

Strategically and organizationally repositioning a retailer to successfully compete in a rapidly evolving marketplace

**Cultural change was a critical element in enabling achievement and sustainability
of new strategy, operating model and multimillion-dollar savings**

The results

Maine Pointe's Leader & Organization Improvement enhancements enabled the CEO's vision for change, leading to the following critical project results:

- Conducted a focus & alignment workshop for senior leaders to ensure buy-in to the new vision, values, 5-year goals and immediate objectives
- Designed a strategic re-structuring of the organization to focus on more effective & efficient end-to-end supply chain processes
- Developed and implemented an intensive change-management program to ensure changes were effective and sustainable
- Combined clear project goals, objectives and accountability
- Decreased working capital by 25%
- Reduced cycle time by 15%
- Reduced logistics spend by 6%
- Delivered in excess of 10% savings on prior year purchases with a clear strategy to generate further year-on-year savings
- Reduced small parcel and domestic trucking costs by more than 5%
- Improved variable warehousing costs by 10%
- Saved tens of millions of dollars in procurement costs
- Achieved a 5:1 ROI

This story is for CEOs and PE executives who:

1. Need help to bring about cultural transformation and redesign their organization to successfully face critical business challenges
2. Are operating in an industry with a shrinking market and need to combat the threat posed by disruptive business models
3. Are dealing with organization structures with strong tribal knowledge but unclear executive roles and responsibilities

The challenge

This family owned, billion dollar omni-channel mail order and electronic retail company was facing significant financial headwinds from new disruptive business models.

Operating in a world of declining sales and shifting margins, executives were aware that their future existence was under threat. Changing buyer behavior meant the existing business model was rapidly becoming outdated. The company's leadership recognized this and understood its culture would have to evolve alongside its supply chain and operations processes to compete successfully in a rapidly changing industry.

Maine Pointe was engaged to help streamline the organization, optimize the supply chain, and solve the problems of excess inventory, SKU proliferation, and above-market freight and warehousing costs. Crucially, our client wanted Maine Pointe to achieve these goals without reducing either the headcount or their brick and mortar investments.

Maine Pointe's analysis revealed poor cost control and limited cross-functional alignment. The company had a vast amount of data at its disposal but lacked the necessary tools to harness it. These issues, in conjunction with a widespread reluctance to change the current 'culture of consensus,' were contributing to a situation that, if not quickly improved, could be extremely harmful to the business.

Transforming company culture through LOI

Leader and Organization Improvement (LOI) was the cornerstone of this engagement. We worked closely with the organization's CEO, senior team and HR organization to effect a total change in its culture, processes and cross-functional relationships.

Specifically, Maine Pointe's LOI and cross-functional teams helped our client:



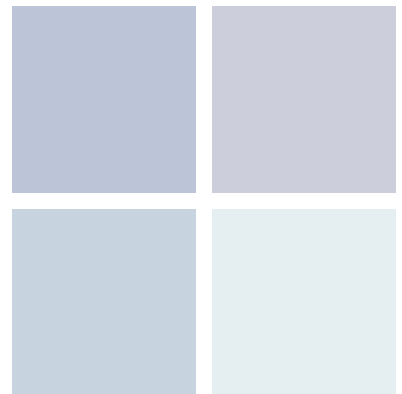
- Establish clearer roles, responsibilities and accountability using Maine Pointe's proprietary ORCI® (owner, responsible, consult, inform) framework
- Transform the design of its supply chain organization based on new processes in merchandising and other areas
- Define clear goals and objectives as part of a focus & alignment working session with leadership. These were cascaded into the ORCI® framework and the right KPIs were established to measure success
- Design and execute a change management program that drove culture change and enabled employees to understand and adopt the new business model
- Conduct a skills assessment of leadership in the merchandising team, enabling HR to align talent development needs
- Design and implement a new procurement management operating system (PMOS) for merchandising and a management operating system (MOS) for the broader organization
- Create procurement service level agreements (SLAs) between departments involved in the supply chain

The new business model is centered on creating a focused, aligned and accountable organization which is capable of delivering on strategy and growth objectives. This will secure the future of the company, changing the way they go to market and how they supply themselves.

Going forward, this will ensure the company has the right people with the right skills to maintain the benefits Maine Pointe helped deliver, and drive further improvements.

Lessons learned for other executives

- Being focused and aligned with clear accountabilities to organizational goals is critical to achieving sustainable change
- It is possible to move from a relationship culture to a performance-based culture, improving performance and establishing clear expectations without compromising the integrity of relationships that are core to your value and vision
- Designing a new organization structure capable of supporting strategic goals through efficiency-based functional alignment, clarity in roles & responsibilities, role-specific competencies and key performance indicators is a necessary enabler for new MOS and performance-based culture changes



Need to respond to new disruptive business models in your market?

Want to drive measurable improvements across your business?

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 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