

MANAGING OPERATIONAL RISK IN THE SUPPLY CHAIN

Krannert Global Supply Chain
Management Conference

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“Creating Innovative Furniture & Logistic Solutions.”

Ryan W. Menke



OFS Brands Holdings, Inc.

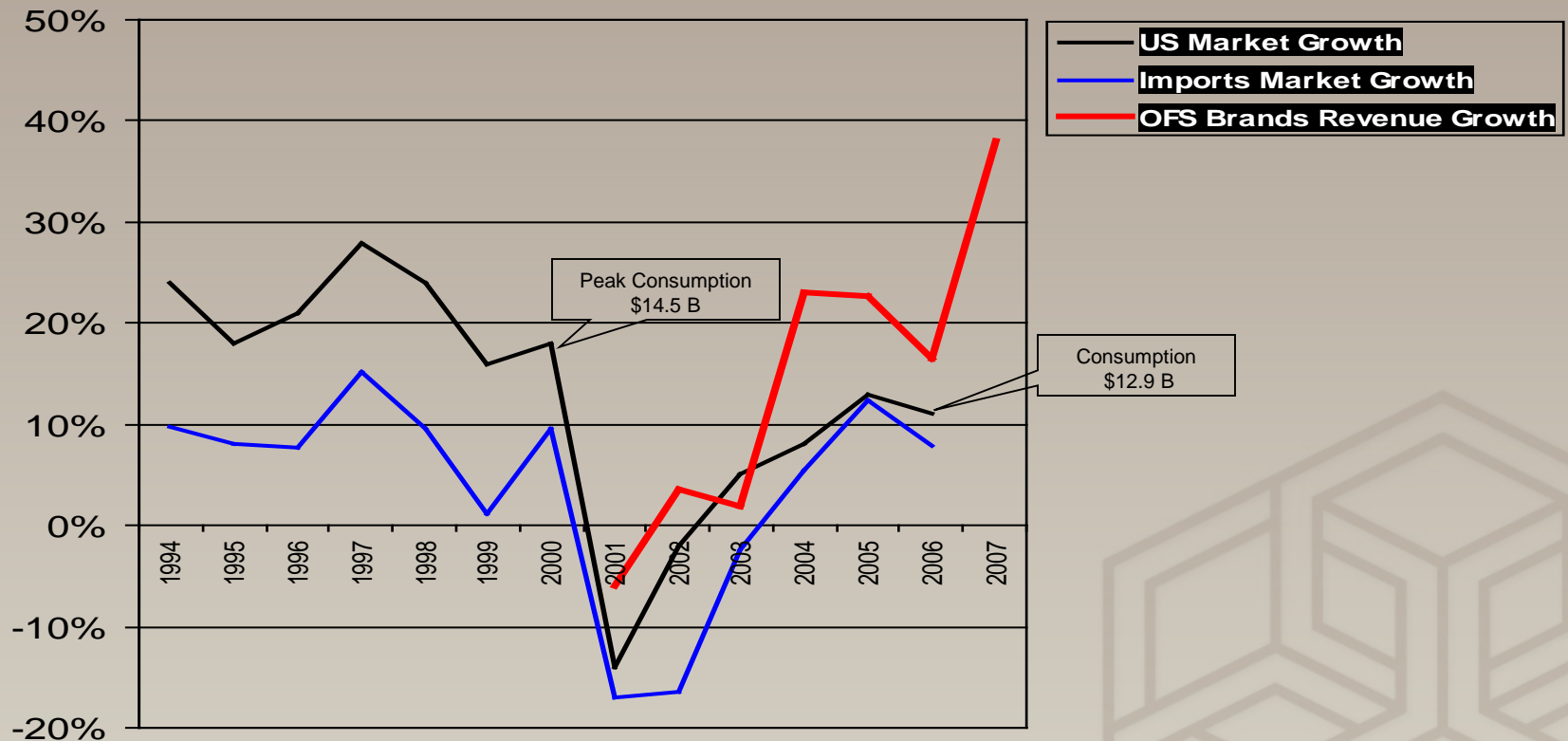
- Family-owned contract furniture manufacturer
- Located in IN, KY, PA and NC.
- Solution-based, experiential selling model
- Vertically integrated supply chain

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Industry Trends



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Evolution of Business Model

- Eminent Threats
 - Surplus inventory in uncertain times
 - Declining asset turnover
 - Disruptions in supply network
 - Changing market demand

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Evolution of Business Model

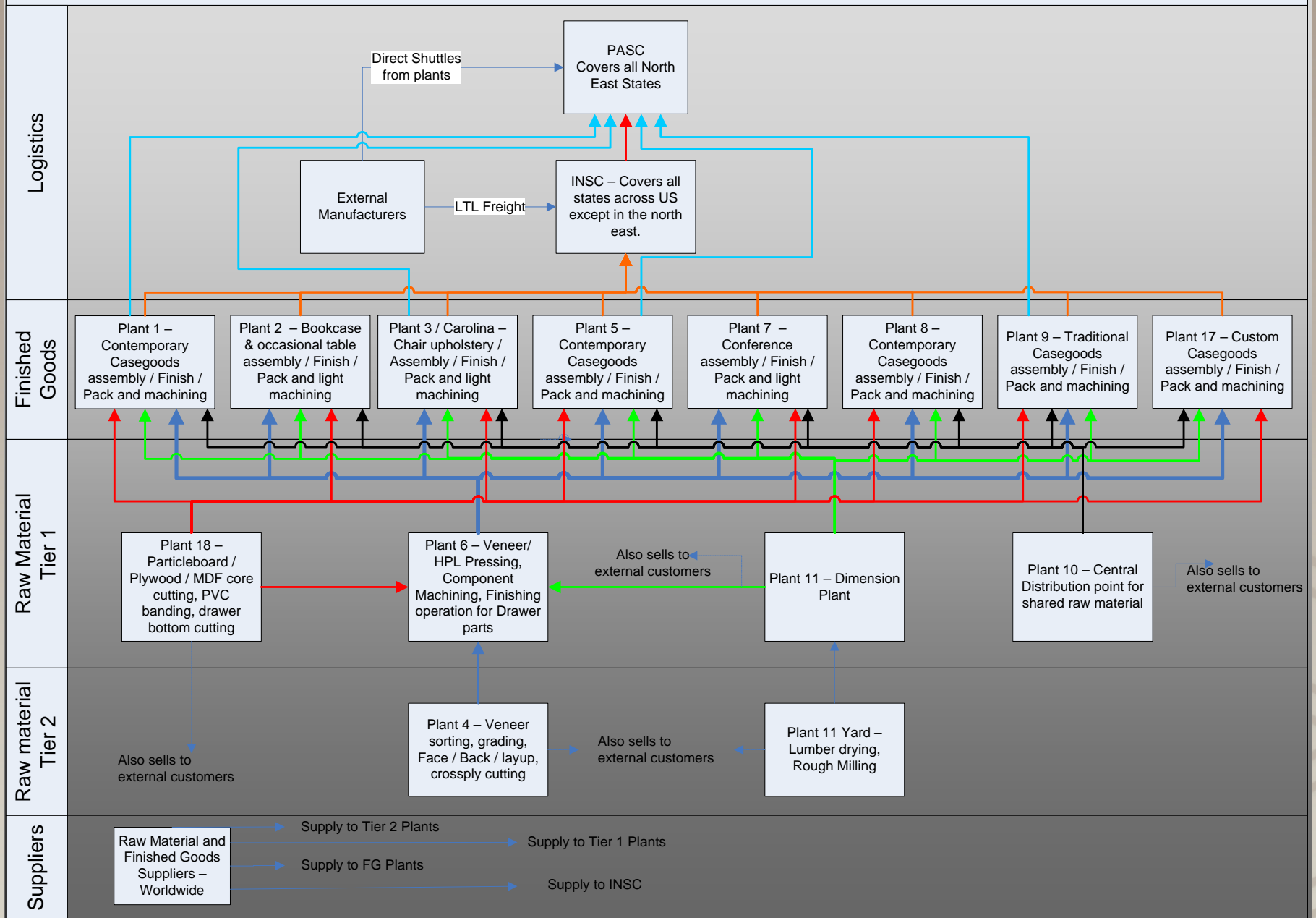
- Integrated Supply Chain
 - Acquire capabilities through capital investments
 - In-source key business functions
- Supply Chain Re-alignment
 - Transition from “made to stock” to “make / engineer to order” model (Time Postponement)
 - Investment in technology

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OFS BRANDS SUPPLY CHAIN NETWORK



Outcome

- Better customer relations
- Increased flexibility
- Better collaboration with supply partners
- Better visibility
- Proliferation of product lines
- Improved planning and execution

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Changing Market Dynamics

- Consolidation of scale and scope
- Increasing transactional cost to serve
- Changing customer value
- Shorter order cycle time
- Shorter product life cycle
- Over concentration of operations
- Increasing need for contingency planning

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Renewed focus

- Re-assess core capabilities
- Split sourcing
 - In-house contingency planning
 - Outsource non-proprietary processes
- Align supply chain to market expectations
- Design products to leverage supply chain capabilities

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Looking forward...

- Time postponement vs. form postponement
 - Cost vs. product proliferation
- Distribution cost vs. service
- Managing international exposure
- Managing intellectual property
- Managing working capital under growth stress

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