

Operations & Cost Management: Focus on What You Can Control

Widespread market disruption can feel paralyzing, but we encourage our client partners to *focus on what is within their control* to maximize operational plan attainment, resilience, and sustainability. When costs are climbing, we help our clients swiftly adapt to changing conditions by:

| Minimizing Labor Costs | Maximizing Efficiencies | Optimizing Supply Chain |
|---|---|--|
| <ul style="list-style-type: none"> Automation and robotics Upskilling and cross-training Optimized roles and responsibilities Volume-flexible standard work Productivity management KPIs and accountability Continuous improvement culture | <ul style="list-style-type: none"> Design for Manufacturing and Assembly, VAVE Facility layout and workflow Throughput / cycle time Lean / Six Sigma OEE and utilization Effective planning & scheduling Inventory optimization and warehouse consolidation Energy conservation Predictive maintenance | <ul style="list-style-type: none"> Strategic sourcing and category management Contract renegotiation Supplier development Short lead times / JIT Network, transport and logistics optimization Quality control |

Tariff Compensation Strategies

Tariffs are roiling markets around the world, but swift action can mitigate their effects:

- **Supply chain validation and supplier contract renegotiation** to understand the actual rate of impact, stabilize and/or share costs of tariff-related increases, or capitalize on open capacity
- **Inventory and logistics optimization** to understand inventory positions, timing of impact, ensure adequate supply of critical materials, or avoid tariffed regions
- **Tariff engineering** to classify products in appropriate duty categories
- **Supplier diversification** to regions with lower tariffs
- **Domestic sourcing** to avoid import tariffs and reduce lead times
- **Product design adjustments** to alternative materials or components with lower tariffs

Case Study: Cost, Inventory & Performance Improvement

A global distributor of fasteners and engineered components was experiencing margin erosion and lost sales due to inefficiencies across its supply chain, procurement, warehouse operations, and logistics. We jointly realigned these functions, established processes supporting strategic market growth, and achieved meaningful financial and operational improvements:

- ↓ **\$3.0M (20%) reduction in annualized material costs** across 2,700+ parts
- ↓ **\$4.1M (65%) reduction in past-due P.O. value**
- ↑ **50% customer fill rate improvement** through Global Replenishment Model enhancement
- ↓ **\$9.5M (18%) reduction in working capital inventory** through Hub & Spoke Warehousing
- ↓ **\$3.6M (40%) reduction in sales backlog** through sales analytics and replenishment tools