

Optimizing Distribution to Improve Margins

AT A GLANCE

A fast growing manufacturer with blockbuster products at major retail outlets like Target and Walmart was looking to improve margins. It's distribution strategy had been built entirely around on one supplier, and the company was ready to explore other models.



Benchmarking



Negotiation



Modeling

WHAT I DID

Three parallel work streams were set in motion: Industry benchmarking; Supplier relationship management with incumbent distributor; and scenario planning.

- **Benchmarking:** To help frame the engagement, profiles of competitors provided a side-by-side comparison and led to probing discussions as C-level leadership explored distribution models that would be a strategic fit for the company.
- **Incumbent Distributor Contract Negotiation:** In the short term, I developed a negotiation strategy for the incumbent supplier including concessions and prioritization., and coached my client on a collaborative approach to negotiations to preserve the important relationship.
- **Modeling:** For longer term planning, I projected costs for several models involving warehousing and fulfillment activities; identified potential 3PL and logistics suppliers; and conducted an informal request for information to present a high-level understanding of the supply market as the client considers its next steps.