

About Axia

Our proven approach — dynamic strategy development coupled with pragmatic implementation — empowers clients to achieve both near-term results and sustainable, long-term growth. As a collaborative business improvement partner, Axia delivers powerful results and exceptional return on investment.



CASE STUDY

REGIONAL SUPPLY CHAIN COST IMPROVEMENT

Following a major acquisition, a global food and beverage business faced a corporate-wide imperative to restructure and rationalize its supply chain. The company's shareholders were promised operational improvements to the cost structure of the business and the elimination of redundancy for greater synergy and growth. The manufacturing footprint had evolved slowly over many years and mirrored consumption, so many sites were located in high-cost manufacturing areas.

The company had significant excess capacity, high levels of fragmentation and little scale in many markets. Further complicating things was a commercial team not accustomed, or very comfortable, with the idea of receiving products via long supply chains from plants not locally controlled.

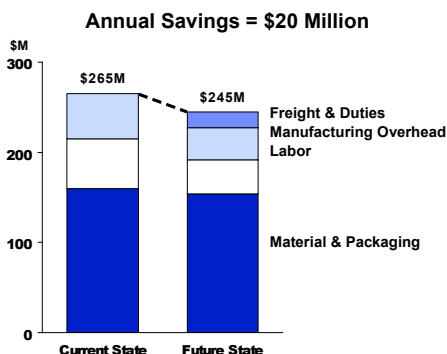
CHALLENGE

The company was challenged to reduce costs in the Americas region by \$30 million through network and plant reconfiguration, and engaged Axia to lead the development of a manufacturing plant network and sourcing strategy. Specific project objectives were to:

- 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
- Help gain commercial leadership support
- Plan for implementation

SOLUTION

Axia performed a thorough review of the company's operations and cost structure, including the analysis of volume assumptions, consumer dynamics, and key cost drivers:



materials, packaging, labor, plant overhead, freight, and duties. Over a four-month period, the Axia team worked with staff and line operating managers from the client organization to quantitatively and qualitatively analyze the impact of scale and focus, complexity, and utilization. Axia developed a customized approach, mapped to the client's unique strategic planning framework and methodology, which resulted in strong organizational alignment and full implementation of all recommendations.

RESULTS

Axia collaborated with the client to develop an effective plan to change the role of sites, consolidate technologies, and source some volumes from outside the region. The initiative was flawlessly implemented by the client.

Key accomplishments include:

- 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