

Transforming the supply chain in the face of new disruptive business models

Change management was the key to multimillion-dollar savings in a shrinking market

The results

Maine Pointe's subject matter experts worked closely with personnel at all levels in the client's organization, deploying our Total Value Optimization™ approach to:

- Transform their internal culture and operating model
- Drive accountability into the organization through strategic job design and results-based performance metrics
- Reduce cycle time by 15%
- Decrease working capital by 25%
- Implement market leading data analytics to enhance visibility, improve control and optimize inventory levels
- Reduce logistics spend by 7-12%
- Deliver >10% savings on prior year purchases with a clear strategy to generate further year-on-year savings
- Reduce small parcel and domestic trucking costs by >5%
- Improve variable warehousing costs by 10%
- Save tens of millions of dollars in procurement costs
- Achieve a 5:1 ROI

This story is for senior executives who:

1. Are operating in an industry with a shrinking market and need to combat the threat posed by disruptive business models
2. Want to harness the power of data analytics within their organization
3. Need help to bring about cultural transformation and redesign their organization

The challenge

This family-owned, billion dollar omnichannel mail order and electronic retail company was facing significant headwinds from new disruptive business models.

Operating in a world of declining sales and shifting margins, executives recognized that their future existence was under threat. With a business model that was rapidly becoming obsolete due to changing buyer behavior, the company engaged Maine Pointe to help optimize the supply chain, streamline the organization and solve the problems of excess inventory, SKU proliferation, and above-market freight and warehousing costs. Crucially, they wanted to achieve this without reducing headcount or bricks and mortar.

Our analysis showed that the organization had poor cost control, weak cross-functional alignment and lacked the necessary tools to harness the vast amount of data at its disposal. These, along with a widespread reluctance to change the current 'culture of consensus' were contributing to a situation that, if not quickly improved, could prove detrimental to the business.



Adapting the company culture to a changing market

Maine Pointe's procurement and logistics experts worked hand-in-hand with our Leader and Organization Improvement (LOI) specialists and data analysts and the company CEO. Our goal was to bring about a dramatic change in culture and move to a clearly aligned, dynamic and collaborative organization. We achieved this by taking a Total Value Optimization™ approach. This involved:

- Moving from a relationship culture to a performance-based culture that still maintained the integrity of the relationships that were core to the founders values and vision
- Designing an organization supportive of strategic goals through efficiency-based functional alignment, clarity in roles and responsibilities, role specific competencies and key performance indicators
- Working with key incumbents and selected new transportation providers to optimize current freight contracts and secure new agreements
- No longer using a competitor as a carrier, an arrangement which, while saving money, posed a significant risk to the business
- Infusing logistics best practice and taking advantage of current dynamics within their market place to change the way they work within the global environment and ensure competitiveness going forward
- Conducting a detailed rationalization of warehouse processes, ship point, level of service and mode
- Implementing new data analytics processes and buy-planning tools that helped aggregate and normalize data from multiple siloed systems to reduce cost, enhance control and optimize inventory levels
- Installing a customized inventory management operating system with a heavy focus on seasonal/demand planning to mitigate excess inventory and obsolescence
- Moving procurement up the maturity curve away from margin management and towards strategic sourcing
- Creating alignment and ownership to maximize and sustain benefits

The cornerstone of this engagement was our Leader and Organization Improvement program. We worked closely with the organization's HR function to develop a total transformational change within the organization's culture, processes and cross-functional relationships. Going forward, this will ensure the company has the right people with the right skills to maintain engagement benefits and drive further improvements. The new business model we helped develop and implement centered on creating a focused, aligned and accountable organization capable of delivery on strategy and growth objectives with an organizational design supportive of efficiency and effectiveness. This model will secure the future of the company, changing the way they go to market and how they supply themselves.

Lessons learned for other executives

- Being focused, aligned and accountable to organizational goals is critical to achieving sustainable change
- The quality of your data and insights is essential to driving operational efficiency and effectiveness
- A strategic approach to sourcing and best practices in supplier management and carrier relationships can be pivotal to driving change within a business

Need to respond to **new disruptive business models** in your market?

Want to **drive measurable improvements** across your business?

Want to know how our Total Value Optimization™ approach can **transform your organization?**

Talk it through with one of our executives.

Email info@maineprime.com to arrange a call.

About Maine Pointe

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 procurement, logistics and operations to enable growth. 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. www.maineprime.com.

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