



# Driving down total delivery costs while enhancing the customer experience

Optimizing the distribution footprint and reducing overall cost-to-serve will enable future growth

## The results

Maine Pointe's subject matter and industry specialists helped the client gain visibility, reduce costs and enhance customer service.

- **Logistics**
  - Achieved 15% savings across linehaul
  - Obtained 21% savings across final mile with enhanced and branded customer experience
- **Moved from 0% dedicated final mile deliveries to 90% (with client-branded trucks and personnel)**
- **Warehouse Operations**
  - Delivered in excess of 8% in benefits from reduction of indirect labor
- **Distribution Center**
  - Identified ideal new location for distribution center (including square footage) to optimize cost and service
- **Attained a 27% total delivery cost reduction**
- **Improved EBIT by 23%**
- **Realized a 4:1 engagement ROI**

## This story is for CEOs and PE executives who:

1. Sell exclusive products to customers who expect a premium quality service
2. Want to enhance the customer experience
3. Value their existing suppliers highly

## The challenge

Our client is a high-end furniture retailer with stores across the United States. The company's business model focuses on designing its own products, finding the best manufacturers and delivering direct to its discerning customers.

An increasing number of retailer options in the market, including online direct-to-customer furniture companies, has put pressure on leadership to drive down costs while maintaining a preeminent delivery experience.

Maine Pointe was brought in to focus mainly on SIOP, logistics and warehouse operations. Our goal was to optimize our client's distribution footprint and reduce the overall cost-to-serve to enable future growth.

From the outset, the client made it clear that any reduction in costs must not be to the detriment of the overall customer experience. Additionally, their existing relationship with trucking and final mile delivery service providers must be handled with extreme sensitivity.

## Reducing costs while enhancing the customer experience



Maine Pointe's analysis revealed a quality-focused, design-driven business with high margins across its product lines, which it wanted to maintain. The business places great importance on providing an exceptional experience to its customers who expect a very high level of product quality and service.

Sales and inventory operations planning (SIOP) was tactically focused, warehouses were near to capacity, there was no directed putaway and no visibility to indirect labor activity. Final mile delivery was undertaken by highly valued incumbents with a focus on service rather than pricing. All final mile providers were using their own trucks and personnel branded with the 3PL name. Contracts were often driven by the vendors and there was limited cross-functional communication between our client's leadership team, resulting in siloed decision making. Maine Pointe implemented a multifaceted Total Value Optimization (TVO)™ approach with strategic focus on warehousing, operations and logistics, followed by enablement using SIOP and data analytics tools.

- Reduced overall logistics spend through intermodal, linehaul (from warehouse to distribution) and final mile ('white glove' home delivery)
- Created a new 'brand right' final delivery service experience for customers. This included moving from 0% client-branded truck and delivery associates to 90%
- Optimized warehouse operations and indirect labor activity using technology, reporting and rigorous management
- Carried out distribution network modeling to optimize warehouse locations, stock and cost to deliver
- Implemented directed putaway to minimize transit time from dock to slot
- Brought more vendors to the table to challenge incumbents and pressure them to provide relevant savings
- Built a new SIOP dashboard to visualize the impact of sales, inventory and receipts in order to minimize inventory and improve turns

The savings delivered, combined with improved visibility across the supply chain, will enable growth while maintaining the brand's product margins and reputation for quality.

### Lessons learned for other executives

- You can offer a best-in-class delivery experience and reduce costs
- Having the right leaders with the right tools empowers cross-functional teams
- Top line growth can be funded by operational excellence

Are you operating in a high-end market with very high customer expectations?

Do you need to reduce costs without detriment to the customer experience?

Talk it through with one of our executives.

Email [info@mainepointe.com](mailto: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, growth and resilience 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 plan-buy-make-move-fulfill digital supply chain to deliver the greatest ethical value to stakeholders at the lowest cost and risk 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](http://www.mainepointe.com)