



## Using strategic procurement to improve competitiveness and penetrate new markets

Aligning procurement with product development and operations for enhanced impact

### The results

Maine Pointe's experienced team helped our client:

- Enhance the functionality and value of their existing product portfolio
- Improve competitiveness
- Achieve immediate 10% YOY savings on direct materials cost with existing suppliers
- Improve EBITDA by 10%
- Decrease supply risk
- Move the company's procurement team and capability up the maturity curve
- Identify first 'quick win' savings within 12 weeks
- Implement best-in-class strategic procurement procedures
- Achieve a ROI of 4:1 in year 1 leading to 5:1 in year 2

### This story is for executives who want to:

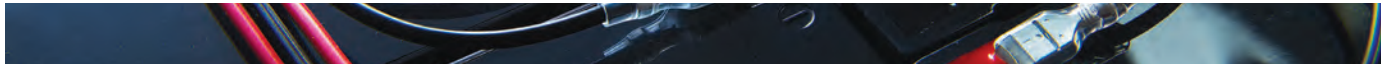
1. Strengthen their procurement function to effectively break into new markets and improve competitiveness
2. Improve performance and enhance cross-functional alignment in a highly regulated and complex high tech environment
3. Extract more value from the supplier environment regarding their product portfolio

### The challenge

This specialty chemicals and materials company is a leader in advanced battery technology. The business has historically focused on providing advanced batteries, battery management systems, and energetic devices for defense, aerospace and medical markets.

The company was already profitable, with >20% margins. However, as new competition threatened to disrupt the market, their customers were demanding aggressive price roadmaps. The PE owners needed to affect rapid and sustainable changes to their cost structure.

Maine Pointe was initially engaged to help infuse best practice and operational excellence across the organization. This resulted in 31% productivity improvement and a 9% increase in EBITDA. During the course of the engagement, which stripped away unnecessary waste and inventory, we exposed other areas that could be addressed by having the right supply base and partners in place. As a result, senior executives invited us to help them take the next step on their supply chain transformation journey towards Total Value Optimization™. Our challenge was to help them to not only maintain/regain current business but also penetrate new markets.



## Cross-functional alignment in a high tech, high-end market

Our initial analysis had uncovered a cost plus culture and, as we looked deeper into the client's procurement function, we found that it was very immature. To move procurement up the maturity curve, our subject matter experts helped the client better define applications and requirements of a highly intellectual high-end technology environment. To do this, we integrated the procurement process into the development and operations functions. We achieved this through:



- The application of rigorous procurement methodology to leverage spend across multiple product categories, driving double-digit cost reductions on direct materials
- Transformation from tactical purchasing to a strategic sourcing organization
- Implementation of a competitive bidding environment with the addition of new suppliers
- Establishment and training of cross-functional teams to break down organizational silos and promote trust
- Formalization of supplier relationships through long-term agreements; no longer reliant on handshake deals
- Installation of a Procurement Management Operating System (PMOS) to ensure savings are repeatable and sustainable

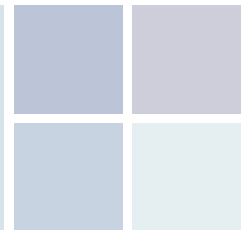
As a result of the tools and training we helped implement, our client is now empowered to make better choices and has higher visibility into the value components of its products. This gives them the ability to respond rapidly to new market requirements. This strengthened position has enabled them to recover lost business and penetrate new markets to gain market share.

*“Maine Pointe’s approach was to deploy very knowledgeable technical detailed resources on the ground that worked hand in hand with our employees to understand the operation and develop the right tools for the business to drive the success we needed. From my experience, this sets them apart from other consulting firms.”*

Senior Executive

### Lessons learned for other executives

- Waste and inefficiencies are created when your R&D and operations are not aligned with your supplier community
- Incumbent suppliers are not necessarily the best suppliers and can lead to sub-optimal results
- Alignment across the organization and supply chain partners is key to penetrating new markets



Want to **improve competitiveness** in your business?

Need help to **regain lost business** and break into new markets?

Talk it through with one of our executives.

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

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