

Unlocking significant value and sustainable EBITDA improvement in a co-manufacturing environment

Driving TVO by enhancing visibility and control in procurement function and product mix

The results

Maine Pointe's collaborative, integrated TVO approach delivered the following benefits:

- Improved EBITDA by 45%
- Reduced addressable material spend by 6%
- Achieved 11% savings in transportation despite industry headwinds
- Developed a road map to drive millions in unexpected additional synergies that will result in an additional 22% EBITDA improvement
- Delivered a 4:1 engagement ROI

This story is for CEOs and PE executives who want to:

1. Improve visibility into ingredients and take control of their co-manufacturing environment
2. Reduce costs, improve influence and disintermediate unnecessary cost drivers within their supply chain
3. Upskill their teams and drive sustainable improvements and standards

The challenge

Maine Pointe's client is a leading marketer and manufacturer of nutrition products whose parent company had set out its expectations for continued growth and improved returns. However, as 100% of the company's products are made by co-manufacturers, they did not have visibility or control of their supply chain, especially from a cost, service and quality perspective.

Senior executives contacted Maine Pointe based on our strong track record in the CPG/food & beverage industry and a powerful CEO endorsement from a key co-manufacturer (a Maine Pointe client). Our robust TVO approach and commitment to delivering results convinced them Maine Pointe was the right partner to help drive significant raw material and contract manufacturing savings and a more mature procurement function.

Disintermediating the financial supply chain to enhance visibility

Maine Pointe's team worked through layers of co-manufacturers, management and buyers to gain visibility and control over spend and in-bound transportation. To achieve this, we applied proven process methodology, developed people within the client's supply chain teams and related cross-functional areas and established disciplined execution of these processes. Maine Pointe applied advanced data analytics to give leadership and responsible teams the ability to monitor results, determine variances and take timely corrective action to continuously improve total costs. This gave our client more direct-to-source control of its raw materials and effectively disabled the co-manufacturer's ability to 'speed' (add non-value added cost/margin to the final price paid by our client).



Specifically, Maine Pointe:

- Launched a strategic sourcing initiative using Maine Pointe's six-step process to segment spend within the co-manufacturing community and its suppliers to create the necessary visibility into raw materials, packaging, tolling and waste
- Implemented strategic sourcing tools to leverage and consolidate volume, spend and co-manufacturing capacity
- Combined process and tool development with an intensive training program to bring in expected savings and increase the capabilities of the current team to assure sustainment and improvement of future savings
- Helped leadership gain a thorough understanding of current and future capacities and risk concerns

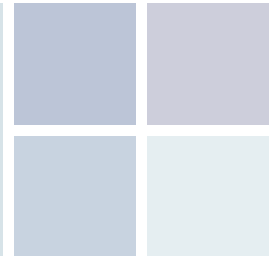
As a result of this initiative, our client has been able, where appropriate, to shift control of its product away from the co-manufacturer. The procurement team has made a quantum leap and transformed its capabilities. In addition, our client now has a much greater understanding of the risks and opportunities not only within its own supply chain but also within its co-manufacturer's supply chain. As a result, the company is better able to partner to create additional competitive advantage with its supplier and contract manufacturer community.

"This initiative has increased our understanding of the competitive dynamics within our supply chain, as well as major risks and opportunities, and we are going to leverage this knowledge to create a competitive advantage."

Client COO

Lessons learned for other executives

- Data analytics drives transparency to your full supply chain, enabling you to unlock significant latent value
- Don't underestimate the need for training to help transform the process, culture and people to achieve sustainability
- There is potential to unlock significant, sustainable savings in a co-manufacturing environment if you know how to uncover opportunities



Are you dependent on co-manufacturers and want to gain more control over pricing, quality and terms?
Want to upskill your team and take control of your supply chain?

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

Email info@mainepointe.com to arrange a call

About Maine Pointe

Maine Pointe is a global supply chain and operations 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 EBITDA, cash and growth across their procurement, logistics and operations. 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 4:1-8:1 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