

# Transforming the supply chain into a competitive weapon

**Step-by-step TVO implementation approach drove transformational results and \$112M of benefits in a complex post-merger environment**

## The results

Our team worked shoulder-to-shoulder with executive leadership and functional managers to drive cultural change and alignment that will be sustained over time.

Along with over \$112M of benefits realized as part of the transformation to date, the following results were delivered at each stage of the journey:

### Phase 1

- Optimized truck fleet and rail operations
- Improved time-to-market
- Reduced logistics costs by 5%
- Saved \$12M, with an additional \$20M in additional savings identified over the following 12 months

### Phase 2

- Aligned leadership and teams behind a common goal
- Delivered \$65M in savings across procurement and logistics
- Created long-term supply relationships
- Consolidated multiple vendors and processes
- Established the operating model required to sustain logistics and procurement savings

### Phase 3

- Aligned and infused sound practices across procurement, logistics and operations
- Established the foundations for a culture of innovation to drive Total Value Optimization™
- Delivered over \$35M in further cost savings across procurement, logistics and operations

## This story is for executives who:

1. Have business units and functions that need to be integrated and want to improve strategic performance
2. Want to start the journey towards transforming their supply chain into a competitive weapon in a pragmatic and measurable way
3. Want to raise the bar on performance metrics, efficiencies and the ability to control and manage their business

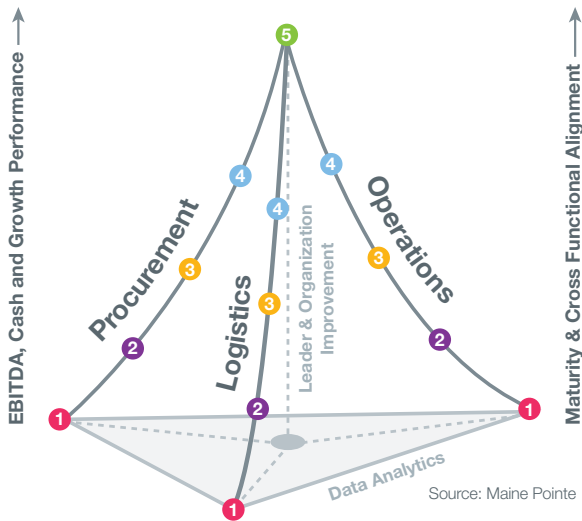
This major manufacturer of commodity chemicals had recently combined the business of two companies into one multibillion-dollar global organization. Company executives needed to rapidly capture value to deliver the synergy targets committed to investors. Maine Pointe was called in to help break down functional silos and barriers and drive value across multiple business units. This was the first step of the client's Total Value Optimization™ journey.

The newly merged company was a combination of two very different cultures and supporting operating models. Individually, each company's maturity across procurement, logistics and operations functions was rated at level 2 on the 5-level Total Value Optimization™ (TVO) maturity curves. The merger of the two entities, while immediately accretive from a financial perspective, had reduced the maturity levels of each of the functions to well below level 2. This drop was caused by a lack of cross-functional and cross-business integration and alignment.

## Phase 1 – Optimized truck fleet and rail operations

Maine Pointe had previously worked with the acquiring company to drive logistics improvements focused on optimizing truck fleet and rail operations. This resulted in \$12M in savings while improving product time-to-market. Our track record for driving measurable results and sustainable change was key to the company's choice of Maine Pointe as their partner in the next, more challenging, post-merger phase of its transformation journey.

### Total Value Optimization (TVO) Pyramid™



### Phase 2 – Synergy across procurement & logistics functions

Following an in-depth TVO analysis, the first phase of the post-merger journey focused on helping drive synergy savings and benefits across procurement and logistics functions. This meant consolidating thousands of incumbent vendors into a very limited number of strategic and accountable partners across all sites. This required the creation of a centralized procurement function that partnered with parts and logistics suppliers to drive savings, operational efficiencies and strategic value across the business.

While developing the sustainability plan, it became clear there were additional areas that needed to be addressed to sustain momentum and accelerate the maturation of the company's buy-make-move-fulfill supply chain capabilities. This led to the next phase of the engagement which focused on driving further cross-functional integration to include operations.

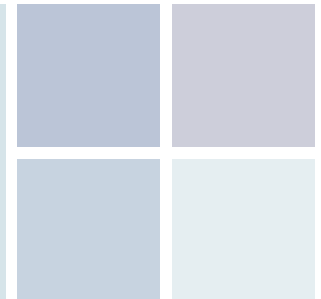
### Phase 3 – Driving value across procurement, logistics and operations

In this phase, the goal was to further build out and enhance the maturity of the company's procurement and logistics capabilities, leveraging innovative supply partnerships. This helped catalyze the transformation of operations, particularly in the areas of maintenance and reliability. While these two additional engagements had different executive sponsors, Maine Pointe maintained cross-functional governance through integrated monthly TVO progress meetings.

Having established center-led functions and sound practices across procurement, logistics and operations, Maine Pointe outlined the next phase of the company's pragmatic TVO journey as it continues to transform its supply chain into a competitive weapon.

#### Lessons learned for other executives

- Having a clear and aspirational vision is foundational to sustainable success
- A TVO journey can start at any point in your value chain, provided leadership is committed to developing differentiating capabilities
- As a company moves up the TVO Pyramid™, cross-functional integration is more critical and yields exponentially higher benefits
- It is possible to change the perspectives of challenging people with experienced personnel, capable of driving change



Do you want to **reduce costs** while **creating the right conditions for growth** and turn your supply chain into a competitive weapon?

Need help to **change and align company cultures post-merger**?

Email [info@maineptune.com](mailto:info@maineptune.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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