

# Case Study - Downstream Energy



**Client:** Energy Major -  
Downstream

## Business Challenges:

- Profitability
- Competitive positioning within the region
- Declining return on capital
- Capital investment constraints

## Improved supply chain, asset, customer, and product management result in significant profitability and working capital improvements.

### Challenge

The company was facing a situation of declining profitability and positioning within the Africa Middle East region that encompassed nine countries. Competitors in the region were investing significant capital to modernize refineries and filling stations to develop their brands as well as meet growing environmental regulation.

### Solution

Nexview Consulting led a large change initiative with client leaders to restructure the supply chain (“crude to customer”), improve associated planning processes, and improve profitability visibility at customer and product levels. We worked with a network partner firm to develop and implement a sophisticated model that allocates indirect costs to show the true profitability of customers and products. This information was used as the basis for an improved decision and account management system, pricing policies, and contracting methods.

We not only improved S&OP, planning processes, and management systems, but also right-sized the terminal network, internal trucking fleet, and service station footprint to improve operations, profitability, and return on capital employed. Additional op-

erating improvements and savings were captured in procurement, convenience stores at filling stations, trading operations, and in the aviation fuels business. Amidst all the change, our project integrated a re-designed organization into new roles and processes throughout the company. We also integrated our project into the larger global initiative sharing our best practices, and leveraging the learnings from other regions.

### Outcomes

The region is now back on track with respect to corporate expectations and is well-positioned to continue supplying the area with needed fuels and capture the value associated with its brand and location in this part of the world. The company has more efficiently aligned its supply chain (terminals, inventory, fleet) to the demand, has improved planning processes, pricing policies, and tools to assist in planning and decision making. An improved meeting structure is supported by outputs from the profitability model as well as from a comprehensive set of redesigned KPI score-cards.

Project results exceeded \$100MM in P&L benefits and \$64MM in working capital.