



Combining operations and procurement improvement initiatives drives enhanced value

Maine Pointe helped a global packaging company increase EBITDA by 56%

The results

Maine Pointe succeeded in breaking down silos by addressing procurement and operations simultaneously. The cross-functional value we delivered transformed the financials of the business, resulting in:

- Annualized savings of 56% net income
- 14% improvement in throughput
- \$2.5M delivered to the bottom line within 17 weeks
- Increased supplier base optionality to drive down cost and improve quality
- Decreased global supply risk through an increased qualified global supply base
- 56% EBITDA
- ROI of 3.3:1

This story is for Executives who:

1. Suspect there is a significant dollar and performance opportunity in their operations and procurement functions.
2. Have implemented an Enterprise Resource Planning (ERP) system that is not delivering value.
3. Need to gain better management control, improve functional alignment and increase EBITDA and cash performance.

The challenge

Our client is a flexible packaging company with customers on 5 continents. They have 2 main facilities, a converting operation and a foil plant.

The company was facing a significant challenge relating to their metrics and management operations at both facilities. In an attempt to overcome this, they had sunk \$6M into an ERP implementation that had delivered little value.

Maine Pointe is the PE owner's preferred operational improvement firm for all their new acquisitions. Assured of our differentiated ability to address procurement and operations simultaneously and transform financials, the PE firm asked Maine Pointe to help:

- Break down silos and deliver value across business functions
- Maintain relationships with global suppliers while the company went through a change of management
- Make targeted improvements to help them understand how they were performing and recognize drivers of performance
- Align supply chain and materials strategies with operational strategies



Aligning procurement and operational strategies

Maine Pointe developed and implemented a pragmatic and effective solution to help our client to get its business under control and rapidly drive out performance improvements.

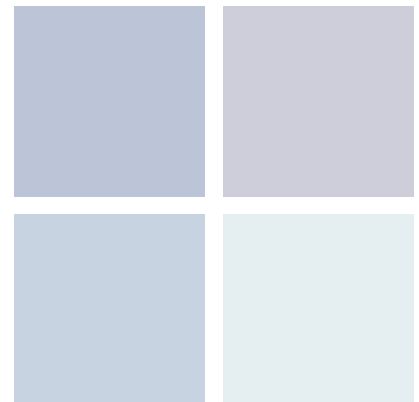
- **Aligned and integrated the key functions of materials, maintenance and operations**
 - Organized a cross-functional daily and weekly operations team
 - Stabilized and improved the scheduling process to reduce unplanned downtime and improve on time delivery
 - Improved visibility into inventory usage through demand-based scheduling, allowing inventory ‘right sizing’ to maximize flow and reduce slow-moving material
- **Increased departmental accountability**
 - Integrated daily management processes to set clear ground rules for everybody on the shop floor
 - Introduced key indicators for each department linked to production and customer service goals
 - Posted and reviewed shift-by-shift results on a daily basis for operator feedback
- **Aligned Enterprise Resource Planning (ERP) System with shop floor activities to increase accuracy of information and better decision making**
 - Introduced daily order closings to give a more accurate picture of work in process and inventory usage
 - Simplified monthly financial closings to make monthly information available sooner
- **Conducted a strategic sourcing project across the business**
 - Visited global suppliers with the client and supported negotiation activities



In addition, Maine Pointe worked with our client to develop people at all levels in their procurement and operations teams to ensure that the savings delivered will be sustainable.

Lessons Learned for Other Executives

- You can gain significant added value benefits by breaking down silos between your operations and procurement functions
- It is possible to create a common language that the customer and internal operations can all relate to
- Face-to-face communication with the right people at the right frequency increases decision quality and process flexibility
- To sustain improvements, you need to outline and implement a Management Operating System (MOS)
- New technology can never replace sound operational leadership



Want to **break down silos between procurement and operations?**

Want to find out how Maine Pointe’s can help you to **transform your financials?**

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

Email: info@maineptune.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™.

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