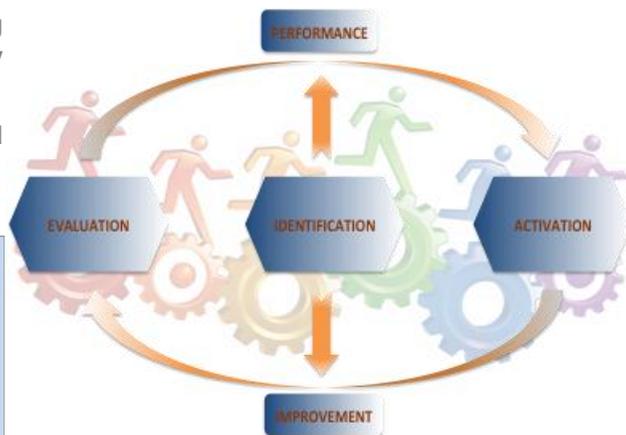
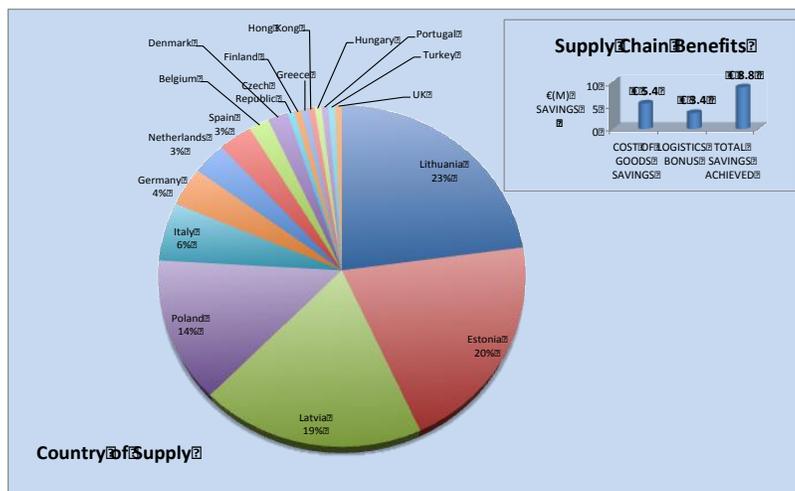


CASE STUDY – GLOBAL SUPPLY DIVERSIFICATION

SUPPLY CHAIN DIVERSIFICATION DELIVERS MARKET DIFFERENTIATION, DRIVES CONSUMER LOYALTY AND RELEASES BENEFITS OF €8.8m

A market leading, multi format, multi national retailer was suffering from increased competition, a lack of differentiation and low consumer loyalty during a period of steep economic decline.

A strategic supply chain review delivered a significantly differentiated product portfolio and realised benefits of €8.8m.



Evaluation	Identification	Activation
Observe	Performance Improvement	Extended trial period
Analyse	Prioritised Opportunities	Agreed KPI's
Customer Insights	Risk Mitigation	Detailed project plan
Fact Based	Operational Dependencies	Tracking and Audit Controls
Commercial, Operational and Financial data	Roles and Responsibilities	ROI assessment
	Defined Business Case	Individual Development

THE CHALLENGE

Our client, a leading Baltic retailer operating multiple formats in three countries was challenged by a lack of product and limited market differentiation

They operated in a relatively underdeveloped, yet competitive market place, compounded by a global economic crisis

Their goal was to increase market share through selling a revitalised, and innovative, range of differentiated products

Crucial to this desire was the requirement to reduce costs without affecting product quality, thus ensuring a competitive edge

With a supply base that was predominantly restricted to the Baltic States, product assortment and quality was often limited

To increase market share it was necessary to diversify supply options, which would in turn reveal opportunities to enhance the customer offering, strengthen brand equity and improve margins

THE SOLUTION

Analysis confirmed an over reliance on the immediate neighbouring countries with limited awareness of potential sources further afield

A new organisational structure focused on centralising procurement practices was proposed to the executive team

The proposal focused on understanding the unique needs of each country while identifying opportunities for innovation and diversification to drive market share

The diversified supply solution would realise opportunities to develop an expanded assortment as well as provide leverage with incumbent suppliers

THE OUTCOME

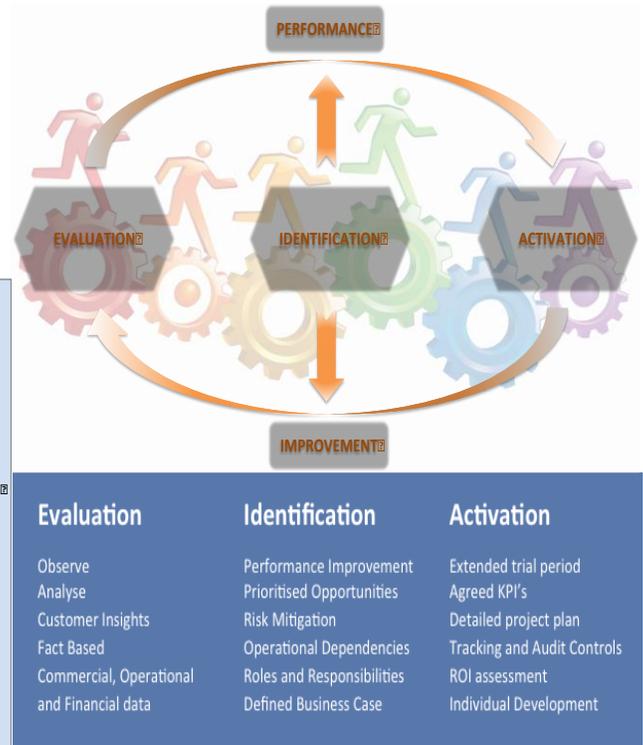
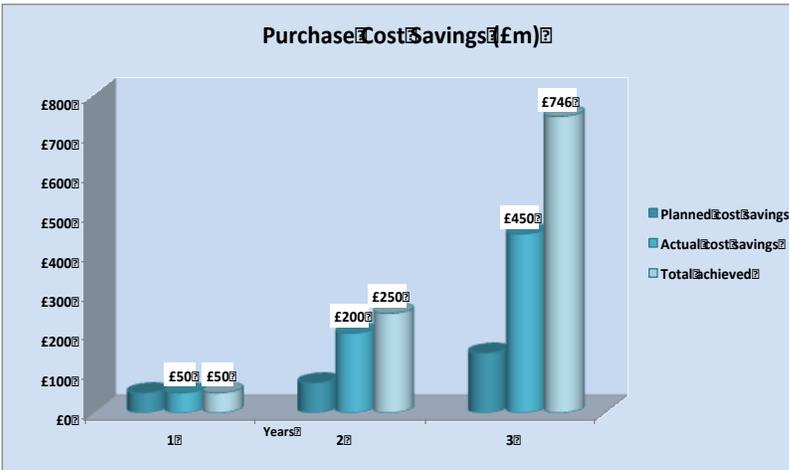
Within two years our clients' supply base had extended to more than 60 countries, which had released €8.8m from their bottom line spend, and had increased their market share by 6%

CASE STUDY – SUPPLY CHAIN TRANSFORMATION

A TRANSFORMATIONAL BUYING CULTURE ACHIEVES ANNUALISED SUPPLY CHAIN BENEFITS OF £750m

A leading UK retailer was becoming increasingly uncompetitive and suffering from an under performing supply chain. Internal attempts to improve efficiency and reduce costs had delivered minimal benefits. Through the combination of a new process to remove avoidable cost and focused training, audited savings of over £200m per year were achieved

Over a 3 year period c. £750m of savings were achieved.



THE CHALLENGE

During the 1980's our client was a market leader with a modern, efficient and customer centric organisation, however...

Over the following decade under investment had led to a supply chain that had become increasingly more wasteful and struggled to achieve the efficiency of its rivals

The prevalent culture was to raise retail prices in line with costs, however the dynamics of an increasingly competitive market precluded such a strategy, leading to margin erosion

The client was under pressure to reduce operating costs, and while an internal project had been underway for 9 months it had yielded limited benefits

Not only was the client looking to improve its procurement practices and supply chain strategy but also to radically change the organisational mindset and culture

A broad 4 week survey of the supply chain and procurement processes was requested to identify opportunities to address both the margin erosion and organisational culture

THE SOLUTION

Once the root and branch survey was completed with a focus on the procurement and supply chain functions, potential savings of c. £165m were identified

The resulting evidence was sufficient to gain Board sponsorship to propose and implement a root and branch cost savings programme

A programme of focused training was developed targeting the critical areas of Process Optimisation, Financial Awareness, Project Management and Change Management

This enabled the identification and removal of operational cost while maintaining superior product quality and ensuring margin growth

This early success radically changed the organisational mindset and culture, ultimately delivering over £210m per annum of audited savings or ca. £350k savings per person

THE OUTCOME

Over three years the client audited cost of goods sold was reduced by £746m equating to an overall Return on Investment for the client of 35:1

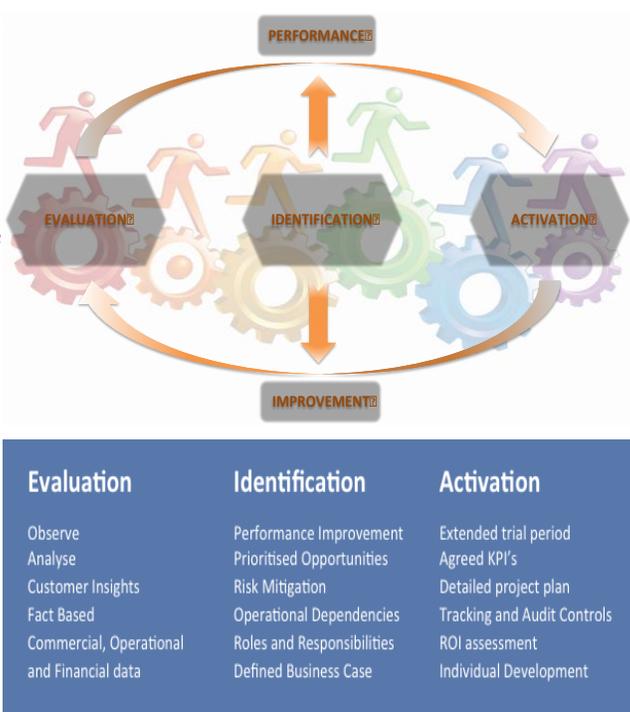
CASE STUDY – EFFECTIVE DESIGN REDUCES COST

RADICAL REDESIGN OF FOOD LABELS AND RENEGOTIATED PRINTER CONTRACT RESULTS IN IMPROVED QUALITY AND REDUCES COSTS BY £1.1m

Benchmark studies suggested our client was paying above market price for their pre-packed fruit and vegetables

The problem was identified as the cost of product labels driven by a large range and unclear commercial agreements between suppliers and our client

The label range was rationalised, improved in quality, and commercial terms renegotiated resulting in annualised savings of £1.1m



THE CHALLENGE

Our client was concerned about how much they were paying for pre-packed fruit and vegetables and as a result we were asked to investigate and identify solutions to the problem

The key issue was rapidly identified as being the high cost of labels underpinned by a very close, and established, relationship between the client and their label printer

What had once been a relationship based around good service and flexibility, had increasingly become one that justified high margins by the supplier

With no clear commercial arrangement between the client and their supplier, cost control was ineffective and lacked clarity

Frequently new label designs would be specified with no clear understanding of what the cost drivers were in either pre-press or printing

As a result the labels were typically not fit for purpose, over complicated, and SKU proliferation had led to over 200 individually designed labels which were difficult to manage for both the supplier and our client

THE SOLUTION

The priority was to establish both a simplification and redesign of the existing label range

Three key objectives were identified - firstly a refresh of the range image, secondly to differentiate product quality tiers, and finally to reduce complexity at the supplier

As a result the number of print SKU's was reduced from 213 to 10, with printing press utilisation improved by as much as 31%

Finally the business was retendered to ensure that our client was securing a competitive price, ultimately negotiating a new set of terms with the incumbent supplier

THE OUTCOME

Over a period of 6 weeks we were able to reduce the annualised costs of labels by £1.1m. Further through the removal of 30 tonnes of paper per year there was a positive impact on the environment – and with improved commercial control, relations were subsequently improved between our client and supplier