

MANAGEMENT ADVISORY SUCCESS STORY

SALES, INVENTORY AND OPERATIONS PROCESS IMPLEMENTATION (SIOP)

AUTOMOTIVE DISTRIBUTION COMPANY

A company was struggling to turn a profit, becoming less profitable over the last several years. In an effort to improve profitability, our consultants coordinated the company's sales, supply chain and engineering leadership teams to develop a value chain strategic plan.

The Impact of Management Advisory

We enhanced the value chain process by mapping out each step of how products were supplied and sold to the client's customers. To do this, we:

- » **Initiated Systems Implementation and Analytics Transformation** – We collected data from sales, supply chain and competitive pricing to develop an enhanced analytic data set. We also implemented MS SQL Server Database and Data Mining capacities to execute analytical best practices.
- » **Created Product Fill Rate Reporting** – We took a deeper dive and evaluated product fill rates by average selling price, margin contribution and age of product. This provided significant opportunities for profit improvement:
 - Early lifecycle products, which have the highest average selling price and contribution margin per unit of all products, had a fill rate of 78.1%, underperforming the target fill rate goal of 93%.
 - The current supply chain demand forecasting software did not know where to place new products, since it depended on historical sales to create the demand profile.
 - By analyzing specific unfulfilled sales by product and reviewing inventory in the company's warehouse, early lifecycle product inventory was pushed out into field branches.
- » **Improved fill rates and profits** – We improved early lifecycle products fill rates by 11% and profit by \$1MM by ensuring that products were in the right place at the right time.
- » **Reviewed Product Portfolio Management and Execution** – We reviewed the client's 30,000 product catalog with market share data and identified product gaps.
- » **Optimized sales and profitability** – By acquiring high profit margin inventory, we optimized sales and profitability by \$5MM, and we aligned low-cost China supplied products with US Branch Distribution Network market share potential.

About Schneider Downs Management Advisory Services

The Schneider Downs Management Advisory team has a wealth of senior-level experience with all types of organizations, from large corporations to middle-market companies. Our team provides independent opinions without bias, backed by decades of experience across industries and a focus on value-driven results. We offer creative approaches to complex issues, with an emphasis on data-driven solutions and process efficiency.

For more information on how the Management Advisory team can assist your organization, contact Michael P. Hart at mhart@schneiderdowns.com or 216-543-0821.