

Creating a sustainable competitive advantage through procurement excellence

How to reduce costs, win bids and maintain profitability in the global commodities market

The results

Working concurrently across 4 key work streams, Maine Pointe succeeded in driving 'quick wins' and delivering significant and sustainable value to this PE-owned company, which resulted in:

Results:

- Immediate and sustainable savings of 4% YOY on direct materials costs
- Annual EBITDA benefits of \$7M
- First major savings delivered in just 10 weeks
- Decreased global supply risk by increasing field of global suppliers
- Significantly improved competitiveness
- ROI of 4.6:1

This story is for Private Equity Executives and portfolio company CEOs who:

1. Seek to dramatically improve EBITDA through both 'quick wins' and sustainable changes.
2. Face difficulties with suppliers and customers following an operational or financial turnaround.
3. Want to re-address their relationships with domestic and global suppliers.

The challenge

Our client is the world's leading producer of geosynthetic linings, a product used in the creation of plastic linings for landfills, mining applications and other end uses.

Despite having emerged from bankruptcy with renewed strength and liquidity, the company was suffering fall out effects in terms of how it was perceived by its suppliers and customers.

The company's two Private Equity owners recognized that they needed to make rapid and sustainable changes to the cost structure and asked Maine Pointe to deliver these changes by:

1. Identifying 'quick wins' where immediate savings could be made.
2. Re-addressing the supply base from a domestic and global perspective and re-building the company's damaged reputation.
3. Re-engineering the alternative resins selection process to enhance overall quality, cost and operational efficiency.
4. Implementing a strategic procurement organization with supporting documentation and training on world-class procurement policies and procedures to ensure that savings would be repeatable and sustainable.



Creating world-class procurement capabilities

Given that the client had recently been through bankruptcy which impaired the perception of its creditworthiness, as well as its relationships with some suppliers, there was skepticism that Maine Pointe could help – especially as their direct materials (i.e., resins) were so specialized. Maine Pointe’s team first had to set about gaining the trust of client team members and re-building supplier relationships to identify the ‘quick wins’ that would drive immediate cash impact to the bottom line.

More specifically Maine Pointe’s approach included:

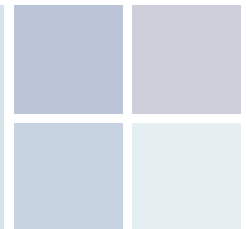


- Working closely with the new CEO to regain the trust of domestic and global suppliers and improve the company’s reputation in the market place
- Leveraging the company’s global footprint to gain access to new markets and suppliers helping them to buy their current product at a lower price on a sustainable basis
- Identifying a ‘game changing’ alternative resin which is capable of delivering equal, or better, finished product performance at a lower cost
- Creating an organizational structure with supporting policies, procedures and processes to manage the strategic elements of sourcing and the tactical elements of buying and ensuring savings are repeatable and sustainable

As a direct result of the work Maine Pointe carried out, our client was able to realize rapid bottom line savings, mitigate global market pressures and gain competitive advantage.

Lessons Learned for Other Executives

- You can dramatically improve EBITDA in less time than you may think
- It is possible to rebuild trust and regain market share following a turnaround
- You can achieve the triple win of driving down costs, winning bids and maintaining margins



“I would recommend Maine Pointe to any organization looking to optimize their supply chain capabilities”

Client CEO

Want to develop **world-class procurement capabilities**?

Want to find out how Maine Pointe’s team can help you to **gain competitive advantage** and become a high multiple company?

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

Email: hello@maineptune.com to arrange a call.

Maine Pointe is a results-driven, implementation focused consulting firm that is trusted by many chief executives around the world to deliver sustainable, significant value and compelling economic returns for their businesses. We achieve this through transforming the global supply chain into a competitive weapon and accelerating business value through performance improvements in both EBITDA and Cash.

www.maineptune.com