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Distributor Turns to Intrinsic to Improve Margins with New Focus on Investment Buying

Intrinsic developed processes and metrics that helped a hard goods distributor take advantage of price changes by forward buying for increased profit. The solution:

- ◆ Defined forward buying processes
- ◆ Established an organizational role to support forward buying process
- ◆ Introduced forward buying and inner margin capture metrics
- ◆ Increased bottom-line profitability by one full percentage point

The client engaged Intrinsic because they felt that they did not take full advantage of the deal opportunities from their vendors. They knew that they were leaving significant dollars on the table, but couldn't effectively determine when and how much. The client wanted to increase the opportunity to capitalize on forward buying opportunities and to measure their gains.

The company's E3 software solution had the tools to manage forward buying, and their E3 All-Star project manager had good knowledge of the E3 toolset, so they were in a good position. All the client lacked was a clear set of goals and a sound process. Like with so many companies, this client's people had plenty of work on their plates, and little time to objectively assess opportunities and develop comprehensive solutions.

Intrinsic provided a consultant with extensive experience in distribution and the forward buying process, who quickly assessed the situation. Working with management a set of specific goals for inner margin capture were defined. Understanding the aggressive goals of the client, it was determined that one person should manage the process to improve focus on this highly profitable area. This individual acted as a clearing house of sorts to assure that every deal opportunity was properly evaluated measured. New metrics allowed the client to determine the best opportunities, and to measure their impact on inventory, margin and profit.

As a result of the new focus, the client captured more margin by reviewing every deal opportunity, and taking advantage of the best opportunities. In fact, the company began to take advantage of advanced notice of price increases, and even began actively seeking out deal opportunities by contacting their vendors with deal suggestions. The new measures allowed management to gain control of a process that greatly improved their bottom-line profit. Finally, this client could use their purchasing organization to markedly improve their margin and profit.

About Intrinsic Value Chain Solutions

Intrinsic Value Chain Solutions, was founded to provide inventory consulting services and technology solutions that help companies to increase revenue, cash flow and profit without engaging an army of consultants. Our principals provide the expertise to develop inventory and logistics processes and solutions that ensure minimal inventory levels and high customer service levels. Further information can be found at our website at:

http://www.intrinsicvaluechain.com/offerings_intrinsic_value_chain_solutions.htm

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