

Combining predictive analytics and procurement expertise to drive measurable value in commodity procurement

Maximizing business value before exit

The results

Working in close partnership with our client, Maine Pointe's data analysts and procurement subject matter experts delivered the following results:

- Achieved a 4.3% reduction of cost with the potential for further savings in the next year. This is a significant saving on the specific category commodities in a low-margin industry
- Moved procurement organization from level 1.5 to a 2.5 on the TVO Pyramid™ with a roadmap to reach 3.5 in the next year
- Delivered a 3.6:1 ROI

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

1. Have complex spend categories that are highly volatile and not necessarily linked to clear indices
2. Want to make use of advanced forecasting models to become a smarter buyer and improve margins
3. Would like to leverage economies of scale for sustainable savings

The challenge

Recognizing Maine Pointe's proven ability to accelerate EBITDA realization and ultimately increase exit valuations, this private equity client called us in to help them rapidly increase the valuation at a specialty chemicals company they were preparing for sale.

Maine Pointe was asked to conduct an analysis of the company's procurement function to identify and accelerate strategic sourcing savings and formalize supplier relationships. Our solution involved Maine Pointe's proven 6-step strategic sourcing solution as well as a sophisticated predictive analytics model that has changed the game for our client's procurement team.

Leveraging predictive analytics to create a competitive advantage

During our analysis, Maine Pointe realized that, while the CEO had a clear understanding of what a 'good' procurement organization should look like, he was working with a new, inexperienced and underskilled team. Most areas of spend were loosely managed and economies of scale and spend across business units for common products were not being leveraged. The organization dealt with highly volatile, specialty categories and some commodities that were not particularly tied to any index, making it difficult to determine where the pricing point should be. To overcome this, Maine Pointe's data analytics team worked hand-in-hand with our procurement subject matter experts and our client's team to:



- Develop and implement a predictive analytics model capable of allowing the supply chain and sales organizations to look at current, targeted pricing indices and use that information to predict raw material price fluctuations, allowing the client to buy and sell at more competitive prices
- Capture procurement savings opportunities as quickly as possible while training the client's team to improve supplier management skills and competencies
- Implement Maine Pointe's six-step sourcing methodology to professionalize the tendering process
- Target millions of dollars of annualized benefits which the procurement organization can sustain by applying common structure and process to the recurring requirements of existing or acquired businesses

As a result, the client is able to improve margins by buying smarter and is considering applying Maine Pointe's Total Value Optimization™ approach in a more holistic way across its end-to-end supply chain.

"This is fantastic, it's insight we have never had before, our data used to be terrible! Maine Pointe pushes hard and 'reaches for the stars', helping us achieve in 8 months what would have taken us years to accomplish." – CEO

Lessons learned for other executives

- Categories that are out of scope due to perceived lack of savings are worth looking into and can drive value
- Insights from data analytics help drive improved margin awareness and smarter buying strategies
- It is essential to have the right people in the right places with the right skills to drive and sustain improvements

Need help to harness the power of data analytics?

Want to find out how Maine Pointe's data analysts and 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 Maine Pointe

Maine Pointe, a member of the SGS group, 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 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 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)™.