

Case Study. Sample Inc.

Sample Inc. distributes, repackages, and manages private labels of high-end products for retail. The company was founded twenty-five years ago to provide consumers access to high-quality products, which were previously only accessible to professionals. Sample Inc. has built relationships with the largest global retail groups. They provide quality brands and private label products to customers worldwide.

Products

Sample Inc. products are based on the best products available on the market. Their team of experts works closely with the manufacturers of the products Sample Inc. purchases in bulk and repackages in Sample Inc. brands and private label branded consumer-size packaging. Sample Inc. distributes the broadest line of automotive and marine oils, lubricants and maintenance and care products. Anyone who has topped of their oil or shined their car or car seats, has probably used Sample Inc. products.

Their products are grouped in 5 major categories:

- antifreeze and coolants
- brake fluid
- cleaners
- oils and lubricants
- transmission fluids

Sample Inc.'s packaging is customized to meet local language and cultural requirements and preferences. Quality is never compromised.

Customers

Sample Inc. serves most countries around the world. Their selection of strategic partners ensures that their sales and products cover all continents. They distribute products to distributors and retail groups, who sell them to consumers for automotive and marine application.

Sample Inc. recognizes the importance of strong relationships with retail organizations at the international and local level. They provide private label products to the largest global retailers such as—Wal-Mart, Carrefour, Metro, and S-Mart—national retail chains like CostKing and regional and national automotive aftermarket and car-care chains. Customers include: Auto Bros, AutoZone, CarFix, Euromaster, Meineke, Midas, NAPA, and Pep Boys.

Suppliers

Sample Inc. has built lasting relationships with manufacturers of high quality oil, lubrication, cleaning, and care products. They buy all materials in bulk and repackage these in our own brands and private label packaging.

Their suppliers include manufacturers of oil and lubriimprovement programion products such as BP, Castrol, Chevron, Mobil, Oilco, PetroBras, Sinopec, and Total. They work with local suppliers where possible to reduce duties, tariffs, and transportation costs.

Competition

Sample Inc. has numerous competitors in each of its markets. The market for automotive oils and lubricants is characterized by quality and price competition. Competitors typically fall into one of three categories:

- Global oil companies that manufacture and distribute to the consumer retail market:

Many of these competitors are also our suppliers. Sample Inc. brands have strong brand recognition; they compete directly with these competitors for premium buyers.

- Local oil companies that manufacture and distribute to the consumer retail market:

These competitors build on customer loyalty and national preference. Sample Inc.'s product localization strategy helps us compete in these markets.

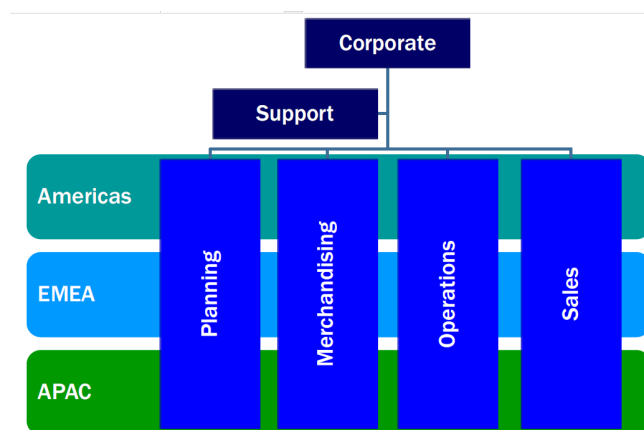
- Distributors that operate the same business model: Sample Inc. generally competes on price as distributors generally address the market by undercutting prices of the global brands including Sample Inc.'s brands. These competitors typically compete with

Sample's Value product line. For private label-products, the competition is limited. Competitors classified in the third category repeatedly try to penetrate the private label market, but this market is hard to enter without a complete offering and an established track record.

Organization

With Sample Inc.'s customers and suppliers located around the world, almost half of their staff is located in facilities outside their corporate office. Sample Inc.'s organization knows the business well. Their staff has a strong background in automotive, retail sales, and merchandizing.

Sample Inc. has a matrix organizational structure. Regional functions report to global functional management and regional management to ensure global and local interests are met. It enables faster decentralized decisions and better access to shared corporate processes and technologies.



Americas= North, Middle and South America, EMEA = Europe, Middle East & Africa, APAC = Asia and Pacific

Merchandising focuses on product and packaging design and purchasing of materials. The purchasing group within merchandising buys oil products in the long-term and short-term market to reduce the risk of price fluctuations.

Operations consist of four groups: production, fulfilment, warehousing, and transportation. The three geographical regions generally operate independently as suppliers, facilities, and customers are local.

Sales teams are organized by customer by region: major accounts (large volume customers global or cross-national), retail (national or local retailers), private label, distributors, and promotional (promotion only customers). Sample Inc. operates warehouses on every continent in order to support customers worldwide. Local sales offices are co-located at Sample Inc.'s main warehouses to ensure optimal coordination between Sales and Supply Chain Operations teams.



Project

The Sample Inc. improvement team felt that the main problem with their supply chain was a critical lack of Asset Management performance, specifically in the cash-to-cash cycle time. The content of the value proposition focused on how this cycle time could be reduced from the current 52 days to 0. This detailed objective formed the cornerstone of Sample Inc.'s motivation for embarking on the SCOR improvement effort. As part of the planning for the next phase, any show-stoppers associated challenges and opportunities, risks, and the external profile would be assessed, documented and presented as part of the "go, no go decision" meeting. With this milestone reached and approved by the senior management team, the improvement team moved to the next phase: S—Set the Scope.