

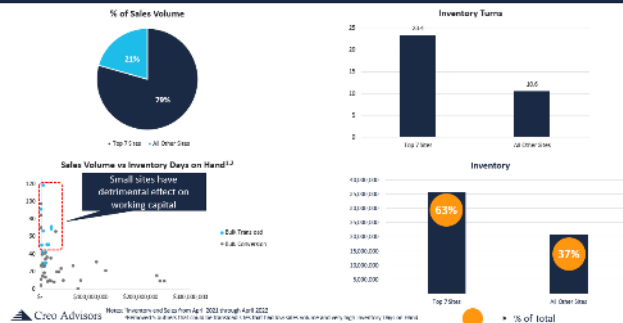
Developed new distribution strategy for a large chemical distribution company to drive \$8-\$10MM of operating cost reductions

Case Study – Distribution

Situation

- Reevaluated distribution network and warehouse strategy for major international chemical distributor
- Had added distribution points without a specific strategy, which were incurring higher costs and working capital
- Additionally, planning and forecasting was leading to inventory imbalances

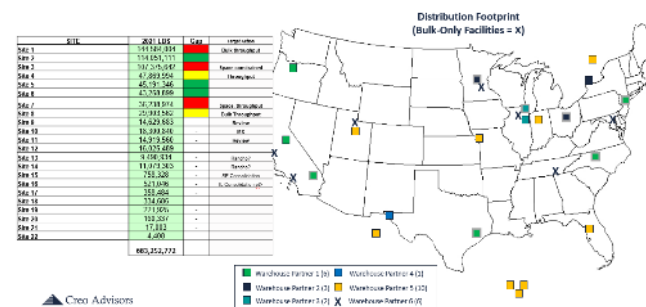
Inventory turns profile view



Approach

- Conducted a deep, data-driven analysis of warehouse and distribution network operations
- Examined, on a cost per pound basis, shipments across multiple modes and distances to determine customer and distribution site profitability
- Identified opportunities for consolidation, capital investment and internal process improvements

Core to the change will be to address gaps at core sites and a significant network simplification



Results

- Recommended strategy yielded \$8-10M savings opportunities; \$3-5M short term and \$3-5M long term

The initiatives equate to ~\$ M over 3 years with and require minimal investment with significant service and working capital upside

INITIATIVE	QUICK WINS	3 YEAR RUN RATE	CAPEX	WORKING CAPITAL	CUSTOMER SERVICE OTIF	COMMENTS
1 Four Walls Operations	\$0.5M	\$1M	<\$0.5M	1-3 Day Reduction	+2-5%	• Throughput and basic performance
2 Cross Functional Learning	\$2-3M	\$4M	-	1-3 Days	+2-5%	• Communications and coordination • Shared goals
3 Network Planning and Strategy	\$1-2M	\$5M	\$1.0-2.0M	3-6 Days	+2-5%	• Capacity and throughput • 3PL partner model
4 Customer and Supplier Partnering	Enabler	Enabler	TBD	TBD	+10-15%	• Lead time optimization • Sustainable packaging
TOTAL	\$3.5-5.5MM	\$10M	\$1.5-2.5M	5-12 Days (~45 Day base)	+20-30% to commitment (from 63%)	