

CASE: Partnering Growth in an FMCG company

About the Client:

The client is a player in the edible oil segment with products in large consuming segments. The client has a national presence through a well-diversified channel and sales hierarchy. The current turnover is around Rs. 35 Crore. The client has a plan to enter a competitive but lucrative natural hair oil segment. The client also has a slew of new product concepts in the pipeline that would catapult them into the league of large FMCG players

Key Challenge:

The current business was unprofitable. Despite accounting for the fact that the client's business is affected by the vagaries of open market commodity pricing which tilts the balance in favor of large players, even the baseline profit that is expected out of current volumes was not realized. How can the business be made profitable? What are areas of 'profit leak'? How can they be plugged in a systemic way rather than ad hoc interventions? How can the organization be made future-ready? These questions were put to the AIRA Consulting team.

Engagement with AIRA Consulting:

AIRA Consulting researched the client organization for answers. AIRA Consulting team worked in sample markets – high performing, low performing; met with channel partners – Distributors, rural distributors, sales team members across the hierarchy, studied past sales and buying efficiency trends, IT systems, and cross-functional teams. The detailed exercise led to a clear finger-on-the-pulse of the problem of eroding profitability. In the report to the client owner team, AIRA Consulting presented the key elements of solutions to return the organization to profitability:

1. Create and implement a templated process for responding to market pricing, accounting for fluctuations.
2. Restructure the current distribution structure for enhancing speed to market response also from the cost of reach perspective.
3. Restructure the sales force to ensure more alignment with market requirements and future expectations.
4. Evaluate current competencies and create appropriate training interventions to enhance competence levels to create a future-ready organization.
5. Enhance the use of IT in both market feedback systems and day-to-day sales operations so that it creates a bank of knowledge for price response and market feedback.

The Project:

The recommendations addressed key areas of returning the client operations to profitability while making the business ready for future brand ventures.

Given the focus and competence of AIRA Consulting on handholding the client in the transformation, the client requested that AIRA Consulting guide the process of implementation.

The Project:

AIRA Consulting fashioned the intervention areas as follows:

- Phase I – Focus on restructuring the sales and distribution structure
- Phase II – Focus on efficient and structured response to market pricing
- Phase III – Building the roadmap for new product launches

As part of the Phase I delivery, AIRA Consulting team worked with the client leadership team to identify performers and non-performers through an innovative model. Based on the process the client team was able to right-size the organization as also restructure the sales operations in a smooth and efficient manner. The process also expanded the footprint of the organization without any marginal cost escalation. The cost-neutral nature of the exercise addressed a key profit drain for the organization. As the next step, AIRA Consulting worked on training interventions to bring the entire sales team to par with competence and organizational delivery expectations. AIRA Consulting team also worked with the IT team to design a reporting system that captured all field data efficiently and promptly, so critical for the business. The system was then oriented towards providing the client leadership team with access to key reports to respond to market dynamics.

In Phase II, AIRA Consulting developed a conceptual model for responding to market prices in a templated and definite way rather than an ad hoc manner. This built in a sense of confidence in the sales team and more importantly in the trade which started to view the client organization as responsive to market changes. After piloting the system in a limited format, it is in the process of being integrated into the IT system for national implementation.

In Phase III, which is underway, AIRA Consulting is working with the client leadership and other vendors like market research and advertising agencies to create a roadmap for the new launches. AIRA Consulting along with the client leadership is closely monitoring the performance of the vendors towards the strategic objectives of market presence.

With these initiatives, the client team is buzzing with confidence, of course on a surer wicket of profitability.