

Driving rapid supply chain improvements to exceed exit value expectations



An optimized supply chain simplifies bolt-on acquisition process to fuel growth

The results

By transforming procurement and logistics, the company has become more effective in absorbing acquisitions, resulting in:

- Exceeded PE owner's expectations for exit value
- Helped facilitate a rapid sale of the business
- Centralized procurement and logistics organizations
- Improved EBITDA by 16%
- Achieved a 34% cost reduction – 3rd party transportation spend
- Achieved an 18% cost reduction – private fleet operations
- Achieved a 9% cost reduction – direct and indirect materials
- Realized a 5:1 ROI

This story is for executives who want to:

1. Transform their procurement and logistics functions across multiple acquisitions to help fuel growth
2. Increase exit value and enable rapid divestiture
3. Extract more value from the suppliers

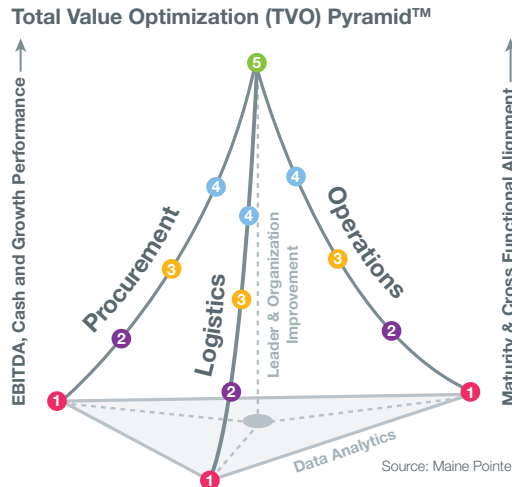
The challenge

This private equity owned, full service specialty chemicals manufacturer and distributor, develops, manufactures and supports a broad range of customized solutions to meet customers' performance, quality, cost, safety and compliance needs in a variety of industries globally.

The company had achieved rapid growth (195% revenue growth) through nine strategic acquisitions and planned to continue to experience significant growth. However, the supply chain processes remained heavily siloed and inefficient with no visibility into spend. In addition, the company was at the end of its investment lifecycle with its PE owner, and was likely going to be put up for sale in the near future. The PE sponsor asked Maine Pointe to support the sales process by working with potential acquirers to better understand the value creation potential of a procurement and logistics engagement that would ultimately drive out inefficiencies and enable them to better integrate future acquisitions.

Professionalizing procurement and logistics

Maine Pointe's analysis of procurement and logistics capabilities across the nine companies revealed that management had little visibility of their own fleet and third party logistics activity. Procurement was fragmented and highly tactical in nature. Senior managers were focused on ongoing acquisitive growth, but were not seeing the opportunity to optimize by leveraging spend, consolidating their supply base, and applying a more strategic approach to rapidly drive significant annualized savings. From a maturity perspective, our industry and subject matter experts assessed procurement as level 1.3 and logistics as level 1.1 on the 5-level TVO Pyramid™. Maine Pointe worked closely with senior executives to professionalize procurement and supply chain areas and improve process efficiency by:



- Implementing a supply chain organization re-design while formalizing roles and responsibilities and developing competencies
- Executing a formal strategic sourcing activity while standardizing the process across the enterprise resulting in moving maturity up to a level 3
- Raising logistics function maturity to level 2, optimizing external spend and reassessing cost/benefit and efficiency of own fleet
- Providing transparency into data to enable them to use it for active management
- Conducting a “focus and alignment” (F&A) process that aligned the organization for supply chain transformation

By transforming procurement and logistics and optimizing the growth that had already occurred, the company has become more effective in its acquisitions. This led to a higher-than-expected selling price and a rapid transfer of ownership. The new owners were so impressed with the accelerated results Maine Pointe delivered that they have now engaged us to help them increase the exit value of another of their portfolio companies.

“The pragmatic approach of the team has laid a solid foundation for further improvements. I would not hesitate to recommend Maine Pointe to another organization.”

VP Operations

Lessons learned for other executives

- Organizational transformation is a critical link to sustainability of savings values
- Acquisitions must be fully integrated to leverage the economies of scale inclusive of private fleets
- Utilization of compliance reporting is essential to active management
- Maintaining a cadence for supplier relationship management via quarterly business reviews leads to savings realization and opens the door for continuous improvement

Do you want to **professionalize your supply** chain and position a company for exit?

Are you struggling to **drive efficiencies across multiple acquisitions?**

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

www.mainepointe.com