

CUSTOMER SUCCESS STORY

McNaughton-McKay Electric Company

Delivering Improved Profits and Rapid Growth with Supply Chain Excellence.

COMPANY OVERVIEW

For over 100 years, McNaughton-McKay has been at the heart of industrial automation distribution. They offer a wide portfolio of over 52,000 products ranging from variable frequency drives, lighting, solar, and industrial automation applications to vision systems. McNaughton-McKay helps over 5,000 customers improve their plant-floor to top floor communications, and ultimately achieve greater business success. As one of the largest Electrical Equipment Distributors in the US, they turned to GAINS to help optimize their supply chain performance.

CHALLENGES

Streamline operations and accelerate decisions that boost service levels while simultaneously reducing excess and obsolete inventory.



McNAUGHTON-McKAY
ELECTRIC COMPANY

- ◇ Serving markets in Michigan, Ohio, Georgia, North and South Carolina
- ◇ Wide portfolio of over 52,000 products
- ◇ Over 5,000 customers ranging from small electrical contractors to large scale manufacturers

INDUSTRY

Distribution

SOLUTION

GAINS supply chain performance optimization platform

RESULTS

- ◇ Increased inventory turns **30%** while growing revenue **7%**
- ◇ Raised fill rates to **97%**
- ◇ Slashed expedited shipments to near **ZERO**

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TRANSFORMATION OBJECTIVES

Given the highly competitive nature of the electrical distribution industry, McNaughton-McKay had a strategic goal to provide superior customer service. They leveraged GAINS demand planning and multi-echelon inventory optimization (MEIO) to improve order fill rates, and effectively sense and respond to changes in demand, even for low volume items.

Reducing inventory investments was also a key objective. With GAINS, McNaughton-McKay dynamically managed total forecast error, in real-time, and then adjusted policies and plans to meet targeted customer service levels. As a result, they optimized inventory across their portfolio to fuel smarter buys and support growth with the same profit-maximizing investment.

With initial results from GAINS supply chain optimization capabilities the business opportunities became clear:

- ◇ Automated dynamic forecasting that harnesses leading market indicators
- ◇ AI-driven profit-maximizing service level attainment with item-location precision
- ◇ Forecasting capabilities including pattern recognition, demand sensing, and machine learning
- ◇ Using embedded AI to optimize margin related factors by location including carrying, expediting, and opportunity costs

Optimized scenario analysis gave the McNaughton-McKay team the insights they needed to confidently realign inventory and move forward faster to gain market share.

“With GAINS we have seen our inventory investment stay constant as our customer fill rates and sales increased. And it’s definitely helped us reduce our safety stock!” — Vice President, Operations

RESULTS & BENEFITS

- ◇ Boosted service levels to **97%**
- ◇ Accelerated response time to customer order changes by **70%**
- ◇ Slashed expedited shipments to near **ZERO**
- ◇ Increased inventory turns by **30%**
- ◇ Raised margin on vendor driven VMI tools by **8%**
- ◇ Optimized a broad product portfolio of fast and slow-moving items