



Post-integration distribution network alignment to release cash, reduce cost and improve performance

The results

Maine Pointe's network strategy team worked closely with the client to build a distribution network optimization plan that achieved the following results:

- Reduced overall distribution network operation cost by 11%
- Rationalized existing distribution center locations
- Identified distribution center expansion opportunities
- Identified new west coast distribution center location (greenfield analysis)
- Reduced distribution center handling costs by \$0.64M
- Reduced freight costs by \$3.4M
- Increased efficiency of distribution centers and improved customer service

This story is for CEOs, PE executives and supply chain leaders who:

1. Need to optimize distribution networks in an organization that has experienced accelerated growth through acquisition
2. Want to rapidly increase the value of an add-on to prepare for sale

The challenge

This growing national distributor of restaurant supplies has grown significantly through acquisitions over the last three years. The organization was in the process of integrating its acquisitions to create a unified core offering and engaged Maine Pointe to implement its TVO approach and help break down silos across its supply chain.

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. As none of the centers was able to hold the full complement of inventory required to service customers, shipments were sent from different distribution centers depending on where the product was stocked. As a result, the average distance from distribution center to customer was 641 miles (four days for LTL shipments and two days for full truckload). In addition, a review of customer shipment history revealed many customers were receiving multiple LTL and small package shipments from the same distribution center each week, leading to extra freight and handling costs.

The solution: network optimization strategy

Using network optimization and greenfield analysis methodology, Maine Pointe developed a plan to expand the distribution center network, reduce freight costs and improve customer service.

Leveraging the client's existing data, Maine Pointe's logistics and data analytics experts built a computer model of the supply chain. Maine Pointe established a cross-functional steering committee and consulted key stakeholders across the supply chain to ensure real-world constraints and business rules were incorporated into the model, resulting in multiple potential operating scenarios. The computer model was then used to evaluate these scenarios, conduct greenfield analysis, and develop a recommended plan of action for improving supply chain performance.



This plan included:

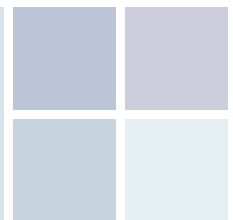
- Rationalizing existing locations (expansion if necessary)
- Identifying a suitable location for a new distribution center
- Allocating inventory and optimizing internal delivery routes to the right centers to improve efficiency
- Reducing the number of shipments to customers, improving on-time in full (OTIF) order fulfillment

Maine Pointe's team also outlined a shipment consolidation strategy to reduce the number of overall shipments to customers and save \$0.7M per year.

With the establishment of a strategic supply chain steering committee, knowledge transfer, a network optimization framework, and a cross-functional team in place, the organization now has an operating platform to work from when acquiring new businesses and integrating them into the enterprise order fulfillment network.

Lessons learned for other executives

- You cannot underestimate the value of data to drive informed decision making
- It is important to fully involve stakeholders and suppliers in your supply chain transformation journey
- Post-acquisition, it is imperative to focus on integrating the supply chain at the same time as P&L



Need help to optimize your distribution network post M&A?

Want to reduce freight cost, increase efficiency and improve customer service?

Email info@mainepointe.com

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.mainepointe.com