

# Implementing a procurement shared service across four distinct and complex manufacturing divisions

Hardwiring collaboration across product engineering, procurement, operations and commercial teams to drive sustainability and supply chain innovation

## The results

Maine Pointe's subject matter experts worked closely with our client's procurement team and senior executives to transform the procurement organization.

- Improved EBITDA by 8% and delivered a road map to increase this to 16% in year two
- Delivered annualized savings of 3% across 20+ direct and indirect procurement categories
- Lowered inventories and stretched payment terms to save \$2M in working capital
- Achieved a 3:1 ROI in year one with potential for a 5:1 ROI included in the year two roadmap
- Moved the procurement organization up the maturity curve

## This story is for executives who:

1. Are experiencing significant headwinds, with dropping volumes and squeezed margins.
2. Need innovation in their supply chain strategy to help sustain and increase margins.
3. Require cross-functional and organizational alignment to drive improvement.

## The challenge

This manufacturing company produces a diverse range of high quality products including non-automotive seating, sound dampening solutions, industrial finishing products and metal components. The organization consists of four separate divisions that had been operating independently with little to no cohesive global procurement strategy.

Senior executives needed to quickly address margin pressures and drive change. To do this, they had to overcome a number of challenges:

- Significant turnover was affecting morale and the ability to drive organizational change
- The supply base was riddled with entrenched incumbents, limiting options to improve performance
- An ill-defined sales & operations planning (S&OP) approach meant that they were struggling to gain control of their inventory while satisfying demanding customers

In a challenging and highly complex procurement environment, senior executives asked Maine Pointe to help tackle these issues and bring the divisions together as one unified procurement organization.

### Transforming supply chain capability

Maine Pointe deployed its subject matter experts to drive 23 direct and indirect procurement categories across the four business units and address some of the company's major pain points. More specifically, Maine Pointe:

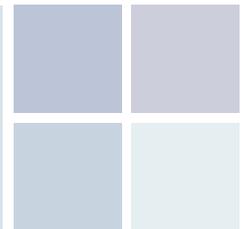


- Held the company's **first ever supplier forum** to directly engage and condition the global supply base
- Deployed its **data analytics** approach to design a custom inventory simulation model enabling our client's largest plant to control and reduce inventory
- **Trained the internal procurement team** on Maine Pointe's proven six-step process
- Implemented its **Leader and Organization Improvement program** early in the engagement to engage the executive team and improve focus and alignment relative to supply chain priorities
- Streamlined decision authority to accelerate **cross-functional debates and decisions**

As a result of these initiatives, there has been a dramatic change in our client's procurement organization. The level of forward thinking has completely changed bringing them closer to their, 'One World, One Company' vision. In addition, our client was able to demonstrate its **commitment to innovation and continuous improvement in its supply chain** during a visit from a major global automotive and industrial equipment manufacturer. In this meeting, the company highlighted 11 specific capabilities it has to serve its clients better. Eight of the 11 came directly from work spearheaded by Maine Pointe.

#### Lessons Learned for Other Executives

- Supplier loyalty does not equal market competitiveness
- Expand your supply base to manage tough economic environments to drive cost out and innovation in
- Implementing a rigorous process across functions drives significant financial impact



Want to bring **disparate and complex manufacturing processes under one roof?**

Want to **take your procurement function to the next level** and gain better control of inventory and product supply?

Talk it through in a no obligation phone call or meeting with one of our executives.

Email [info@maineptune.com](mailto:info@maineptune.com) to arrange a call

#### About Maine Pointe

Maine Pointe, a member of the SGS Group, is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash and growth across their procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the buy-make-move-fulfill digital supply chain to deliver the greatest value to customers and stakeholders at the lowest cost and risk to business. We call this Total Value Optimization (TVO)™.

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. [www.maineptune.com](http://www.maineptune.com)