



Protecting continuity of supply and consistency of pricing in a volatile global market

Optimizing strategic procurement and distribution network across an organization post-merger

The results

Working closely with the client's team, Maine Pointe's collaborative, integrated TVO approach delivered the following benefits:

- Annualized savings represent a 53% run rate improvement over the previous year's reported EBITDA
- Produced over 1,000 product specifications that did not previously exist to support future sourcing initiatives
- Created supplier optionality in low-cost countries to reduce the risk posed by tariffs on Chinese products
- Increased efficiency of distribution centers and improved customer service
- Trained and mentored client team members in the 6-step strategic sourcing process
- Rationalized existing distribution center opportunities and identified expansion opportunities
- Reduced distribution network operating costs by 11%
- Delivered a 3:1 engagement ROI
- Developed and implemented comprehensive management operating systems to ensure sustainability of engagement benefits

This story is for CEOs and PE executives who:

1. Are buying from low-cost countries in a volatile global market
2. Want to optimize distribution networks in an organization that has experienced accelerated growth through acquisition
3. Need to rapidly increase the value of an add-on to prepare for sale

The challenge

To expand its product line and geographic coverage, this national distributor of restaurant supplies had grown significantly through multiple acquisitions over a three-year period.

The organization was in the process of integrating its acquisitions to create a unified core offering. Leadership engaged Maine Pointe to help with this process by breaking down silos across the supply chain, introducing strategic sourcing methodology and optimizing the distribution network.

Maine Pointe was asked to help create a center-led strategic procurement function capable of leveraging demand across all the acquired businesses, creating competition, introducing new suppliers and reducing the total number of suppliers. At the same time, our logistics experts worked with the client's team to develop a plan to optimize the distribution center network, reduce freight costs and improve customer service.



Optimizing and integrating the supply chain post-merger

Maine Pointe's analysis revealed that the company had been focused almost exclusively on its short-term needs. Procurement was tactical rather than strategic and key categories lacked clear long-term strategies. The client was managing inventory and customer deliveries through three primary distribution centers and seven third-party warehouses. Two of the three primary distribution centers were already operating at full capacity, resulting in sub-optimal logistics and poor customer service.



To overcome these challenges, Maine Pointe:

- Introduced its 6-step strategic sourcing process to guide cross-functional teams
 - Helped mitigate the risk of an escalating trade war with China by properly engaging existing suppliers and creating optionality by qualifying new suppliers from other low-cost countries
 - Launched several strategic sourcing events consisting of one-on-one supplier meetings, multiple RFX and facilitated negotiations
 - Optimized the distribution network to reduce cost-to-serve
 - Developed processes, practices and plans to reduce obsolete, slow moving and low margin inventory with trained resources
- Deployed advanced data analytics to build a computer model of the supply chain which incorporates real-world constraints and business rules, resulting in multiple potential operating scenarios. The computer model was used to evaluate these scenarios, conduct greenfield analysis, and develop a recommended plan of action for improving supply chain performance
 - Helped leadership gain a thorough understanding of current and future capacities and risk concerns
 - Helped establish a cross-functional strategic supply chain steering committee
 - Provided training and mentoring to ensure the client's team has the necessary skills and processes to transfer knowledge and sustain improvements

As a result, the client now has a solid operating platform to work from when acquiring new businesses and integrating them into the enterprise order fulfillment network.

Lessons learned for other executives

- Post-acquisition, it is important to focus on integrating the supply chain and operations as well as P&L
- You can protect your supply chain against the impact of tariffs and trade war while still maintaining relationships with your existing suppliers
- If you are a distribution company you need to optimize the speed and scale of supply chain and have a common platform to work from to ensure high quality customer service

Are you struggling to integrate multiple companies and distribution centers post-acquisition?
Do you need to create supplier optionality and mitigate the risk posed by tariffs and trade war?
Talk it through in a no obligation phone call or meeting with one of our executives.
Email info@maineprime.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.maineprime.com