

Infusing procurement and supply chain best practices to deliver 79% EBITDA improvement

Breaking through functional barriers and leveraging low-cost country sourcing paved the way for organization transformation across two businesses

The results

Maine Pointe used its TVO™ approach to help the client overcome procurement complexities and form new, highly advantageous strategic partnerships in low-cost countries paving the way for organization transformation resulting in:

- 79% EBITDA improvement across two businesses
- Annualized savings of \$600K delivered in just 8 weeks
- 79% total savings for the holding company
- 20% YOY savings on direct and indirect material and logistics spend
- Introduced best practice and up-skilled internal procurement and logistics teams
- Project ROI 10.4:1

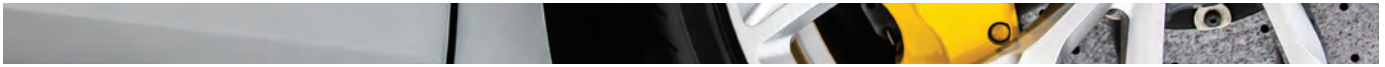
This story is for executives who want to:

1. Build strategic partnerships in a complex environment.
2. Renegotiate complex agreements for competitive advantage.
3. Leverage low-cost global sourcing while improving quality.
4. Break down silos between logistics and procurement functions.
5. Improve the quality and capability of their strategic procurement function.

The challenge

Our client, a leading global supplier of branded components to the automotive aftermarket, had recently undergone both a transfer of ownership and a strategic shift from manufacturer to distributor and marketer. The company was facing declining market share driven directly from competitive pricing opportunities that their competitors had been taking advantage of.

As a preferred operational implementation partner for the company's Private Equity owners, Maine Pointe was invited to help transform the supply chain, improve EBITDA and increase competitiveness. Our analysis showed that non-competitive domestic supply agreements and an unmanaged international supply base were restricting growth. However, we also identified an enormous opportunity to achieve sustainable and enduring benefits across business functions.



Overcoming organizational complexities to drive change

Maine Pointe's experienced team worked in close collaboration with the company CEO and divisional Presidents to help break down functional silos and provide insight into pricing opportunities that they were not taking advantage of. As a result, the global procurement organization began its transformation into a world-class structure able to engage with the global supplier community to identify and drive value in their direct and indirect material purchases. More specifically, our client:



- Elevated their position in the market place by allowing procurement to form strategic partnerships which will drive top-line benefits
- Established supplier collaboration councils to allow for transparency which enhanced overall quality, cost and operational efficiencies
- Re-assessed a disadvantageous long-term contract to negotiate out the inefficient and non-competitive aspects
- Delivered a Procurement Management Operating System (PMOS) and Equipment Management Operating System (EMOS) and training to support them
- Reduced the risks associated with low-cost sourcing by adding layers and good business practice

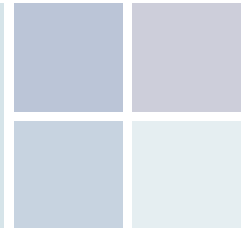
- Achieved full transparency in the cost structure in just 9 months
- Optimized logistics to achieve the first 'quick win' savings within just 8 weeks

Increased optionality and the ability to source better quality products at the most advantageous price have allowed access to different channels and top-line growth opportunities. The procurement function has moved up the maturity curve and has begun to transition away from many of the historic constraints to a new, differentiated model. A model we call Total Value Optimization™ (TVO). The client has implemented all the organizational changes that Maine Pointe has proposed and is committed to using the methodologies going forward.

"I am happy to report that our savings targets were exceeded. We were supported by a strong Maine Pointe team - from the initial analysis to the end of the project - and their practical and linear approach to the project has laid a solid foundation for future improvements within the organization. Accordingly, I would not hesitate to recommend Maine Pointe." CEO

Lessons Learned for Other Executives

- If you don't have transparency with your strategic suppliers, you are leaving dollars on the table
- Leaving your global supply chain unmanaged exposes you to significant risk
- If you use suppliers in low-cost global sourcing environments, you need a structure and process in place in those countries
- Outsourcing manufacturing without the appropriate control can threaten your position in the market place



Want to **drive significant EBITDA, cash and competitive advantage** in your business?

Talk it through with one of our executives
Email info@mainepointe.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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