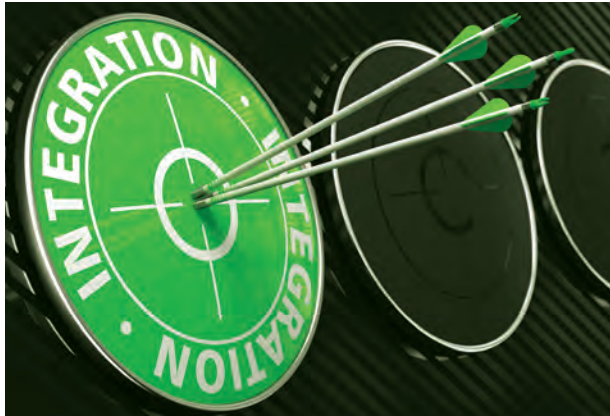
This home décor company's Private Equity owners engaged Maine Pointe to help alleviate the pain of post-merger integration across five separate business units under their umbrella. Each unit had its own unique operating practices and procurement was division-centric. In a highly complex environment, the PE firm tasked Maine Pointe with implementing a cohesive and effective approach that would transform the disparate procurement functions of the five entities into one single, homogenous company with a common set of integrated processes capable of delivering EBITDA value.

Maine Pointe's 360 degree analysis confirmed the silo'd nature of the procurement functions. Procurement roles and responsibilities varied significantly between business units with little or no accountability for cost ownership, a lack of formal contracts with suppliers, disparate ERP systems and a universal failure to leverage spend. Only one of the entities showed any evidence that a strategic sourcing process was in place.



Integrating strategic procurement activities

Working shoulder-to-shoulder with company leaders, Maine Pointe implemented its TVO™ approach to drive initiatives, collaboration and change across the five business units. As with all strategic change projects, the readiness of senior executives to take ownership of the program was a key enabler in helping to achieve significantly accelerated results and open up new revenue opportunities. More specifically, our solution included:

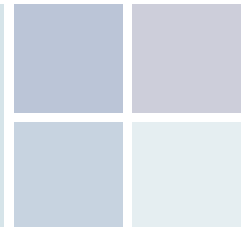


- Establishing a governance structure through a steering committee and building a cross-functional commodity team
- Identifying the total addressable spend of hundreds of millions of dollars and prioritizing all cost savings opportunities
- Addressing direct (product) and indirect (air freight) categories
- Implementing a formal, strategic sourcing approach
- Conducting a rigorous RFP to secure new pricing and T&Cs
- Developing processes, scorecards and templates used to prequalify all potential suppliers
- Holding supplier forums to condition existing and potential suppliers
- Revising and improving product specifications across all categories to ensure consistent and/or improved quality
- Delivering on-the-ground training for all global sourcing team members to infuse best practice and move them up the maturity curve
- Coordinating implementation of a new 3PL relationship and Transportation Management System to consolidate samples at source

With Maine Pointe's help, our client's procurement function has moved out of its silos, providing greater transparency and sustainability across all five lines of business to move the company and their people up the maturity curve towards high performance.

Lessons Learned for Other Executives

- Having senior leadership involvement and buy-in from the CEO and Operating Partner's perspective is key to achieving high-end performance results
- Putting in place the right tools, processes and training enables sustainability of year-over-year savings
- You can drive sustainable savings even in a highly complex, ever-changing consumer driven environment



"Despite being skeptical of the savings based on our experience, team and vendor knowledge...**we achieved a number exceeding our internal forecast.** When we interviewed the Maine Pointe team they stated, 'we typically achieve the high end of the mid-point.' Our project was no exception." *CEO*

Want to **improve competitiveness**, break through functional silos and **enhance revenue opportunities** in your business?

Talk it through with one of our executives

Email info@mainepointe.com to arrange a call

About Maine Pointe

Maine Pointe is an operational implementation focused consulting firm that accelerates measurable performance improvements in both EBITDA and cash flow for chief executives and private equity firms around the world. As specialists in procurement, logistics and operations, Maine Pointe is uniquely positioned to accelerate measurable improvement across the buy-make-move-fulfill supply chain to deliver the greatest value to customers and investors at the lowest cost to business through Total Value Optimization™.

www.mainepointe.com