

Optimizing procurement to drive value in a consolidating market



Achieving a 20% EBITDA improvement at an accelerated pace in a limited supplier market

The results

Maine Pointe's subject matter experts worked closely with our client's senior executives and procurement team and:

- Improved EBITDA by 20%
- Reduced raw material cost by 11%
- Delivered 'quick win' savings within 7 weeks
- Achieved a 45% improvement in payment terms (cash release)
- Established supplier agreements that guard against price increases and secure reliability of supply
- Strengthened supplier relationships and implemented a collaborative supplier model
- Positioned the organization to capture a greater market share in a consolidating market
- Achieved a 3.5:1 ROI

This story is for executives that:

1. Need help embedding and building a supply chain strategy with a newly formed executive team.
2. Want to strengthen their relationships with strategic suppliers in a limited supplier market.
3. Want to drive greater market share in a consolidating market.

The challenge

The owners and newly formed management team at this specialty chemicals manufacturer were in the throws of a major rebranding campaign. A key objective was to rebuild the company's poor reputation in the market place in order to achieve an accelerated timeline for acquisition. However, efforts to achieve this objective were being impeded by the company's lack of any strategic procurement organization or process. With no internal or published specification requirements and non-existent procurement contracts and agreements, executives had no transparency and only a limited understanding of the products they were buying. As a result, the company was locked into a single source supply chain without any qualified alternatives.

Executives approached Maine Pointe as a trusted partner of the private equity owner. They asked us to help them rebuild the company's damaged reputation within the supplier community, establish procurement processes and systems and carry out supplier conditioning to obtain better value from their existing suppliers.



Implementing a world-class procurement system

Maine Pointe's strategic procurement experts, supported by our Leader and Organization Improvement (LOI) program, worked closely with the company's CEO, CFO and cross-functional teams. Together, we designed and implemented a world-class Procurement Management Operating System. This provides the capability to integrate additional spend (organic or acquisition) and sustain the benefits. It will also ensure a high level of supply chain management going forward. Our solution included:



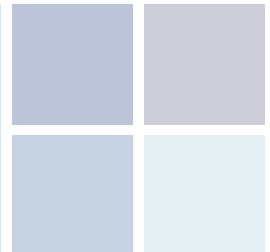
- Fast-tracking incumbents' negotiations and sourcing events to accelerate cash realization
 - Conducting an executive level strategy program to develop a high performance organization culture
 - Leveraging a supplier forum to reintroduce the new organization while establishing new relationships
 - Developing a collaborative executive level supplier strategy designed to foster a true win-win approach
 - Creating strategic sourcing levers to de-leverage incumbents and mitigate future reliability risk
- Developing an existing materials qualification program which included internalized specifications and an accelerated stage-gate process to evaluate non-qualified materials
 - Building a base of 'future suppliers'

The accelerated results these initiatives yielded far exceeded our client's expectations. This is, in no small part, due to the close involvement of C-suite executives who, coached by Maine Pointe's team, led negotiations throughout the engagement. This helped the organization to ensure that it was building sustainable strategic relationships with its existing supplier base.

"Having been involved in other procurement processes in the past, Maine Pointe by far exceeds all other firms (I have worked with) and is the most professional and effective solution for achieving savings and operational excellence in strategic procurement. Not only did we exceed our savings goals, Maine Pointe has enhanced our corporate culture as they set a high standard of professionalism and methodical processes that our team has adopted in other areas of the business. I would recommend Maine Pointe, LLC to any company looking to change the game in their procurement function and to enhance the overall effectiveness of their company." CEO

Lessons learned for other executives

- Close interaction between senior executives and supply chain stakeholders helps to build strong, sustainable relationships which drive extra value for suppliers
- CEO involvement throughout a transformation project creates confidence and drives sustainability of the value delivered
- When you are rebranding your company, it's essential that you rebrand to your supplier base as well as your customers to embed change



Want to **change the game in your procurement function** and enhance the overall effectiveness of your company?

Want to **significantly improve your supplier relationships**?

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™.

www.mainepointe.com