Case Study: Food manufacturer & distributor

The Company

A company whose focus was in the manufacturing and distribution of food products, with recent private equity funding, had entered a company wide hyper growth phase with an intense expansion in the southern and western markets of the US. The company expects annual double digit growth as a hot new national brand distributed to the largest grocery, club warehouse and mass retailers in the United States.

The Challenge

Cost creep began to occur due to the hyper-growth environment compounded by a legacy distribution and plant network that was not designed for national distribution. The new and larger customers could not be competitively serviced through the current network of co-manufacturers nor the legacy plant.

Manufacturing locations, co-packers, 3PL's distribution points, capacity constraints, product transfers and excessive inventory had increasing negative impact on cash flows, profit and EBITDA.

Symmedian's Role

Symmedian determined the most effective, lowest cost to serve/highest customer service US network possible given current legacy constraints. This project was on a fast track due to the hyper-growth and the urgency surrounding deteriorating service levels and profit margins.

The Results

The new network will consist of 1 new manufacturing facility in early 2016 on the west coast, 1 new Plant/DC in the NE US in late 2016 early 2017 and elimination of two co-manufacturers and one 3PL. This newly designed network will significantly improve days to service, manufacturing costs, transportation cost, reduction and eventual elimination of product transfers once completely implemented while achieving overall cost reductions exceeding 30% permanently.