



Sprinting Ahead of Inflation and Competition

Our private equity (PE) owned client based in Windsor, Ontario operates in the automotive and industrial tool manufacturing industries. While demand is rising with the tide of resurgence, unprecedented challenges exist from continuing raw material inflation, labor shortages, disrupted supply chains, higher levels of inventory and significantly higher transportation costs. These factors threaten our client's ability to gain sustainable market share, generate higher levels of EBITDA and ultimately position the PE firm to exit the business at a higher valuation. The Company recognized early on that escalating commodities prices and tightening supply chains are a given in the current market and was looking for a competitive edge. In order to sprint ahead of the competition and take market share, the Company engaged Hilco Performance Solutions to upgrade its procurement and pricing capabilities.

While demand in the U.S. automotive industry continues to increase with the industrial rebound, many companies within the supply chain are discovering their manufacturing, transportation and inventory management costs



are growing unabated as the world navigates through the pandemic. In the short term, this situation impacts profitability as evidenced by higher input costs, longer lead times, stock-outs and lost sales. We are already seeing this result in higher prices that are being passed through to consumers. Due to a frustrating inability to fill some orders, and the necessity to raise prices, suppliers with less scale will likely lose

ground relative to peers with greater scale that can provide customers with both surety of supply and the lowest possible unit prices.

This situation was the catalyst for our industrial client to change their procurement, pricing and inventory management playbooks. Hilco Performance Solutions developed a set of easy to deploy dynamic dashboards to monitor market conditions and optimize purchasing decisions across a portfolio of global suppliers. The team then trained the procurement and related functions to use these tools on a continuous basis and enhanced the Company's operating procedures for forecasting, responding to RFQs, carrying adequate levels of inventory and reducing lead times.

If your business is seeking to gain sustainable market share and generate higher levels of EBITDA, contact Dan Ginsberg at Hilco Performance Solutions by email at dginsberg@hilcoglobal.com or Jesse Glossinger at jglossinger@hilcoglobal.com.
