



Improving end-to-end supply chain cost, cash and growth in a complex, high-tech global industry

Leveraging TVO for improved operational performance, asset rationalization and accelerated optimization across two continents and five countries

The results

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

- Improved EBITDA by 32%
- Reduced global procurement spend by 10.9%
- Improved operational efficiency by 6%
- Improved supply chain maturity from below level 2 to above level 3 on the 5-level TVO Maturity Pyramid™
- Aligned global strategic sourcing, focus on supplier conditioning and leverage negotiations
- Rationalized 3 internal manufacturing facilities leveraging EMS suppliers and lower-cost internal operations
- Established accountability and enhanced collaboration and integration in all phases of sales, inventory, operations and planning
- Reduced errors and ineffective supplier selection through enhanced new product introduction process

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

1. Reduce organizational footprint in an accelerated fashion while being sensitive to shareholders, customers, employees and suppliers
2. Accelerate reduction in operating costs, increase available cash and position company for growth
3. Rapidly increase EBITDA growth while improving collaboration and integration

The challenge

Our client is a high tech solutions provider which offers technologies and products that connect people to vital travel information. The company's global footprint allows it to provide a broad range of expertise and knowledge to meet or exceed the specific requirements of customers around the world.

Initially the organization's PE owners and leadership reached out to Maine Pointe for help with outsourcing. However, during the course of our discussions, they realized the potential of TVO to significantly change the entire supply chain. This led the client to significantly expand the scope of the engagement to kick-start the transformation of processes, systems, and organizations across the entire global business and help achieve their vision of becoming an innovation-led manufacturer.

To do this, leadership wanted to change the company's overall production footprint, streamline its new product introduction (NPI) process and drive a more strategic procurement process.

Delivering TVO in multiple facilities across two continents and five countries

Our analysis team found that there were only limited business rules and little accountability in dealing with suppliers. As a result of growth through acquisitions, the company was working with over 1,500 suppliers and had high cost bases in Germany and Canada. Sales and engineering were driving supplier definitions, leaving little room for strategic procurement activity. There was a sound NPI process with clear stage gates, but it was often not used. This led to time and budget overruns. Leadership did not have a holistic overview of operations and cross-functional teams did not have defined accountabilities and responsibilities. Based on this, our initial assessment put the organization's overall supply chain maturity below a level 2 on the TVO Pyramid™.

We worked closely alongside the CEO to help realize the client's strategic vision. To achieve this we took our TVO approach across the organization, deploying advanced data analytics to provide visibility of the end-to-end supply chain, encompassing asset rationalization, sales & operations planning, new product introduction, leader and organization improvement and data analytics.

Specifically, we:

- Aligned leadership around business rules and created global vision and mission
- Developed and defined "the client way" with a supporting ORCI matrix and clearly defined roles and responsibilities across the organization
- Modeled, developed, and secured leadership agreement on a transfer of manufacturing operations to internal lower-cost operations and relevant EMS providers for operations in Germany and Canada
- Focused on quick-win supplier negotiations, followed by supplier strategy leading to new agreements, preferred pricing and incentives
- Defined and trained a procurement management operating system (PMOS) to ensure sustainability and ongoing improved supplier relationship management
- Trained the operations team in the US and rolled out a new operating model while improving customer service, on-time in full delivery, and operational efficiency with relevant key performance indicators
- Defined and aligned the new product introduction (NPI) process model and playbook for global application in engineering and design
- Developed, agreed and implemented a cohesive, cross-functional sales, inventory & operations planning process across the organization and gained buy-in across all areas

In a challenging sector, and despite significant geopolitical headwinds, our client achieved an EBITDA improvement which exceeded all expectations.

Lessons learned for other executives

- Taking direct, correctional action can move your organization from thinking to measurable progress
- Strong leadership at C-suite level is a critical success factor in a broad-reaching organization-wide transformation project
- There is an opportunity for significant operational improvement in even the most specialized business

Are you ready to kick start your TVO transformation journey?

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, a member of the SGS Group, 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, 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 digital 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. www.mainepointe.com