

Total Value Optimization across four global divisions delivered \$125M in EBITDA, \$150M in cash and **enabled growth**

Rapidly improving global operations and supply chain capabilities in a diverse business unit and geographic environment





The results

Maine Pointe helped drive the following benefits across the organization:

- Released \$10M in cash in just eight weeks to drive self-funding momentum
- Delivered \$125M in EBITDA improvements across the organization
- Added a total of \$150M in cash to the bottom line
- Enabled one division to grow from \$1.8bn to \$2.3bn within two years and reduce working capital by \$30M annually
- Instituted improvements with rail providers that significantly reduced cost and improved transit times from eight days to just one day
- Reduced 3PL costs by 10% while significantly improving service worldwide
- Delivered enterprise wide focus and alignment training
- Rolled out a standardized management operating system and KPIs across all plants
- Helped lay a foundation to enable the company to emerge from a bankruptcy situation as a well-positioned specialty chemicals and performance materials company with market-leading global standing

Subsequent to Maine Pointe's TVO™ implementation journey, our client was successfully sold as part of a multibillion-dollar acquisition by a Fortune 500 specialty chemicals company.

This is for executives who:

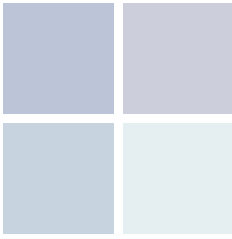
- Want to instill a culture of excellence across multiple business units and geographical locations
- Need to quickly develop world-class supply chain capabilities to serve a global client base
- Want to implement a standardised management operating system (MOS) and KPIs across multiple plants in a highly-complex global market

The background

Our client is a multibillion-dollar global manufacturer of performance materials for laminated glass, aftermarket window films, protective barrier and conductive films and rubber processing chemicals. Its products are used in architectural, automotive, alternative energy, electronic devices, consumer and industrial applications. The company is in a highly-complex global market.

Overburdened with the legacy liabilities of its former parent company, our client, and its 14 subsidiaries had been beleaguered by a protracted four-year bankruptcy that included multiple lawsuits involving shareholders and lenders, repeated revisions of its reorganization plan and millions of dollars in legal costs. Leadership recognized they needed assistance to rapidly exit this situation.

Maine Pointe was initially engaged to work with one of the subsidiaries in the US. This led to an additional 12 separate initiatives across four divisions in the US, Europe and Asia. Our challenge was to release 'fast cash' for self-funding momentum, infuse a culture of operational excellence across all business units and help develop the supply chain capabilities to successfully transition from a domestic US customer base to a more complex worldwide demand base.



The solution

Maine Pointe's Total Value Optimization™ approach included:

Leader and Organization Improvement (LOI)

- Creating and implementing a management reporting system and associated dashboard for tracking projects and organizational goals
- Conducting focus and alignment (F&A) sessions to help personnel at all levels get behind leadership's goals
- Delivering training to over 450 leaders from supervisor to executive level to equip them with the skills to manage a high-performance culture
- Aligning organizational goals with plant management and ensuring individual accountability throughout all levels
- Developing a management operating system (MOS) that identified and quantified operating problems in real-time, and rolling it out across all plants globally

Sales and Operations Planning (S&OP)

- Implementing a S&OP process to include new, fully integrated inventory management controls to remove slow-moving inventory and produce inventory only as required
- Introducing an inventory management control process linked to the S&OP process to remove slow-moving inventory and reduce inventory levels enterprise wide

Operations

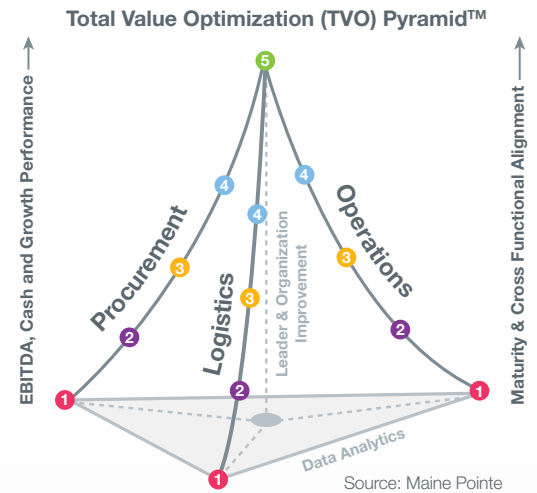
- Developing and implementing a management operating system (MOS) that was rolled out across the organization
- Shifting maintenance from reactive to proactive across the organization
- Identifying, categorizing, and determining root cause for major process losses and implementing solutions to eliminate them
- Driving additional throughput gains by creating opportunities to improve OEE performance by up to 50%, reduce plant footprint and, for one division, consolidate four plants to three
- Developing documented standard procedures and implementing a system to ensure compliance
- Developing and implementing a maintenance management process that incorporated operational intelligence into the planning process

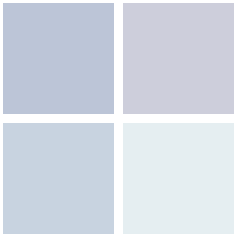
Procurement

- Developing a strategic plan to reduce costs and improve service for the client and its 3PL, rail, ocean and less than load (LTL) carrier partners
- Facilitating negotiations between the company and short-list service providers

Logistics

- Examining the movement of intermediate products to maximize efficiencies and reduce a disproportionately large use of trucks
- Working with major Class I railroads to reduce transportation costs and improve transit times
- Negotiating with senior management of international steamship lines to get container and vessel capacity to appropriate levels for our client's new needs
- Screening and prequalifying 3PL warehousing/packaging companies, railroads, barge lines, ocean shipping companies and international freight forwarders





Data analytics

- Developing shared databases for scheduling, managing and tracking the programs, related documents and managing the intellectual capital process
- Helping deliver the insights required to effectively turn data into information and information into action

Engagement highlights

Case Study 1: The world's largest manufacturer of solar control and safety window film for automotive and building applications (UK/US)

Maine Pointe was engaged to improve the quality for customers and strengthen various assets for improved profitability. The division had a healthy business performance of \$220M in revenue and 25% EBITDA but wanted to grow by 15% per annum over the next five years. The client's market was seasonal and, historically, had limited annual growth of only 2%. Our TVO approach included implementing a sales and operations planning (S&OP) process, lean methodology including remapping layout with a focus on SMED (single minute exchange dyes) to reduce changeover time and a real-time management operating system (MOS). We introduced an inventory management control process linked to the S&OP to remove slow-moving inventory and reduce inventory levels enterprise wide. Maine Pointe also helped renegotiate the company's agreement with its long-term less than load (LTL) carrier.

As a result, the client realized a 35% improvement in productivity, a 48% reduction in inventory and a 49% reduction in transportation cost. The overall financial impact was in excess of \$30M, including \$11M in improved EBITDA, and \$18M decreased working capital requirement.

Case Study 2: A multibillion-dollar nylon manufacturer (US)

Maine Pointe was engaged to work with the manufacturer and its rail, road and ocean carriers to help them respond to market changes. Our solution involved implementing a radical new way of approaching the market place with a reconfigured distribution network built on strong, collaborative relationships. This led to a dramatic shift in the company's products and the markets it served.

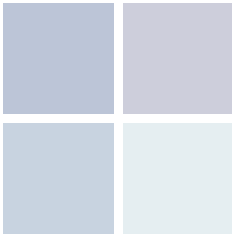
As a result, through a consolidation of carriers, the client's carriers benefited from an 80% growth in volumes and a 22% margin enhancement. At the same time, our client, the nylon shipper, transformed its procurement and logistics operations to improve product transit times from 7-12 days to less than 24 hours for internal shipments while improving global deliveries to intermediaries and end-customers by two to three weeks. This enabled the company to grow from \$1.8bn to \$2.3bn within two years. In addition, our client was able to reduce working capital by \$30M annually.

Case Study 3: Manufacturer responsible for 40% of laminated architectural and automotive glass worldwide (USA/EU/Asia)

This division had two plants with higher operating costs-per-unit compared to the third, despite having similar functions and operations. The client's plans included opening a new plant in China, which was expected to have even lower operating costs. Maine Pointe was engaged to improve overall equipment effectiveness (OEE), reduce waste and energy costs and implement a standardised management operating system (MOS), reporting system and set of KPIs to track performance in all four plants.

Maine Pointe's multidisciplinary teams deployed OEE, lean and fundamental supervision tools to drive throughput performance and lower total costs. We developed and implemented a management operating system (MOS) that identified operating problems in real time, identified, categorized, and determined root cause for major process losses and implemented solutions to eliminate them. In addition, we introduced a maintenance management process that incorporated operational intelligence into the S&OP and manufacturing planning process to ensure reliable delivery.

As a result, the plants in this division realized more than \$29M in annualized profitability, including savings of \$24M in yield and throughput, \$2M in annualized energy savings. In addition, overtime was reduced from 30% to 15%, yielding annualized labour cost savings of \$2.6M, dormant projects on the 'active' list were reduced by 40% and overall equipment effectiveness (OEE) reached >80%.



Case Study 4: Leading manufacturer and supplier of chemicals for rubber processing and related industries (USA/EU/Asia)

This division operated at 11 locations worldwide. Leadership was taking a 'one size fits all' approach to communication, regardless of country and culture. This, combined with unclear management objectives, reduced the effectiveness, efficiency, and quality of the product. In addition, maintenance work was reactively rather than proactively planned and executed, and annual overtime was at 19%.

Maine Pointe implemented leadership focus and alignment (F&A) and rolled those goals down to the supervisory level through the ORCI insert registered trade mark symbol offer ORCI (owner, responsible, consulted, informed) accountability process across all locations. We developed and implemented a management operating system (MOS) with continuity and relevant key performance indicators (KPIs) as well as disciplines, meetings, procedures and behaviors required to effectively turn data into information and information into action. We introduced a maintenance management operating system which increased proactive maintenance work by 67% and decreased annualized contractor spend by over \$500K.

Lessons learned

- Global organizations can realise significant, sustainable savings in a relatively short time through the Total Value Optimization (TVO)™ approach
- Increasing supply chain and operations efficiency begins with enhancing basic metrics and reporting, as these provide the essential data for performance improvement initiatives and end-to-end visibility
- Creating strategic advantage in a complex global environment requires real-time insights from operational data to improve performance, visibility and insight

Are you satisfied that you have clear cross-functional visibility across multiple business units?

Want to find out how Maine Pointe's industry and practice experts can help your organization achieve the triple effect of cash, cost and growth?

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, 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 value to customers and 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