

Client Example: Strategic Supply Chain Re-design

A mid-sized consumer products manufacturer selling to major big-box retailers needed to put in place a supply chain infrastructure to support significant growth, while maintaining an expense structure consistent with current revenues.

Client: A consumer packaged goods manufacturer, selling to major “big box” retailers.

Situation: The client was facing four major challenges:

- Trying to transition from a family-run, regional business to a professionally-managed national business
- Top four customers represented approximately 92 percent of annual revenues
- Needed to support upcoming launch of a new product line with appropriate manufacturing and distribution capabilities
- Desired a supply chain infrastructure to support significant growth, while maintaining an expense structure consistent with current revenues

Our Role: Together with company management, and input from customers and suppliers, developed several strategic alternatives. Used the Strategic Supply Chain Planner to analyze the impact of each, to support the prioritization and decision making process among the alternatives.

Results: Identified a supply chain network which reduced the number of manufacturing plants from four to three, reduced the number of independent distribution centers from five to two, while at the same time improving ability to service customers within two days from 92% to 96%.

Total supply chain costs as a percentage of revenue were reduced from 26% to 22%, thereby improving realized margins by 4 percentage points.

