

Driving measurable results in a low margin, specialized industry

From due diligence to improved competitiveness in a mature procurement environment

The results

Working in close partnership with our client, Maine Pointe's industry and practice experts delivered the following results:

- Reduced procurement costs by 5% in a low margin environment. This helped the firm cross the profitability threshold to enter new markets
- Provided a roadmap to drive further benefits
- Improved supplier relationships to drive value engineering and improve competitiveness
- Created supplier optionality both domestically and internationally
- Achieved a ROI of 3:1

This story is for private equity firms and company CEOs who:

1. Are in the process of due diligence and want to achieve measurable value in the first few months of ownership
2. Operate in a highly-specialized industry with a consolidated supply base and minimal supply optionality
3. Want to drive additional value from a fairly advanced procurement function

The challenge

Having successfully delivered on a number of engagements for this private equity firm, Maine Pointe is a trusted operational improvement partner. As such, they called on us to assist with pre-acquisition operational due diligence at a manufacturer of specialty paper products. The information we provided regarding potential opportunities for value creation, specifically in the procurement organization, gave the PE firm the analytical insights to put in a competitive bid.

Post-acquisition, in a highly-competitive process, Maine Pointe's deep industry and global sourcing experience led the CEO to select us to help realize the improvement opportunities identified.

Taking procurement to the next level in a low-margin, specialized industry

With slim margins and fierce global competition (particularly in their finished goods business) the client was somewhat skeptical about Maine Pointe's ability to add value. The procurement function was relatively mature but, with a limited US supply base, they needed to take action to protect margins and increase competitiveness. To help achieve this, Maine Pointe deployed its global sourcing expertise to drive high-value activity such as value engineering and identify and fill specific maturity gaps. Specifically we:



- 'Conditioned' the supply base for improved responsiveness in service and price
- Worked closely with the client to explore product specifications, reduce cost and expand markets
- Developed and installed a Procurement Management Operating System including procurement strategic sourcing training
- Negotiated lucrative and sustainable incumbent and new supplier relationships
- Expanded the raw material supply base to include non-traditional competitive-cost countries and leveraged anchor pricing domestically

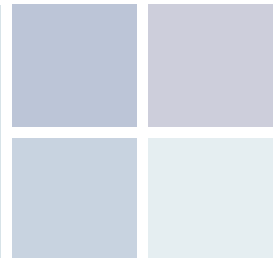
As a result, the risk of clients going direct to suppliers has been greatly reduced and, with less pressure on margins, the company has been able to cross the profitability threshold and enter new markets.

“Maine Pointe promised us industry experts and delivered. They promised us savings and delivered. They promised to leave us with a sustainable process that would continue to yield benefits years down and they delivered. All of this was done while maintaining and strengthening supplier relationships that we have had for more than 20 years. I have the highest regard for Maine Pointe and am happy to recommend them to any company.”

CEO

Lessons learned for other executives

- You can drive additional value out of incumbent suppliers in a limited-supply market
- Conducting operations due diligence helps improve bid confidence and accelerate improvements post-acquisition
- There is a real opportunity for companies with relatively mature procurement to use external expertise to drive high-value activity and fill specific maturity gaps



Need help to identify and size potential value creation opportunities pre or post-acquisition?

Want to find out how Maine Pointe's industry and practice experts can help your organization achieve the triple effect of cash, cost and growth?

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 Us

Maine Pointe, a member of the SGS group, 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 procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the plan-buy-make-move-fulfill supply chain to deliver the greatest value to customers and stakeholders at the lowest cost and risk 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.

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