

Specialty chemicals company **reduces inventory** by more than **\$ 44 million**

A specialty chemicals company, with annual sales of \$5 billion and more than 100 manufacturing plants, serving the global wood and industrial markets through epoxies, resins and coating products had been created through the merger of four independent companies in the portfolio of a leading private equity company.

The diverse nature of a global specialty chemicals companies business meant that activities to reduce working capital had not been given insufficient priority in the local operating companies, that is until improving working capital became a necessity to meet private equity financing needs.

Challenges:

- The diverse nature of this global business meant that activities to reduce working capital had not been given sufficient priority in the local operating companies
- Cash flow and working capital performance were performing poorly with a potentially detrimental effects on the company's credit rating
- A number of internal initiatives were in progress, however, communication between efforts was minimal and time to achieve goals was taking longer than expected

Solutions:

- The REL team carried out a working capital performance improvement program to improve customer and supplier terms and supply chain management
- REL's inventory methodology including supply chain training, inventory classification and reduction was applied at multiple locations to make quick, but sustainable reductions
- Policy and reference guide documents were developed to provide a knowledge repository with consistent information for users and a framework for ongoing activities to approach best practice
- REL developed a performance metrics and working capital dashboard to allow for easy and timely monitoring
- Improvement programs for both customer and supplier terms were identified and initiated

Benefits achieved:

- Inventory reduction of \$44.4 million within 3 - 4 months of implementation and an additional \$15 million expected within the following 6 - 12 months
- Improved visibility within the company in contributing factors to working capital

Selected clients in the chemicals industry:



To receive a complimentary cash flow assessment, visit www.relconsultancy.com/cashflow/ or call us at **1 866 614 4059** (North America), **1 770 225 7500** (International) or **+44 20 7398 9033** (Europe) and take the first step toward releasing more cash from your operations today.

“We were impressed with the people of REL; impressed with how they explained the various concepts involved, their emphasis on knowledge transfer, and their collaborative, team-oriented approach. REL proposed an approach that involved Cytec in every aspect of the effort, rather than doing everything with Cytec personnel watching.”

– Cytec

“REL brings in good professionals, who roll up their sleeves and start working with local teams to make things happen. They have a hands-on mentality and a no-nonsense approach. They are not like typical consultants who only give you plans to follow.”

– Philips

“We were extremely impressed with the depth and detail of the analysis given the time allowed. The project team possessed a high degree of subject matter experience and credibility. We were astonished with the speed of progress.”

– Airbus

About REL

The returns on improving cash flow can be spectacular – a working capital management project can yield hundreds of millions in free-flowing cash. REL takes a holistic approach to reducing working capital and releasing cash through sustainable working capital improvements at the same time as balancing service, cost and risk. REL works with you to assess those activities that impact working capital; quantify the opportunity for improvement; and define the steps and activities required to realise the improvement opportunity and build the business case for change.