



Moving to a center-led strategic sourcing organization to drive collaboration and release cash

Driving change across 18 entities spanning seven countries and five continents

The results

Maine Pointe's hands on approach and cross-functional, Total Value Optimization (TVO)™ methodology delivered the following benefits:

- Delivered average savings from 9% to 33% across parts, materials and logistics services, frequently exceeding the client's initial expectations
- Implemented demand forecasting tools that provided warning of market shifts
- Created visibility for improved decision making through advanced data analytics
- Ensured sustainability through mentoring and skill transfer
- Delivered millions of dollars of benefits in just 15 weeks
- Implemented supplier relationship strategies for new and existing suppliers.
- Released \$51M in cash
- Improved EBITDA by 12% in ten months
- Delivered a 6:1 ROI

This story is for CEOs who:

1. Need to bring shareholder value through optimization of multiple sub-business units or who expect to add multiple business to their current holdings.
2. Have huge amounts of information but don't use meaningful proactive data to drive decision making
3. Want to drive measurable, accelerated improvements across a decentralized organization

The challenge

A multinational construction equipment manufacturer built through the acquisition of 18 entrepreneurial companies was suffering inefficiencies and loss of market leverage due to decentralized procurement practices. The organization's stock price was under pressure and activist investors were demanding action.

Senior executives had no visibility into company data and were unable to accurately forecast future requirements, resulting in a misalignment between sales expectations and inventory. This, combined with a lack of communication between the businesses, meant no one in the organization had an accurate picture of what was happening in the market.

Leadership engaged Maine Pointe to help them achieve millions of dollars of annualized, sustainable savings in procurement across all 18 subsidiaries on five continents.

Creating a 'big picture' enterprise



This was a highly innovative business with a very strong product. However, the decentralized model and lack of data meant leadership was operating in the dark. Maine Pointe's team made use of advanced data analytics to give them the visibility they needed to take advantage of the economy of scale offered by a center-led approach. We applied a multipath, Total Value Optimization (TVO)™ approach which included: Procurement and negotiation skills transfer, organizing and facilitating supplier conditioning events, implementing a procurement management operating system, shifting to strategic sourcing driven advanced data, moving to a center-led organization structure, deploying our leadership and organization improvement team to coach and mentor people across the client's organization.

Our solution included:

- Tailoring our approach to the culture and requirements of each individual business unit to maintain a "local touch" while deploying consistent processes across the company and leveraging global efficiencies
- Completing 141 individual sourcing events, each based on combined data from 18 sites
- Incorporating over fifty client personnel into cross-functional teams. Delivering three days of intensive negotiation skills-transfer and direct negotiations with suppliers to a subset of 19 team members
- Developing and implementing real-time procurement dashboards in parallel with sourcing activities,
- Using procurement dashboards to provide a first ever capability to analyze the combined spend of all 18 manufacturing entities in real time
- Developing and implementing a central-led strategic procurement organization structure to ensure the organization has the capabilities to sustaining the gains of the engagement

By introducing and embedding center-led thinking, sourcing capability and expertise and leveraging economy of scale, we were able to deliver financial benefits that exceeded the CEO's expectations. These processes are now an integral part of the client's strategic sourcing toolkit.

"Our supplier base now understands that we bring a much larger spend to the market than was previously visible. We now understand the risks and opportunities within our supply chain. I would recommend Maine Pointe to any organization looking to transform their procurement, sales and operations planning and data analytics capabilities into competitive advantages."

Client CEO

Lessons learned for other executives

- Supply chain transformation can only succeed when leadership recognize the need for change and are fully committed to making it happen
- Delegating authority to local business units without a corporate approach can significantly impact executive visibility and financial performance
- Allowing engineering to source production quantities during development can lead to inefficient behavior

Want to gain data-driven insights to inform decision-making across your global organization?

Need to rapidly and sustainably implement a strategic sourcing management processes in multiple business units with diverse cultures?

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 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