



Distribution & Logistics Case Study

Business Problem:
Rapid growth, multiple acquisitions, and supply chain disruptions led to operational inefficiencies, high employee turnover, and low EBITDA

VERTICAL:  Distribution & Logistics

NLP SERVICES:  Lean Transformation

CLIENT

A \$10B Distribution Company was grappling with significant operational challenges stemming from rapid growth and multiple acquisitions. The company was facing inefficiencies across its network due to a lack of standardization, coupled with high employee turnover. Supply chain disruptions exacerbated these issues, impacting inbound and outbound freight operations. Despite its size and revenue, the company's financial performance, as measured by EBITDA to revenue ratio, was falling short of expectations. The complexity of managing a vast product mix with high SKU and low volume items further compounded the operational challenges.

APPROACH

To address the client's complex operational challenges, *NEXT LEVEL* Partners implemented a comprehensive Lean transformation strategy. An initial assessment of the current state was conducted to identify areas of improvement. Through a detailed Value Stream Mapping process, a potential savings of \$15 million was identified.

To drive sustainable change, a robust performance management system was established, including key metrics and daily tracking mechanisms. Lean Daily Management principles, including Gemba Walks, were implemented to foster a culture of continuous improvement. A clear execution roadmap was developed, outlining the strategic path forward.

Kaizen events were executed across the entire network, with a particular focus on warehouse operations, including inbound, receiving, put-away, picking, packing, and shipping processes. Standardized operating procedures (SOPs), best practices, and key performance indicators were established across the network to ensure consistency and drive performance improvement.

RESULTS (7 MONTHS)

- **\$10M + in additional revenue (\$1.2M EBITDA)**
 - **\$15M in hard annualized savings**
 - **\$5M in cost avoidance/ soft savings**
 - **5:1 Return on Investment**
- Facilitated by:**
- **Warehouse optimized for Inbound, Receiving, Put Away, Pick, Pack, Ship**
 - **OTD improved from 75%-95%+**
 - **Lead Time reduced from 7+ days to 2 days**