



Success Story

Specialty Chemicals Company

Benefits

- The client has identified \$700,000 in annual savings by using our model.
- They now understand how all cost drivers interact to impact their business strategy.
- Their operations manager can complete a planning cycle more quickly than before.

Objectives

This Fortune 500 business needed to cut costs in their North American distribution network. The network included two countries, 100+ products, 100+ distributors, 500+ direct customers, and 10+ warehouses.

Our Solution

Profit Point worked with the client to identify areas to explore for cost savings:

- Decreasing the number of warehouses.
- Decreasing the number of direct shipments to customers by utilizing distributors.
- Changing the product mix at plants to optimize trade-offs among costs (manufacturing, transportation, raw materials, and inventory) and customer service.
- Determining the best transportation mode to supply strategic customers.

Profit Point developed a design and analysis model incorporating each of these factors. The client's operations manager runs the model on her desktop PC. She can quickly and easily explore different network designs. A one-page cost summary for each design and interactive graphical displays allow her to identify the best sourcing options, optimal number and locations of warehouses, the best use of distributors, and the most efficient transportation mode. By changing assumptions about sourcing options, plant capabilities, and future demand, the client can also explore "what if" scenarios.