



Case Study – A RETURN TO PROFITABILITY

The Company

A WELL ESTABLISHED UK BASED MANUFACTURING DIVISION OF A PLC, WITH SALES OFFICES AND MANUFACTURING SITES THROUGHOUT EUROPE, WITH ANNUAL TURNOVER OF £ 220 MILLION.

The Business Problem



The company which had been a leader in its field throughout Europe was being pressurised by competition and falling prices, coupled with a too diverse and eclectic product range, an ill defined pricing structure and excess manufacturing capacity. All this had come about as a result of acquisitions and incomplete assimilation of the different parts of the group. The company needed to slim down its product range, reduce its manufacturing capacity and

refocus on serving its core customer base.

The Solution

Avangarde Consulting working very closely with the financial and sales teams within the organisation, carried out an in-depth review of the organisation's activities, manufacturing sites, distribution structure, product ranges, pricing levels and requirements of its customer base. The outcome of this strategic review was a reduction in the number of products offered, a re-branding and re-positioning of certain product lines, geographic markers and re-defining the market segments. The key aim of all this was to find where the greatest scope for profitability, product fit and expansion lay.

The Benefits

As a result of the plans put into place, the company was able to achieve significant reduction in the manufacture of unprofitable products, with corresponding decrease in materials, packaging and promotional costs, which led to an increase in profitability. The sales force refocused onto promoting lines that were profitable to the company, which led to a doubling on the return on sales within 12 months. Within 2 years the company achieved a profitable result.

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