

# Recent Case Studies

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## BUSINESS WIDE PROGRAMMES

# Case Study – Marketing Intelligence – Margarine Manufacturers

Leading multinational FMCG organization with presence in more than 100 countries.

## Business Background

1. The client hired us to conduct a deep-dive study in the end-to-end margarine marketplace in Brazil;
2. Over the years, our client faced aggressive competition from 2 players: one local suppliers and one multinational group; its market share declined from 70% to 30% over a period of 5 years;
3. In addition to different marketing and sales strategies, our client's competitors had a much more cost effective business model;
4. Our client wanted to understand in the details why competitor's costs were so significant lower and what could be the key levers that they would need to change to return to market share growth;

## How Spin Consulting Professionals Helped

1. Spin Consulting understood in details the existing marketing & sales intelligence studies from our client and its competitors ;
2. Spin conducted a deep-dive investigative study in the competitors end-to-end costs, including among others raw materials, primary and secondary packaging, manufacturing, primary and secondary distribution, overheads, taxation, etc;
3. Different methodologies have been adopted, including: existing studies and marketing indicators, formal and informal public information, Spin's specific expertise in the industry, Spin's networks (e. g suppliers, distributors and clients), among others;
4. Spin mapped the end-to-end value chain of the different players in the market, its strengths and weakness, different go to market strategies, its P&L's, etc;
5. Spin presented a set of recommendation to the client in terms of top and bottom-line optimization, in a matrix of opportunity size versus effort

## Achievements

1. The competitors' study was developed in a very short timeframe as the client needed to address its business quite rapidly
2. The study has been presented fully in line to the scope requested by the client: primary focus on costs, secondary focus in growth opportunities; quick-wins and short/medium/long term opportunities;
3. Whenever possible, all recommendations have been fully supported not only by qualitative but also quantitative analysis;
4. The models Spin built (e.g. P&L Simulator) have been shared with the client so it could be updated 'in-house' whenever required by inputting the new macroeconomics and market specific variable
5. The study was used by the client a key input to developed a revised marketing and sales go-to-market strategy to the market; this included a revised supply chain set-up

# Austerity Programme

## Top 5 Global Cellulose Multinational

### Business Background

1. Based on the successful procurement specific projects (3Cs and Procurement), the client asked us to extend the Cost Optimisation programme to new areas of the business
2. The ambition was to deliver the required short term required commitments with its stockholders whilst still creating a new culture to deliver a sustainable medium and long term cost competitiveness, given the cyclical nature of the price of our client's products
3. The programme was sponsored by the CEO, led by the CFO and supported by a Board Level Steering Committee including the Heads of Industrial, Supply Chain, HR, Forest, Regulatory and Legal departments
4. The client gave us a 'black sheet' with a view that we could present any feasible solution (status quo, challenging, 'out of the box')

### How Spin Consulting Professionals Helped

1. Spin designed a fit for purpose, comprehensive, actionable Austerity programme, which consisted of 3 main key pillars:
  1. Reduce consumption: via an end to end continuous improvement programme in each part of the business;
  2. Spend only if necessary: implement policies, criteria, approach flows, etc to avoid unnecessary expenditure
  3. Invest selectively: ensure that only capex with proven ROI be prioritized
  4. Zero Based Budget (ZBB) approach
2. Spin defined with the leadership team an aggressive but yet achievable target for the programme, cascaded throughout the organization, at individual level, via a SMART approach (Specific, Measurable, Achievable, Realistic and Timely)
3. Spin drove its implementation approach, including roles & responsibilities, new ways of working, governance approach and communication strategy reaching out ALL employees within the business
4. As part of the programme, a new culture emerged within the business, which led to the review of our client's evaluating criteria for recognition, development and career progression. At the center of the new culture, SENSE OF OWNERSHIP became the pivotal element of the new culture

### Achievements

1. In the short-term (9 months), the programme led to the deliver of the envisaged '30:30' objective, being:
  1. 30mm USD in EBITDA improvement via Reduction in Consumption
  2. 30mm USD in EBITDA improvement via Unnecessary Expenditure Elimination (Opex and Capex)
2. In addition, the Austerity programme enabled a new culture of (positive) 'obsession' with cost reduction; A motto of the programme became ('costs are like nails, need constant trimming')

# Business Turnaround

## Top 5 global Pet Food Manufacturer

### Business Background

1. Our client, a multinational company specialized in premium pet nutrition, part of a major corporation, faced strong competition in one its key growth markets.
2. Its turnover declined significantly over the last 3 years (over double digit) whilst its earnings (net margin) dropped more than 15pp.
3. A new leadership has been appointed as part of the required transformation and Spin has been invited to develop a comprehensive turnaround plan in the short-term, whilst creating the platform to deliver its medium and long-term ambition
4. The plan has been developed with the local leadership with frequent interactions with the regional and global teams.

### How Spin Consulting Professionals Helped

1. Spin assessed our clients extended value chain, from consumers/customers to suppliers, looking for opportunities of cost optimization, turnover growth, differentiation, etc
2. Spin also assessed the market environment, identifying strengths, weakness, opportunities and threats of the key local and international competitors, used as a key input as part of the turnaround plan
3. A detailed roadmap detailed the identified opportunities in a simple to communicate framework, consisting of 4 pillars: 1) Buy Well, 2) Produce Well, 3) Sell Out, 4) Indirects Optimisation
4. Each of the nearly 50 identified opportunities were quantified in terms of potential of turnover growth, profit margin improvement and cash optimization.
5. The opportunities have been prioritized in a matrix considering tangible and intangible factors, effort required vs estimated benefits, local and headoffice strategic directions, etc.
6. The plan has been extensively discussed with the local, regional and global teams, resulting in the full endorsement of our clients global CEO as well as the Head of the Regional business unit.

### Achievements

1. The turnaround plan identified the key levers for our client to get back to top line growth (turnover) as well as significantly improve its profit margin (from 5 to 18% net earnings) over a period of 18 months
2. Spin presented in the roadmap with the implementation route for each initiative: a) in-house implemented, b) implemented in house with the consultancy support, c) implemented via the consultancy. This with a view of making the programme the most cost efficient to our client whilst still ensuring the delivery of the value as quickly as possible
3. Spin has been invited to support a number of key selected initiatives, among them a) a new go to market strategy, b) logistics network review, c) indirects optimisation, d) production optimization, e) Cash Optimisation programme (including inventory reduction)

# Case Study – Business-Wide Strategy Development

Leading Biotechnology and Crop Protection multinational company with presence in over 65 countries.

## Business Background

1. The client needed to develop its new 5 years business strategy with the aim to double its revenues and achieve 50% of gross margin improvement over the 5 years period
2. The strategy of the local business (USD 5 bi turnover) should be aligned to the global corporate strategy where possible and be as much locally specific as possible
3. The master business strategy (Level 1) should be deployed at Level 2 to all its core competency areas, namely: 1) Sales & Customer Development, 2) Marketing, 3) Supply Chain, 4) Finance, 5) Human Resources, 6) Corporate Engagement & Government Relations
4. The new corporate-wide and functional strategies should set the direction for the new 5 years and yet be adaptable over time as the market dynamics of the client business is considerable volatile

## How Spin Consulting Professionals Helped

1. Spin applied its strategy development methodology called 'Visual Maps' which is a dynamic, collaborative and implementation focused strategy development approach (rather than the traditional 'booklet type' of strategy development; The Visual Maps a simple, detailed and visual strategic roadmap which details and communicates strategic plans in a pragmatic and efficient way
2. The Level 1 (master) and Level 2 (functional ) strategies have been developed, through various sessions & workshops involving more than 400 key leaders of the client (VPs, Directors, Managers, non-Managers)
3. The approach was co-constructive in order to ensure clarity, full buy-in and implementation of the strategy agreed over the short, medium and long-term horizon
4. Detailed Implementation plans for each key project / initiative (over 300 in total) were defined specifying what, who, when, how, resources, teams, timelines, investments, expected ROI, etc.
5. Key Priorities, Main Risks, Key Performance Indicators were detailed and quantified in order to ensure the full implementation of the programme

## Achievements

1. A robust strategic plan was developed & deploy to enable the clients growth and profitability ambitions in the short, medium and long-terms
2. All relevant areas of the the business developed their functional strategic plans, fully aligned with the business-wise strategic plan, with detailed implementation plans, clear metrics defined, main risks identified & mitigated, etc
3. The co-participative approach was very well received as a key opportunity not only to participate in key strategic decision but also as an opportunity to understand & learn from other's areas specific strategies
4. The programme was recognized as a best-practise at the client's head-office and Spin has been asked to deploy the same approach in another key region of the business
5. Spin also supported the client during the implementation through focused Health Checks interventions in which Spin: 1) evaluated quantitatively and qualitatively the progresses of the current Wave the implementation, 2) identified gaps and develop mitigations plans, 3) developed the next Wave of implementation plans

Confidential

# Case Study – Pharmaceutical Turnaround

## Local Market Leader in the Veterinarian Segment

### Business Background

1. Our client, a family-owned based company, was facing increasingly 'distractions' to its core business. This included 1) the succession of its founder by the family members, 2) decreasing focus in the medium-long-term marketplace, 3) increasingly market competitiveness with the entry of new international players, 4) inflationary macro-economic environment
2. Our client's owner was considering either an exit strategy (sell the business) or a turn-around plan
3. Our client had approx. 100 SKUs in its portfolio, however, over 90% of the revenues, and 95% of the profits, would come from the top 3 very well established, patented and lucrative products

### How Spin Consulting Professionals Helped

1. Spin was initially contracted by our client to represent them in a potential M&A transaction with a multinational market leader player; Spin was in charge of the initial due diligence, valuation and was given a target for the transaction; Spin managed all negotiations with the potential buyers and managed to reach the target transaction price aimed by our client. However, for personal reasons, our client's founder decided to no longer sell the business, rather to invest in the turnaround plan
2. Spin set the new vision ('Life starts at 40') with aimed to enable 40% of turnover growth and reach 40% of gross margin over the next 6-12 months.
3. Spin acted as the external consultancy in charge of developing and implementation the detailed turnaround plan. This included: a) defining a new go-to-market strategy with varying priorities across the direct, indirect and key accounts channels, b) a new end-to-end cost containment programme (from factory, logistics, indirects, etc), c) a new meritocratic culture focused in the delivery of tangible & sustainable resources, d) appointment of a complete new organization (including the appointment of a new COO, the replacement of over 30% of the management team and the launch of a new management trainee programme), e) portfolio rationalization programme (focus in less SKUs, increased investments in marketing plans, repositioning / re-launch of brands), f) Revamping the New Products Development Programme (moving from a 'science-centric to customer-centric approach')

### Achievements

1. Spin delivered the expected transaction price proposition in the M&A stream of work, on-time and in-full, working very closely with the interested parties and our clients. For the reasons explained above, the transaction didn't move ahead.
2. Then, the client went through a very intensive turn-around programme and Spin supported the delivery of the turnover growth and margin improvement; In a considerably very short-period of the time the new metrics have been reached and a new medium/long-term vision was set with the client
3. Spin coached the key executives (founder, COO, Director and few members) throughout the process by using its 'feet-on-the ground' coaching methodology; This has been recognized by the client as a key enabler of the successful implementation of the new culture throughout the business
4. Over time, the client was awarded with several awards (e.g. best veterinarian supplier, best employee of the year, etc), recognizing its market

# Business Turnaround

## UK Cider Manufacturer

### Business Background

1. Our client was a top 3 Cider family owned manufacturer in the UK market, being in the business over 200 years
2. The client was facing significant rapid decline in their profit margins (from average 10% over the last years to negative figures in the past year)
3. In addition, the client was facing significant declines in the top line sales driven by an also family owned strong local competitor and other big multi-national manufacturers.
4. Increased regulation, taxation and control over the alcohol business was driven further challenges for the client to innovate and grow their business
5. Given the success of the business over the years, Costs was not a high topic the agenda in various dimensions (Direct Costs, Indirect Costs, People, Inventory, Wastes, etc)
6. In an attempt to recover the business, over the last months, there have been some non core strategic investments (organic and M&A) in new product categories

### How Spin Consulting Professionals Helped

1. Spin was initially invited to make a holistic assessment of the business and develop a roadmap to bring the business back to sustainable profitable growth
2. All areas of the business have been deeply analyzed including Sales, Marketing, Supply Chain, Manufacturing, Procurement, Innovation, etc
3. A holistic plan was developed, discussed and signed-off by functional area leaders, the company executive board and client's non executive board ('family members')
4. The programme set the ambition to deliver a 14% net margin improvement over the next 12 months through a company wide programme that has been named '10:20 = 10% net profit by end of 2020'
5. Spin was invited to lead the project working closely with the company board of directors, managers and the CEO.
6. A new culture has been implemented to drive fact driven decision making, meritocratic, results driven approach, throughout all aspects of the business
7. The existing portfolio has been rationalized whilst a dedicated business unit for accelerated innovation launch has been put in place
8. The programme transformed the business in various dimensions including a new Organization, new Culture, new Processes and Optimised Systems

### Achievements

1. Progressive profit margin improved accordingly to the programme ambition (10% EBIT)
2. Path to growth enabled through a new go to market approached, upgraded pricing policies, consistence across channels, new product launches, portoflio optimization and focus in (less but strong) new product categories
3. Exiting non priority categories (e.g. wine, gin, etc) and non priority channels (e.g. direct to consumer, e-commerce, etc)
4. A complete revamp of the organization including: a) rationalized teams (from board to analyst levels), b) succession plans in place, c) new meritocratic culture, d) new governance in place (CEO, board of directors, board of executive directors)