

Case Study Overview:

MANUFACTURING PLANT RATIONALIZATION

CLIENT BACKGROUND

A major global food and beverage business, faced with a corporate-wide imperative to restructure and rationalize its supply chain following a major acquisition, challenged the Americas region with \$15 million in cost reduction through network and plant reconfiguration. The company had significant excess production capacity, high fragmentation and low scale, low utilization, and was located in higher cost manufacturing areas.

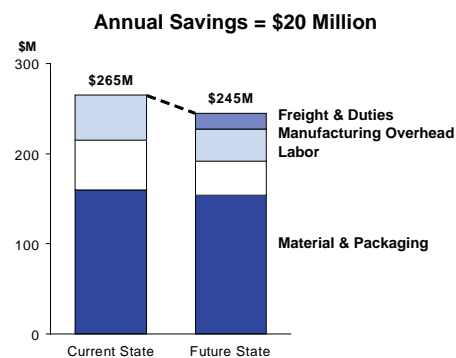
PROJECT OBJECTIVES AND APPROACH

Axia was engaged to lead the development of a manufacturing plant network and sourcing strategy. Project objectives included:

- Understand the current total delivered cost position across the region
- Determine how future growth will be supported
- Identify opportunities for plant rationalization
- Illustrate the “end-game” manufacturing network and strategy
- Quantify the business case and potential value delivered
- Implementation planning

Axia performed a thorough review of the company’s operations and cost structure, including the analysis of key cost drivers: materials, packaging, labor, plant overhead, freight, and duties. We quantitatively and qualitatively analyzed the impact of scale and focus, complexity, and utilization. Axia’s approach was customized to fit within the client’s unique strategic planning framework and methodology, which helped achieve strong organizational alignment.

The project team included both staff and line operating managers from the client organization, as well as a core team of dedicated consultants from Axia. The work was performed over a period of approximately four months. The client has fully implemented all recommendations.



Results and Value Delivered

- Realized \$20 million in annual cost savings
- Reduced manufacturing network from 11 to 8 plants with a weighted-average payback of 3.6 years
- Eliminated redundant capacity and better aligned production with future growth opportunities
- Enhanced network manufacturing flexibility to support innovation and new business development