

Taking high-performance operations and procurement functions to the next level

Accelerating EBITDA and reducing working capital

The results

- Improved EBITDA by 26%
- Delivered a cash neutral project with a 17-week engagement
- Cut manufacturing cost by 10%
- Reduced raw material cost by 5%
- Reduced complement at the plant site by 15%
- Reduced working capital by \$100,000 on a sustainable basis
- Enhanced the skills and capability of the procurement and operations functions to ensure sustainability
- Strengthened vendor relationships and implemented a collaborative supplier model
- Achieved a ROI of 4:1

This story is for executives that:

1. Believe that their procurement and operations are performing well and don't see any value in engaging an external implementation consultant.
2. Need to achieve accelerated savings in preparation for a divestiture of a business unit.
3. Want to improve the capability and expertise of their procurement function.

The challenge

This specialty materials and specialty chemicals company wanted to increase multiples of a business unit. The company had already implemented a number of internal improvement initiatives, which had resulted in some savings. SGS-Maine Pointe was engaged to deliver additional savings at an accelerated rate.

Partly due to a previous bad experience with another consulting firm, some executives at the local level were hesitant about involving SGS-Maine Pointe. Executives felt that their procurement and operations were already working well and that there was no further value to be added. In addition, they were concerned that our involvement would cause them to lose control of who their vendors were.

Elevating procurement and operations functions

Our team understood that their first priority was to win over the CEO and Plant Manager. We worked closely with them to prove our specialist expertise and unique capabilities to drive additional value across procurement and operations functions. Specifically, our team worked shoulder-to-shoulder with personnel at all levels in the organization to:

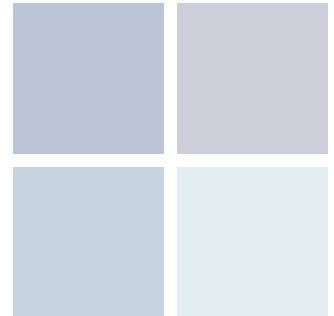


- Fast-track negotiations and sourcing events to accelerate cash realization
 - Leverage chemical distributors capabilities to develop a true win-win approach
 - Create strategic sourcing levers to de-leverage incumbent and mitigate single-sourced rare commodity risk
 - Develop top-level executive supplier relationships to address strategic initiatives for near-term and future imperatives
 - Install a Management Operating System (MOS) to manage plant performance on a daily and weekly basis and drive actions to meet plant goals
 - Install a Master Production Schedule to drive accountability and collect metrics that drive continuous improvement
 - Develop a system to collect and recycle line and tank flushes, reducing waste disposal and raw material costs
- Introduce new work practices in maintenance to drive accountability and reduce cost
 - Help drive rapid improvements on the shop floor and ensure a sustainable workforce perfectly sized for the production they had
 - Negotiate improved terms from existing vendors

Once convinced of our capabilities, managers were open-minded and eager to learn our approach to enhance their own, already high, levels of competency. This led to accelerated results, achieving savings that they thought would take two years in just three months.

Lessons learned for other executives

- Having experienced, seasoned consultants working with your teams can accelerate significant savings
- You can achieve a cash neutral project that will deliver measurable sustainable savings sooner than you think
- Enhancing the maturity of your procurement function before divestiture will have direct impact on multiples
- You can drive additional value out of your existing vendors
- Working with an operational consultant can make a good organization better



Want to find the opportunities in your business?

Want to find out how **SGS-Maine Pointe** can help you to increase the value of a business unit? 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 SGS-Maine Pointe

SGS-Maine Pointe 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 around the world. As specialists in procurement, logistics and operations, SGS-Maine Pointe is uniquely positioned to accelerate measurable improvement across the buy-make-move-fulfill supply chain to deliver the greatest value to customers and investors at the lowest cost to business through Total Value Optimization™.

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