

CASE STUDY

Supply Chain Strategy

MilliCare

PROBLEM / CHALLENGE

A franchise cleaning business was being carved out of a large chemical manufacturing business. Historically, they had used the supply chain of the parent company. They needed support in the short term to stand-up a supply chain to maintain product flow to their franchisees. We analyzed various options for the medium-term supply chain design.

LEAN ASSESSMENT

A Lean Assessment was conducted to understand the current situation and recommend an approach forward. The resulting recommendations were to build a short-term functional supply chain, then to determine the best long term supply chain strategy for the organization

Short Term: Supply Chain Standup

- **Developed Supply Chain Processes & Tools**
 - Developed an order & inventory tracking model to support manual order processing and inventory management
 - Model provided procurement requirements to notify when product needs to be reordered
- **Hired and trained cross-functional employee: Customer Service, Procurement, Warehouse Support**
 - Leveraging a temp agency, we interviewed, hired and trained an employee to fill the customer service and procurement role
 - This employee was responsible for taking customer orders, processing POs, tracking PO and receipts, and transportation support

Change Management

- **We were proactive in notify customers of the chemical order change**
 - Franchises has historically had a portal for ordering chemicals
 - We adjusted the process to an excel and email-based ordering process in the short term.

Long Term Supply Chain Strategy Analysis

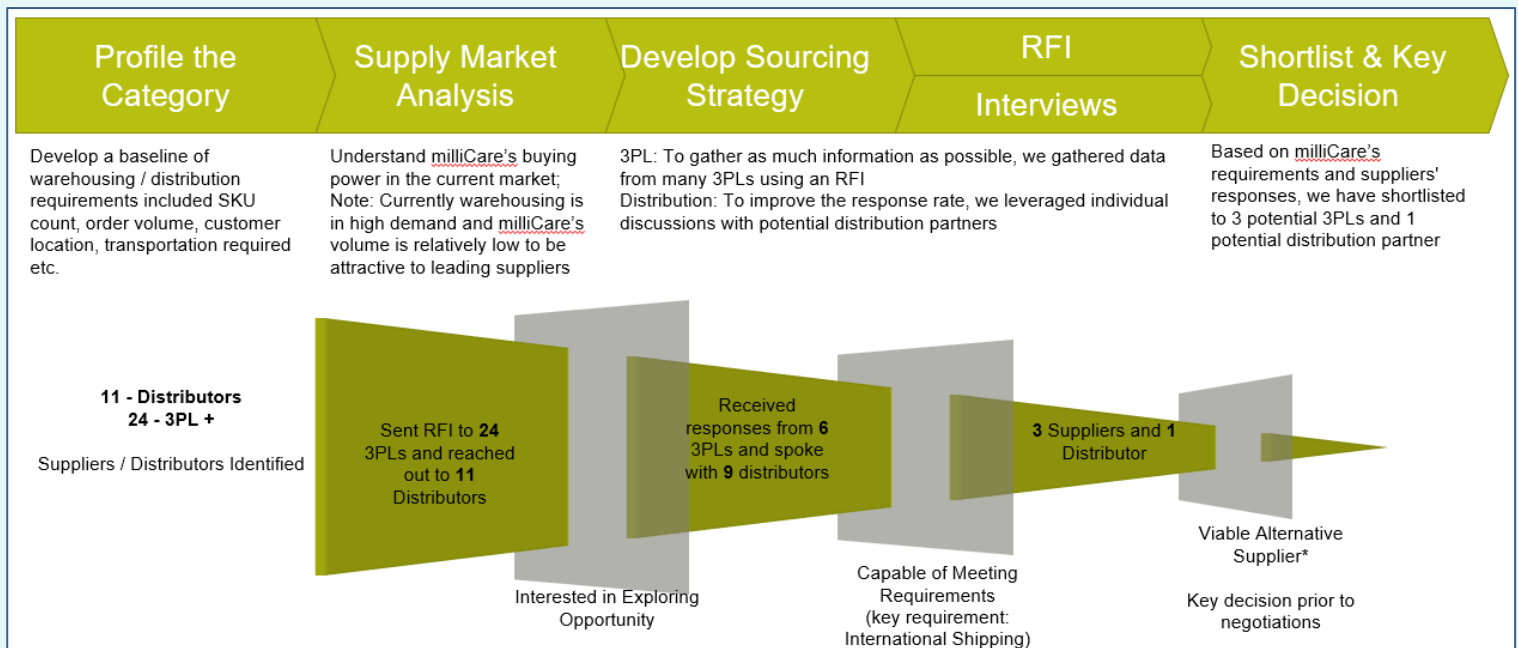
milliCare Internal Functions to Support Future State SC Options

	Maintain Internal Supply Chain	Outsource Supply Chain (3PL)	Leverage Distribution
Description	Maintain inventory in the Lagrange warehouse; maintain customer service, forecasting and purchasing functions to support Franchisees equipment and chemical needs	Maintain inventory in a 3PL warehouse; Set up systematic order entry or maintain customer service function. Maintain forecasting and high-level purchasing review functions to support Franchisees equipment and chemical needs	Partner with a distributor and eliminate the need for milliCare to hold inventory. Maintain forecasting and equipment processing functions to support Franchisees equipment and chemical needs
Forecasting	X	X	X
Product Management	X	X	X
Equipment Order Processing	X	X	X ²
Owning Inventory	X	X	
Customer Service	X	X ¹	
Purchasing	X		
Transportation Scheduling	X		

(1) The customer service function can be minimized if we create an automated order entry process

(2) Distribution may be able to handle equipment orders; we are in the process of confirming

We followed a rigorous parallel process to evaluate our options with 3PLs and distributor concurrently



IMPLEMENTATION DETAILS:

- We selected distribution as the best option to allow the business to focus on top line growth while ensuring their customers get their required products
- We selected the top distributor based on the region, key franchisee input, and supplier engagement

DIFFICULTIES ENCOUNTERED:

- The volume of sales did not support a private label program. The organization struggled with excess and obsolete inventory as a result
- By combining volume with the distributor, we were able to make Private Label volumes viable

RESULTS

- Maintained product flowing to their customers despite carve out
- Eliminated the need for internal supply chain management team

Reference: Rob Gannet, CEO of Clintar Holdings (milliCare parent company); rob.gannett@clintarholdings.com