

Improving performance for a newly independent company post-carve out

Implementing new operating processes and procedures to improve competitiveness in a highly complex business environment

The results

Working in close partnership with our client, Maine Pointe's holistic Total Value Optimization™ approach delivered the following results:

- Improved true performance visibility across the supply chain
- Improved gross profitability by 14.4%
- Achieved a 24% reduction in direct spend and a 23% reduction in indirect spend
- Realized a 20% reduction in direct and indirect support labor cost while maintaining output per crew
- Helped transition to an alternate mode of transportation and renegotiate with incumbent carriers
- Delivered a 3.2:1 ROI

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

1. Need to rapidly improve performance pre and post-divestiture
2. Want to improve competitiveness in challenging market conditions
3. Want to cut costs by improving operational efficiency

The challenge

This private equity client initially called in Maine Pointe to support their stand up of a carve out from a major multinational pharmaceutical and consumer goods company.

Working closely with our PE partner, we ensured that the critical functions of the carved-out organization, an API (Active Pharmaceutical Ingredient) manufacturer were in place and capable of running as an independent company within 14 weeks.

Post-carve out, the newly formed company needed to improve operations efficiency and increase competitiveness in a highly-regulated and complex market. They asked Maine Pointe to help identify areas for value creation opportunity within the new, independent company's procurement, logistics and operations.

Establishing a carve out in a complex, highly-controlled market

Working closely with the client, Maine Pointe's industry and subject matter experts identified several areas for performance improvement and growth across the supply chain:

Procurement: As a result of the carve out, the company didn't have a set of procurement processes and procedures. Having lost their advantageous position (as part of a large multinational), they needed to quickly establish market identity and leverage within the supplier community. To help achieve this we:



- Conducted a supplier forum, with presentations from senior executives to share strategic vision and highlight opportunities to leverage additional spend
- Implemented a formal process to competitively bid for key commodities and services
- Developed a systemic approach to consolidating & controlling spend, engaging potential and incumbent suppliers in negotiations, and reviewing supplier and market performance on a regular basis
- Conducted negotiation effectiveness training for buyers and selected end-users

As a result of the work we did, the company has embraced the need to implement best practices. The PE firm has since introduced Maine Pointe to another restaurant organization that is in need of specialist support.

Logistics: The company was shipping all product by air and had not fully explored other modes of transportation. Maine Pointe helped them cut costs by making the transition to ocean freight.

Operations: This was the key area for improvement. Despite declining demand on multiple products, production was still scheduled 365 days, around the clock. There was no clearly defined procedure or daily oversight for processes ranging from 12 to 120 hours and an absence of operational accountability. Maine Pointe helped the company transition to fewer shifts and less hours, eliminating excess labor and non-value-added work while maintaining quality and output. More specifically, we:

- Installed an optimized, demand-driven production schedule and shift pattern
- Conducted leadership effectiveness training for supervisors and process engineers
- Coordinated operations, engineering, quality, planning and maintenance resources into cross-functional teams which developed step-by-step operator playbooks for each process, reducing cycle time and developing a tool both to train and drive productivity of each shift
- Developed an optimized, resource-constrained and demand-driven production schedule
- Designed and implemented management operating systems to drive productivity and quality of operations, planning, maintenance and quality

As a result, the company has progressed from a culture of low accountability to a dynamic, engaged and accountable culture. Armed with the tools to match demand to resources they now have the capability to make further savings as business conditions change.

"The work you've done, not just the results but the way you've gone about working with our people, is unlike anything I've ever seen." – CEO

Lessons learned for other executives

- You can achieve the same contract terms after a carve out if you approach suppliers in the right way
- You can move from a 7 to a 5-day operation and maintain production level and quality
- Even companies dealing with dangerous, controlled substances have the option to explore alternative transport modes

Need help either pre or post-carve out?

Want to find out how Total Value Optimization™ can help your organization?

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 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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