

# White Paper Compact



## Cost Optimization Potentials within Operational Due Diligence

Identification and sustainable realization of liquidity and cost potentials

We as Miebach Consultants are often asked to analyze Supply Chains as part of Operational Due Diligence in M&A projects. We have systematically analyzed P&Ls for over 45 years and what we see is a growing importance of supply chains which today are generating more than 50 % of overall costs. For financing companies like private equity funds it is therefore quite important to get a quick and accurate view on these costs.

The projects we are doing in the context of operational due diligence have two objectives - first is to evaluate the actual performance of all operations in the target supply chain and to identify potential cost savings. The second objective is additionally to identify and evaluate synergy effects for a potential merger with another company.

Conducting our "Supply Chain Check" we evaluate very quickly supply chain structures – from supplier via manufacturing or warehouse sites to customers – calculating the level of oversize, the match of locations to markets, service levels to customer needs and the needed stock levels – assessing cost and performance weaknesses and saving potentials.

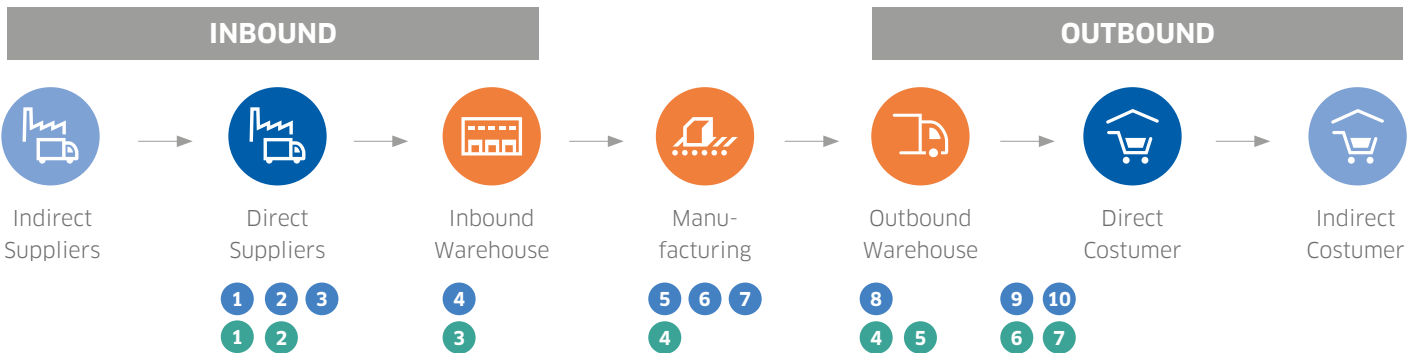
All optimization approaches are based on a strategic plan which defines future suppliers, supplier structure, products & services,

sales, sales plans, sales channels and regions & geographical footprints for both – reflecting either the stand-alone strategy or a post-merger-strategy.

We develop a preliminary step-by-step implementation plan for savings realization – always balancing the trade-off of cost savings vs. investments, restructuring costs and one-offs. We plan to streamline the supply chain by eliminating redundant or under-utilized capacities, assets and stocks. We identify the financial resources required to restructure the supply chain based on stock level reduction and sale- or lease-back options. We can trigger short-term cost savings, such as by negotiating with both suppliers and logistics service providers in the PMI phase. The valuable result of this planning process is a reliable forecast of cost savings and potential synergies on a time-line to be used for the internal acquisition price calculation.

These approaches require an experienced professional who can quickly identify opportunities. As Supply Chain Engineers we at Miebach Consulting have the tools and have successfully completed supply chain cost saving & synergy projects for over 45 years.

# Supply Chain Management – Cost Optimization Potentials within Operational Due Diligence



## OBJECTIVE 1 - PERFORMANCE & COST SAVING POTENTIALS BY...

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| <ul style="list-style-type: none"> <li>1 Procurement optimization (e.g. plattformen)</li> <li>2 Purchasing price reduction (e.g. benchmarking, negotiations)</li> <li>3 Order lot size optimization</li> <li>4 Inbound stock level reduction (e.g. supplier leveling)</li> <li>5 Manufacturing network utilization (e.g. product program/site optimization)</li> </ul> | <ul style="list-style-type: none"> <li>6 Manufacturing process (e.g. value stream optimization)</li> <li>7 Manufacturing cost reduction</li> <li>8 Semi-/finished goods stock reduction (e.g. by predictive forecasting)</li> <li>9 Distribution network optimization (e.g. warehouse blueprint, delivery time optimization)</li> <li>10 Payment term optimization (e.g. electronic billing direct linked to POD)</li> </ul> |
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Conducting our "Supply Chain Check" Miebach Consulting quickly evaluates the supply chain structures, calculating the level of oversize, the match of locations to markets, service-levels to customer needs and the required stock levels - assessing cost and performance weaknesses and savings potentials.

## OBJECTIVE 2 - SYNERGY EFFECTS BY...

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| <ul style="list-style-type: none"> <li>1 Purchasing price reduction by volume/buying power increase</li> <li>2 Purchasing price reduction by widened supplier base</li> <li>3 Manufacturing network optimization (e.g. production program consolidation)</li> <li>4 Close-down&amp;sales of non-strategic manufacturing and logistics sites</li> </ul> | <ul style="list-style-type: none"> <li>5 Reduction of stock levels (especially long-tail)</li> <li>6 Distribution network optimization (e.g. number of WHs, service levels, stock allocation)</li> <li>7 Re-negotiation of freight rates and selection of optimal transport mode/providers</li> </ul> |
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Get in touch with us if you would like to evaluate supply chains of your potential investments.

