

Driving sustainable supply chain transformation and improving EBITDA by 15%



Leveraging best-in-class processes and talent was the key to change and sustainability

The results

By transforming its procurement and logistics, the company has achieved the following:

- Improved EBITDA by 15%
- Released 50% of working capital in MRO inventory
- Saved 26% - contract labor, 17% – MRO parts, 15% - packaging
- Reduced logistics cost by 8%
- Significantly reduced the number of suppliers
- Developed partnerships with several key suppliers in each major category
- Improved shipping performance, resulting in better customer service
- Improved visibility to performance metrics on logistics and MRO, allowing for quick response to issues
- Achieved 4.2:1 ROI

This story is for executives who want to:

1. Improve earnings and margins by optimizing logistics and procurement
2. Transition to become a sustainable process-driven organization
3. Establish strategic partnerships with key suppliers and shippers to enhance their position the market

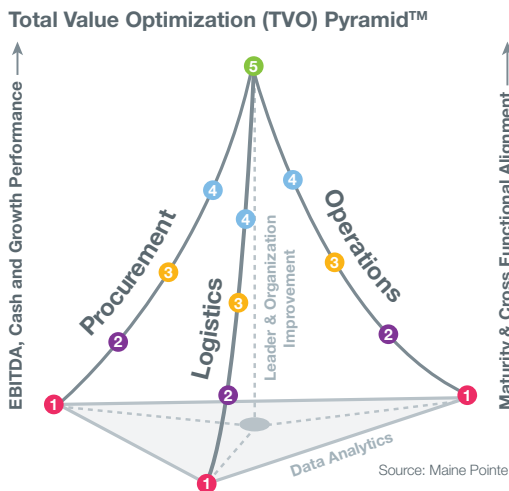
The challenge

The client is a leading producer of specialty chemical additives for the food, pharmaceutical and industrial market segments. Within these segments the products cover a broad range of applications including water, paper and metal treatment, agriculture, electronics, textiles, tablets, meat preservation and detergents.

The company was struggling to achieve the earnings and margins it needed across procurement and logistics at its plants in North and South America. With limited resources in-house, the board and CEO were looking for the right partner to infuse best practice and deliver sustainability. While some board members advocated bringing in a tier 1 global consulting firm, the CEO had concerns about this approach. Given the size of the company, the CEO was not convinced that a large firm would necessarily bring its 'A' players. A strong recommendation from a board member who had seen the measurable results Maine Pointe delivered at another global chemicals company convinced them to contact us.

Professionalizing procurement and logistics

The company needed support in the strategic procurement of contract labor, MRO parts, packaging and logistics as well as organizational design and restructuring. There were no strategic partnerships with suppliers, and spend was distributed across 700+ suppliers in MRO and 700+ suppliers in labor with very few contracts in place. In addition, the company had very poor transparency into spend analytics with little discipline around spend categorization and weak data integrity. At the beginning of the engagement, we assessed procurement at a maturity level 1.3 and logistics at 1.7 on the 5-level Total Value Optimization Pyramid™. To help them increase the maturity of both functions we:



- Worked closely with cross-functional teams and other personnel to achieve sustainable savings across several spend categories by developing strategic partnerships and contracts
- Implemented a 3PL centralized carrier approach, metrics and continuous improvement objectives
- Revamped their South America internal processes for material shipping flow and reduced cycle time by 30-40%
- Installed a procurement and logistics management operating systems supported by an organizational redesign
- Delivered workshops to supplemented the systems and processes, training personnel in all elements of the strategic sourcing process to ensure sustainability

The processes and tools we introduced helped the company move procurement up to a level 3.2 and logistics to level 3, with a clear pathway in place to get them to level 4. This transformation in procurement and logistics released 50% of working capital in their MRO inventory, enabling cash to be re-invested across the organization to improve performance and enhance competitiveness.

“Maine Pointe’s approach to partnering is superior to other consultants I have worked with. The very disciplined methodology they employed delivered greater results, significantly faster than we could have achieved ourselves”

CEO

Lessons learned for other executives

- Having the right leaders and talent in the right roles is critical to sustainable change
- Poor data root cause analysis is detrimental to transformation and sustainability
- Ring fencing parts of the business impacts executives’ abilities to drive synergy, cost saving and service improvements across the organization

Do you want to professionalize your supply chain and release working capital?
Need help establishing the right strategic partnerships to increase competitiveness?
Talk it through with one of our executives.

Email info@maine pointe.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 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.

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