



Improving product time-to-market, quality and supplier optionality while reducing costs

Using supplier disintermediation to increase global competitiveness

The results

Maine Pointe put in place a structure to onboard new suppliers, qualify and build supplier optionality, while improving the company's competitive position. Although the company's CEO was reluctant to change suppliers due to risk considerations, electing to take a very cautious approach in the short term, we succeeded in delivering the following results:

- 17% increase in new supplier introduction rate
- 5% cost reduction in year 1
- 9% additional savings in years 2 and 3 as the client adopts further savings projects and charters identified by Maine Pointe
- An ROI of 3.4:1 in year 2

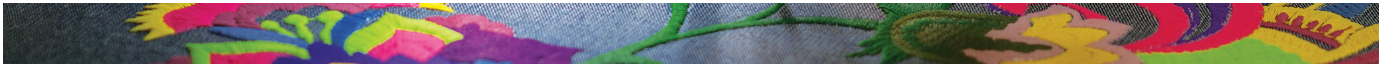
This story is for PE executives and Portfolio Company CEOs who want to:

1. Improve product time-to-market, quality and supplier optionality.
2. Reduce product costs without compromising quality.
3. Investigate supplier disintermediation as a way of improving competitiveness.

The challenge

Our Private equity client believed that there was a significant opportunity in the supply chain of an apparel and specialty footwear manufacturer and marketer they had recently acquired. They invited Maine Pointe to help them explore this opportunity with a specific focus on strategic procurement to drive down direct materials spend and improve product time-to-market.

The company had not re-negotiated with its Chinese suppliers and, as a result, had not benefited from a dramatic fall in commodities prices in apparel. This meant that the company's price competitiveness was poor. In addition, they were paying high prices for their products, unaware that their suppliers were frequently cutting corners.



Building a best-in-class procurement function

Our analysis identified that there was a significant opportunity to drive competitiveness. This could be achieved either by re-negotiating a better deal with incumbent suppliers or, failing this, by identifying new suppliers and disintermediating the supply chain. When the existing suppliers proved intractable, Maine Pointe began a process of disintermediation in order to gain control of the company's suppliers, followed by re-intermediation once trust had been established.

Maine Pointe introduced structures and procedures to improve the company's competitiveness and market share by:



- Taking the product development process to multi-month rather than multi-year to reduce new product time-to-market and position the company as innovators in their field
- Building a bill of materials (BOM) to help implement portability, opening up the opportunity to source from lower-cost countries and regions
- Improving the process for onboarding new suppliers
- Sourcing lower price/same quality products from new suppliers
- Helping our client to build a 'should cost' model to gain control of their supply chain

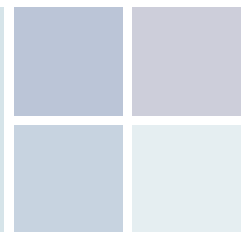
This new approach encourages open dialogue, team decision-making, and interdependent business relationships with a high degree of trust. By doing so, the procurement function has begun to transition away from many of the historic constraints to a new, differentiated model. A model we call Total Value Optimization™ (TVO).

"We would not have gone after these savings and benefits without Maine Pointe's insight; they helped us to think differently."

CEO

Lessons learned for other executives

- CEO buy-in is critical to achieving higher savings
- Legacy incumbents may not be innovators in driving out costs
- Bill of Materials and Quality Assurance is key to maintaining quality and optionality
- Disintermediation can help drive down costs and provide a path to optionality



Want to **improve new supplier introduction**, qualification and build supplier optionality while **reducing costs**?

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

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

About Us

Maine Pointe is a global implementation-focused 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 both EBITDA and cash across their supply chain and operations. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the buy-make-move-fulfill supply chain to deliver the greatest value to customers and investors at the lowest cost to business. We call this **Total Value Optimization (TVO)™**.

Maine Pointe's engagements are results-driven and deliver between 3.5:1-12:1 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.

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