



Case study: Global manufacturer & distributor

The Company

A global brand that had great success and growth in its early decades. It then weathered changes in corporate ownership and economic uncertainty in subsequent decades. The company is now private equity owned with worldwide distribution competing in a new and changing market environment.

The Challenge

The company was unable to track or reveal the “TRUE” Cost to Serve and “TRUE” landed cost for OEM sourced products. Currently they are produced by 27 OEM’s throughout Indonesia, China, Vietnam, Japan and Korea.

They had Difficulty understanding and visualizing the real costs within their global sourcing and supply chain networks involving multiple touch points, poor quality, inventory obsolescence & carrying costs, transportation, asset allocations and more.

Symmedian’s Role

Using our proprietary software and True Total Cost to Serve process, Symmedian analyzed all of the client’s global product categories including sourcing, manufacturing, warehousing and transportation to determine the true profitability of each product and its contribution to covering overhead.

Symmedian modelled the impact of all modes of transportation costs (ocean, truck, drayage & parcel) on possible global sourcing and manufacturing shifts between the US, Mexico and Asia. These transportation scenarios were rolled up into virtual P&L and cash flow statements to determine the most likely and profitable sourcing alternatives for the Client.

The Results

Symmedian identified 4 of 7 regions that failed to meet contribution to overhead expectations. A more detailed SKU rationalization with the possibility of product discontinuance, sourcing substitutions, and/or re shoring of production is currently under evaluation.

Poor quality, long lead times, excess and unsellable/obsolete inventory was resulting in a high True Cost to Serve unknown to the Client prior to hiring Symmedian. High level accounting techniques and cost allocations were clouding the P&L and the client's ability to make well informed decisions that would result in an overall improvement in long term and sustainable profitability.