

Proudfoot

PROOF POINTS

Logistics and Supply Chain **Case Study**

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With Proudfoot, you can.

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THE CEO OF A DISTRIBUTOR for a major home improvement chain wanted to achieve profitable growth. He felt the best way to do this was to develop a competitive advantage through efficient supply chain operations.

Installing a new operational structure to govern demand planning, procurement and order fulfillment was a top priority.

The CEO wanted to implement an operational structure that would control demand planning, procurement and order fulfillment functions, but he knew it would be a challenge internally.

Additional challenges included:

One of the company's key client relationships was in jeopardy, which required immediate action.

Attrition across the senior management team put a strain on remaining members.

He decided the best way to accelerate the improvement initiatives was to partner with Proudfoot.

TRANSFORMATIONAL APPROACH

- 1 **Conducted cost/benefit analysis** to determine which distribution centers circulated the highest volume of products – the basis for the client's supply chain network design.
- 2 **Analyzed outgoing shipments** to identify opportunities for order consolidation and route optimization. Elements of sales and operations planning (S&OP) allowed planners to accurately forecast demand to meet upcoming product launch and replenishment requirements.
- 3 **Developed root cause and corrective action reports** to minimize supplier-related problems.
- 4 **Equipped the newly designed network** to satisfy business requirements at the lowest operating cost.
- 5 **Installed new processes** for better order management, behaviors and controls to expedite the fulfillment process.
- 6 **Focused on S&OP to increase forecast accuracy** and the rate of product circulation from warehouse to consumer.

REMARKABLE RESULTS

\$33.3M	reduction in inventory costs
\$95.6M	in identified benefits

Greater emphasis on sales and operations planning resulted in:

- increase in forecast accuracy
- reduction in the amount of lost sales
- improved customer service
- higher margins

- Better inventory management and increased product circulation across the supply chain gave access to valuable working capital.

- The alignment of efficient order management processes with the right behaviors provided greater visibility over the delivery process and strengthened customer relations.

- The redesign and optimization of the logistics function played a significant role in minimizing operating costs.