

CASE STUDY

International Personal Care Products Company

Value Alignment Strategy Key to Refining Corporate Vision

Challenge

This personal care consumer products company needed to ensure that corporate objectives were tied in to day-to-day activities, and that business initiatives were achieving their intended results.

Solution

Clarkston performed a Business Value Acceleration™ (BVA) study to develop a value alignment strategy for the client's executive committee. By analyzing the company's performance against key industry benchmarks, the strategy ensured that initiatives were truly creating value, and that the process to measure and track performance was well understood and maintained.

Benefits

The value alignment strategy:

- Targeted \$38 million in benefits
- Identified key metrics for measuring success going forward
- Offered recommendations based on gaps discovered in the current strategy

Challenge

Following its acquisition in 1994, this company struggled internally to transition from a smaller, more intimate culture to a larger corporate environment. Internationally, the company was grappling with how to improve its branding and positioning. Moreover, despite having one of the best operating margins in the personal care industry, the company's systems were antiquated and growth rates and new product introductions were declining.

To address these issues, the company's leadership team developed and communicated corporate growth strategies with the expectation that the strategies would help the company derive significant business value. However, given the number of initiatives and increasing competitive pressures, management needed to tightly align the day-to-day activities with strategic agenda.

Solution

Clarkston Consulting's objective was to ensure that the company's investments were consistent with industry trends and directions while also balancing a portfolio of ongoing initiatives. This objective was accomplished through Clarkston's Business Value Acceleration™ (BVA) approach, which analyzed and evaluated the company's performance in perspective of industry benchmarks. It also ensured that initiatives were truly creating value, and that the process to measure and track performance was well understood and maintained.

Based on initial responses from the BVA analysis, Clarkston developed a formalized strategy—the Value Alignment Strategy—for the company's executive committee to determine if current initiatives were meeting the expected business value. Over three months, Clarkston interviewed a critical set of the leadership team and found that numerous strategic initiatives were being implemented. Clarkston also:

- Conducted a thorough competitor analysis that incorporated industry and financial trends
- Analyzed the culture to recommend ways to improve internal employee alignment with management strategy

- Identified differing views on current innovation focus, track record, measurement and business processes
- Increased awareness of the Food and Drug Administration's (FDA) requirements for the consumer products industry
- Explored opportunities for better leverage with sister companies

Benefits

Upon completion and presentation of the Value Alignment Strategy, the executive committee developed a better understanding of the gaps in their strategies. They also had key metrics that they could use to measure success as they adopted Clarkston's proposed strategy. As a result of implementing the Value Alignment Strategy, \$38 million in benefits are targeted.

The Value Alignment Strategy ensures that on-going initiatives are aligned with key business drivers. In addition, the executive team better understands their culture and change management issues, which enables them to better meet their aggressive growth goals and attain more successful product launches and brand categories. The Value Alignment Strategy outlined specific strategies and tactics that could be implemented to accomplish the following goals:

- Align business strategies to actions through a balanced scorecard alignment
- Manage initiatives more aggressively by prioritizing value, risk and cost
- Increase revenue through improved product innovation
- Increase forecast accuracy and inventory turns to free up working capital and reduce carrying costs
- Consolidate and leverage systems compliance and validation efforts to ensure quality and reduce costs
- Better position the company against its competition

Clarkston continues to work with the company to implement the initiatives necessary to achieve the targeted results. These initiatives include process improvements, technology implementations, best practices deployment and organizational change management.

Company Profile

The company manufactures soaps and cosmetics, and body, facial and sun care products. They are a subsidiary of a global Fortune 500 company.

Clarkston Consulting is a leading management and technology consulting firm that provides strategic business solutions for clients within the life sciences and consumer products industries worldwide. These market leaders turn to Clarkston to help them bridge the gap between strategy and execution to sustain a competitive advantage. Clarkston is a sought-after business partner because of its recognized industry thought-leadership and superior client relationships, as measured by The Conference Board's survey on client satisfaction. For more information, visit www.clarkstonconsulting.com.