



SUPPLY CHAIN MANAGEMENT AS A SERVICE (SCMaaS)

CASE STUDY: ACHIEVING SIGNIFICANT COST
REDUCTION IN 6 MONTHS WITH ASSET LIGHT
SUPPLY CHAIN MANAGEMENT



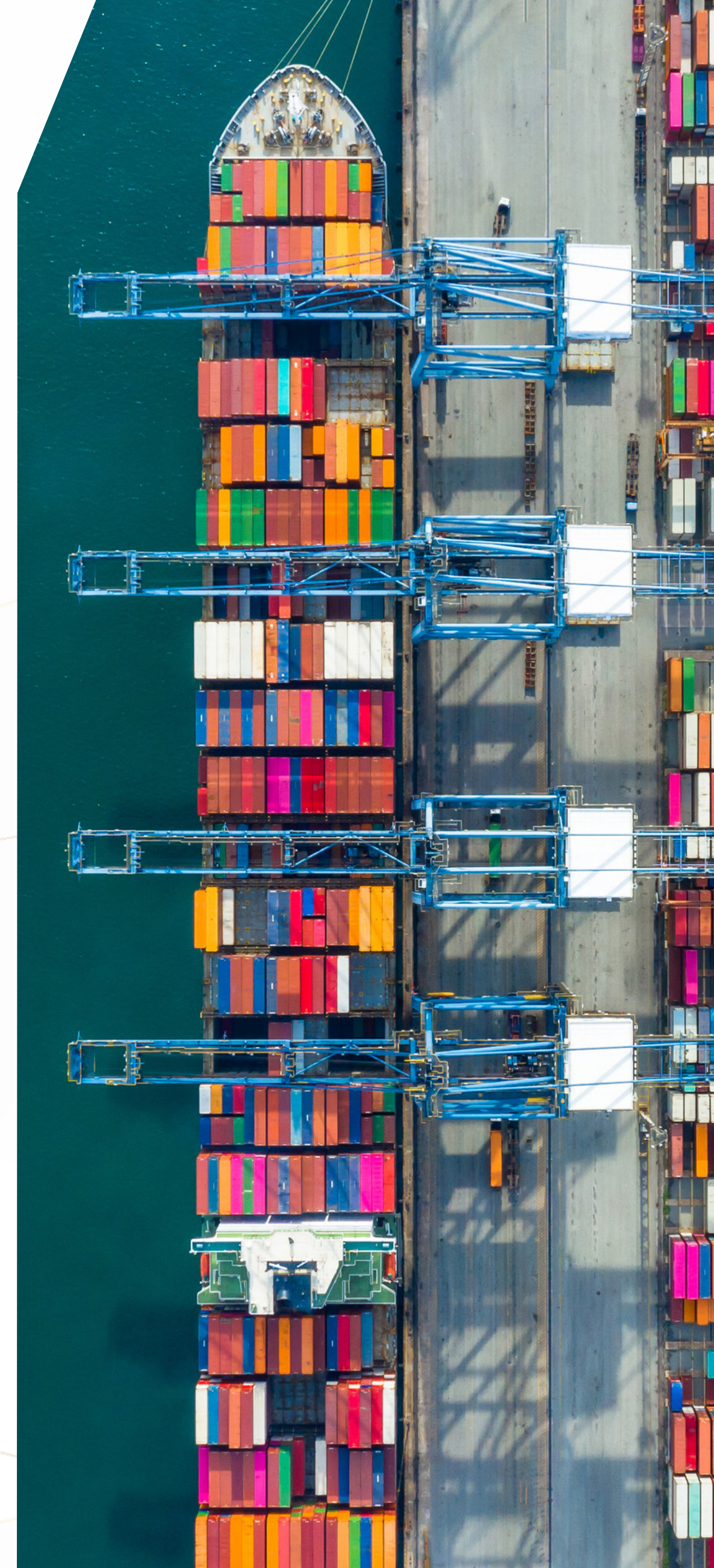
ABC | Group
Asian Business Consultants

THE CHALLENGE

A prominent multinational consumer goods company sought to close a foreign office in Mainland China as they looked to minimize single country risk and divert resources to new emerging markets such as India while still retaining some key operational capabilities in China. This office housed 25 legacy staff members and responsibilities included overseeing a supply chain of nearly 75 suppliers across multiple commodities with some supplier relationships going back over two decades.

Despite a tenured staff and mature supply chain, the Client was also experiencing significant supply chain underperformance and rising costs. Adding to the complexity, the Client faced limited visibility into the internal processes and staff-level KPI's of the foreign office, making it challenging to determine the optimal staff size after years of suspected over-hiring.

After evaluating various options, our Client asked The ABC Group to draft a proposed transition strategy. The strategy is needed to account for local labor laws and the operational requirements necessary to successfully shift supply chain responsibilities to The ABC Group. Given our Client's objective to preserve operational capabilities while eliminating its formal presence in the region, our Client was a strong candidate for The ABC Group's Asset Light Supply Chain Management service. This Supply Chain Management as a Service (SCMAAS) model provides Clients a pathway to transition existing staff from their organization to our firm, and/or tap into a broad base of shared staffing resources already in a region. The model is able to accomplish these goals without requiring a foreign office thereby increasing flexibility and cost control.



THE ABC GROUP'S APPROACH



► With only a six-month time frame to develop, refine, and implement a transition strategy before the scheduled closure of the foreign office, our firm acted promptly. To start, we engaged with numerous global contacts at our Client on a near daily basis to identify potential risks and challenges to the transition process, allowing for proactive troubleshooting. Understanding a strategic shift such as the adoption of an asset light supply chain management model is not to be taken lightly, The ABC Group worked diligently to continue to build trust with key stakeholders, global supply chain staff, and suppliers throughout every stage of this process. This diligence was critical to ensuring that continuity of operations would be maintained, and mutual value would be unlocked.

After securing approval from our Client's executive team for a comprehensive transition strategy and its corresponding performance toll gates The ABC Group proceeded to analyze all available historic data related to our Client's foreign supply chain. Additionally, we thoroughly examined internal working documents and key business processes to determine optimal staffing levels.

With a strong understanding of the operations of our Client's foreign office, The ABC Group's lead personnel in Mainland China then underwent our Client's formal staff training program and shadowed existing team members onsite at suppliers to gain practical knowledge of Client products, suppliers, and supply chain team.

► Following this training program, The ABC Group's project leads then conducted confidential staff interviews to identify candidates who were underutilized or believed there were organizational inefficiencies which were being overlooked. Armed with this knowledge, our firm was able to optimize staffing levels by introducing new supply chain policies. These policies better defined acceptable use of our Client's staff onsite at suppliers thereby shifting accountability back to suppliers and allowed for new tracking documents to measure workforce efficiency.

At this point, our firm was fully prepared to assume operational responsibilities, and drafted labor contracts one month prior to scheduled transition. Having successfully determined appropriate staffing levels using qualitative metrics, identified high- quality legacy staff members, and implemented real-time workforce tracking capabilities, our firm completed the formal transition on-time and without any impact on Client operations.



VALUE CREATED

By transitioning to an Asset Light Supply Chain Management model, our Client was able to capture significant financial and operational benefits. First and foremost, the Client was able to successfully divest from their foreign office thereby eliminating costly overhead amounting to nearly \$250,000 per year while also reducing general exposure to a market faced with rising geopolitical risks.

Additionally, by combining new supply chain policies with real-time workforce KPI's created by The ABC Group, our Client was able to realize further savings by shrinking an overstaffed team by nearly 40% without negatively impacting Level of Service within their organization or at suppliers.

Collectively, these financial benefits resulted in a positive ROI within four months and paved a pathway for further organizational improvements which extended beyond this transition. In addition to the financial benefits, additional soft ROI was also seen with improved supply chain visibility and increased supplier accountability.

With the transition to an Asset Light Supply Chain model complete, our Client was left with a lean and more cost-effective foreign team, affording our Client the ability to redirect their focus on new emerging markets and other strategic objectives.





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Ho Chi Minh City

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