

REDUCING ANNUAL EXPENDITURES BY OPTIMIZING THE SUPPLY CHAIN

GAY LEA FOODS CO-OPERATIVE LTD.

SITUATION: In 2019, the Leadership Team for Gay Lea Foods set forth an aggressive Supply Chain productivity target as growth in expenditures were trending to exceed growth in revenues



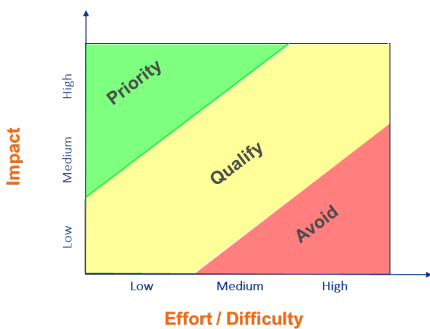
Gay Lea Foods is a leading Canadian co-operative, with members on roughly 1,400 dairy farms in Ontario and Manitoba, and more than 4,200 producer and investor shareholders. Their dedication to innovation and the development of high-quality products has allowed them to respond to consumers' evolving tastes and grow the market for Canadian milk and dairy products while staying true to their "Born on the Farm" heritage.

“Adonis Partners had worked with us previously in a variety of capacities - from leading Lean Six Sigma training sessions to facilitating our Strategic Planning meetings. When trying to solve for this challenge, I knew right away who to call. Because of our past work experience, Adonis Partners was able to come in and quickly establish credibility and execute efforts yielding these great results.”

Michael Barrett
CEO

Michael Barrett, the CEO of Gay Lea Foods (GLF), connected with Travis Ratnam, Managing Partner of Adonis Partners, to discuss the challenge presented of driving productivity in the supply chain function. Travis advised using a data-driven approach to understand the supply chain cost structure in order to identify the right opportunities to reduce overall expenditures.

Adonis Partners took a deep dive into Gay Lea's supply chain cost coupled with an analysis of the warehousing and distribution activities. These efforts in partnership with the GLF Supply Chain Leadership team resulted in the identification of over \$5M in potential opportunities for cost reduction across the transportation, procurement, distribution, planning and customer service functions. The opportunities were prioritized using the input of the team and spanned both single function as well as cross-functional projects, in addition to key enabling projects. Enabling projects were those fundamental changes that needed to be made to allow other projects to be successful. The prioritization was based on a combination of impact in terms of dollars saved and the effort required to deliver the savings. The primary focus was on those projects with high savings and low effort (green) with more discussion given to those with higher amounts of effort but medium savings (yellow) while projects showing low savings impact (Red) were de-prioritized.



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Each opportunity that was prioritized was then assigned a project leader who was responsible for leading the project with an overall governance model that included the following four components:

- **Weekly Project Meetings:** 30-minute session facilitated by the project leader to drive results with specific takeaways and actions
- **Monthly Project Updates:** Project leaders deliver updates to Supply Chain Leadership team. The Supply Chain leadership team reviewed savings, offered resources to accelerate progress and determines how to mitigate risks as needed.

In addition to the engagement framework, a detailed tracker was utilized to track the monthly savings from the various projects and align with finance to ensure complete transparency, rigor in savings calculations and data-driven decision making.

OUTCOME: \$1M CAD savings within 4 months and \$5.3M savings realized in the Fiscal Year

Utilizing both rigorous data analysis to drive decision making on which projects to undertake and a consistent project governance model, Gay Lea Foods was able to achieve a \$1M savings within 4 months. Further, the foundation was established to drive continuous improvement into the supply chain activities with increased confidence of the staff in their ability to drive successful outcomes through these projects. At the end of the fiscal year 2020 the Supply chain function had saved \$5.3M across transportation, procurement distribution and planning

“ Van Quach, our Adonis Consultant on this project, brought a high level of energy to this engagement. He was very transparent with his findings and went deep into the details - it was tough, but it was what we needed to set us on the right path forward. Van drove accountability with the team which delivered the results we needed to achieve. ”

Luis Garcia
Former Vice President of Supply Chain

About Adonis Partners

Adonis Partners is a boutique management consultancy focused on **business process excellence** and **innovation** in large, medium, and small sized enterprises.

Our approach is all about building a **partnership** with our clients to **create value** while simultaneously **training** and **developing** talent to ensure **sustained improvement**.

Contact us at team@adonispartners.com for further information

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