

Manufacturing Company

A seven billion dollar holding company with global assets planned to divest a portion of its U.S. holdings. NorthStar worked with the management team to develop options for a revolver facility and term loans to help support the business as a stand-alone going forward. As part of the deal, the parent company wanted the new group to stop using any corporate services as soon as the sale was complete.

The management team wanted to be free of the corporate obligations to the former owners as quickly as possible also. However, it was struggling to develop the necessary shipping options to meet the requirements of its customers while providing a cost effective system that would ensure that it was able to meet the profit objectives of the business plan. The deal was in jeopardy because the management team was unable to develop a shipping system that met the requirements of their new investors, the bank auditors, and their customers.

The management team turned to NorthStar seeking a solution. NorthStar called upon its team of logistics consultants and immediately began analyzing the current shipping practices of the company and comparing them to nationally accepted best practices for companies of comparable size and industry. Utilizing its enormous database and computer modeling capabilities, NorthStar presented the management team with a computerized system tailored to their specific needs.

After intensive scrutiny, the management team determined that the new system did indeed meet every requirement that they had set forth. The system was automated so that it maximized the efficiency of their associates throughout the organization, not just on the shop floor. It was integrated with their ERP so the company could issue invoices as soon as the product shipped. The system had a customer notification e-mail system that the company could tailor to each client to advise them that their order had shipped, the name of the carrier, and other pertinent shipping information. This feature would minimize the need for inbound customer service calls inquiring about ship and routing status. The management team was especially impressed with the management control reports that provided visibility and control over every shipment and shipping location throughout the company.

The bonus feature — the system was so strong that it was able to reduce the direct shipping costs of the company by 12%!

Epilogue: The system continues to monitor and analyze shipping practices and history to ensure that the company is achieving the very best results. Based upon the ongoing modeling effort the company was able to reduce its direct shipping costs by another 5% during the second year.