



CADEN

Strategy Development

Speciality Ingredients



The CEO of a natural antioxidants supplier was concerned about her company's financial performance and management cohesion. We were asked to conduct a full financial and organisational review



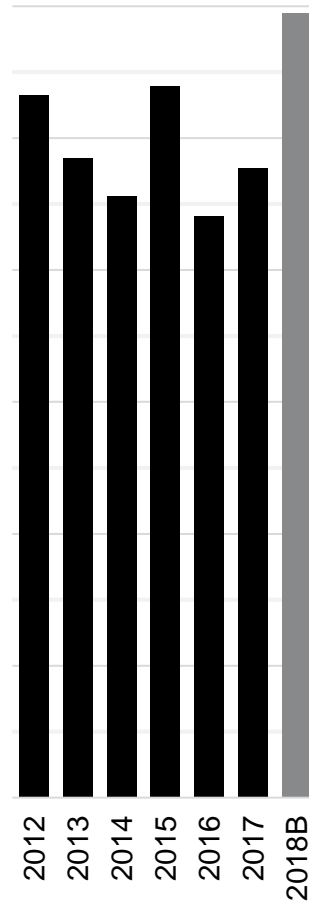


Historical Financial Overview

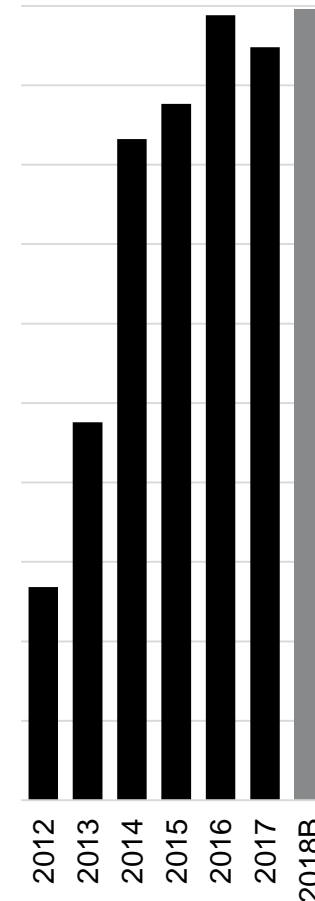
FINANCIAL ANALYSIS

2018 net sales were budgeted to rise significantly despite flat sales for the last six years. Gross margins had improved dramatically over the period but the impact on profits was waning due to burgeoning overheads

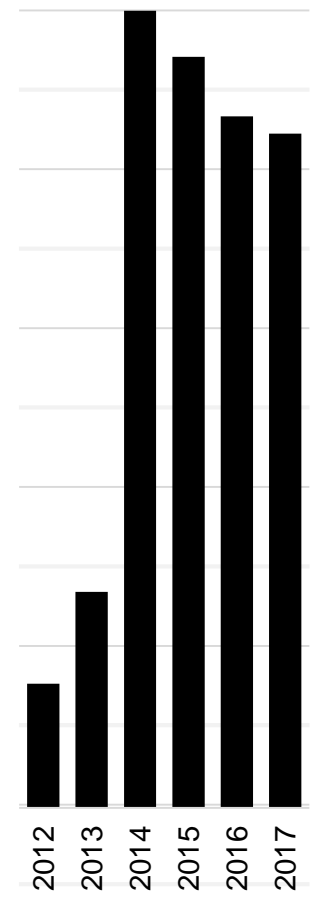
Net Sales



Gross Margin



EBITDA Margin





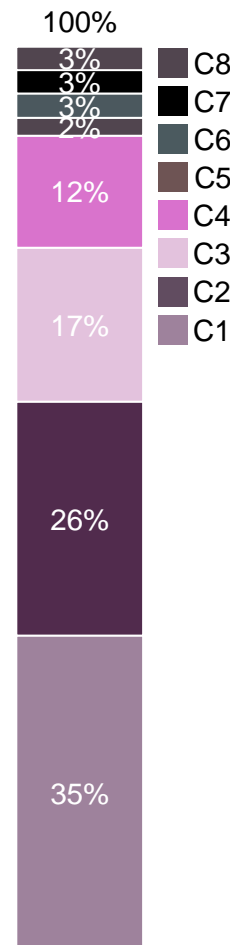
Sales Breakdown And Sample Profitability

FINANCIAL ANALYSIS

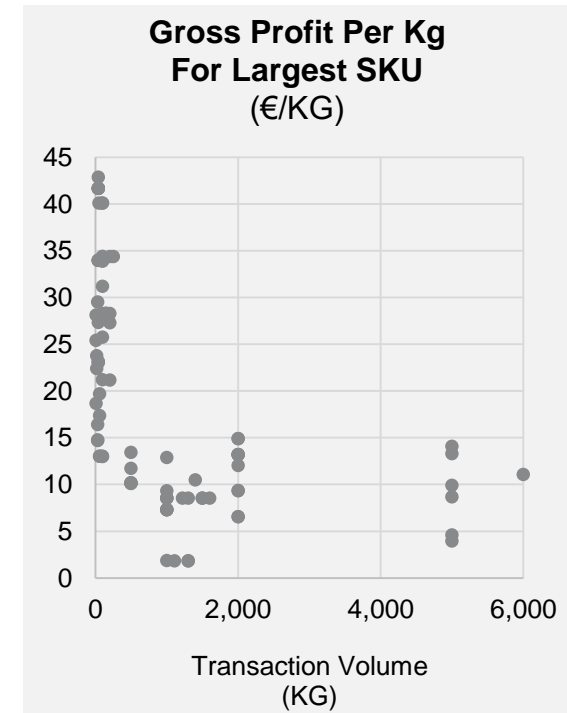
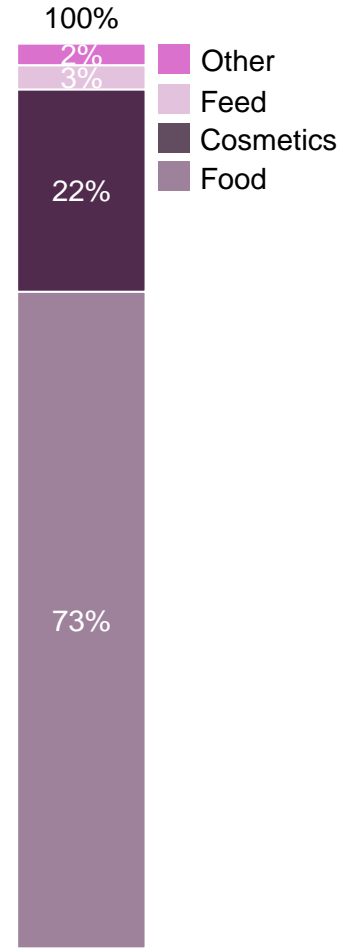
With two product categories accounting for more than 60% of sales, product diversification was a concern. However, the large variability in profitability by transaction was more worrying

Sales Value Breakdown

By Product Category



By Application

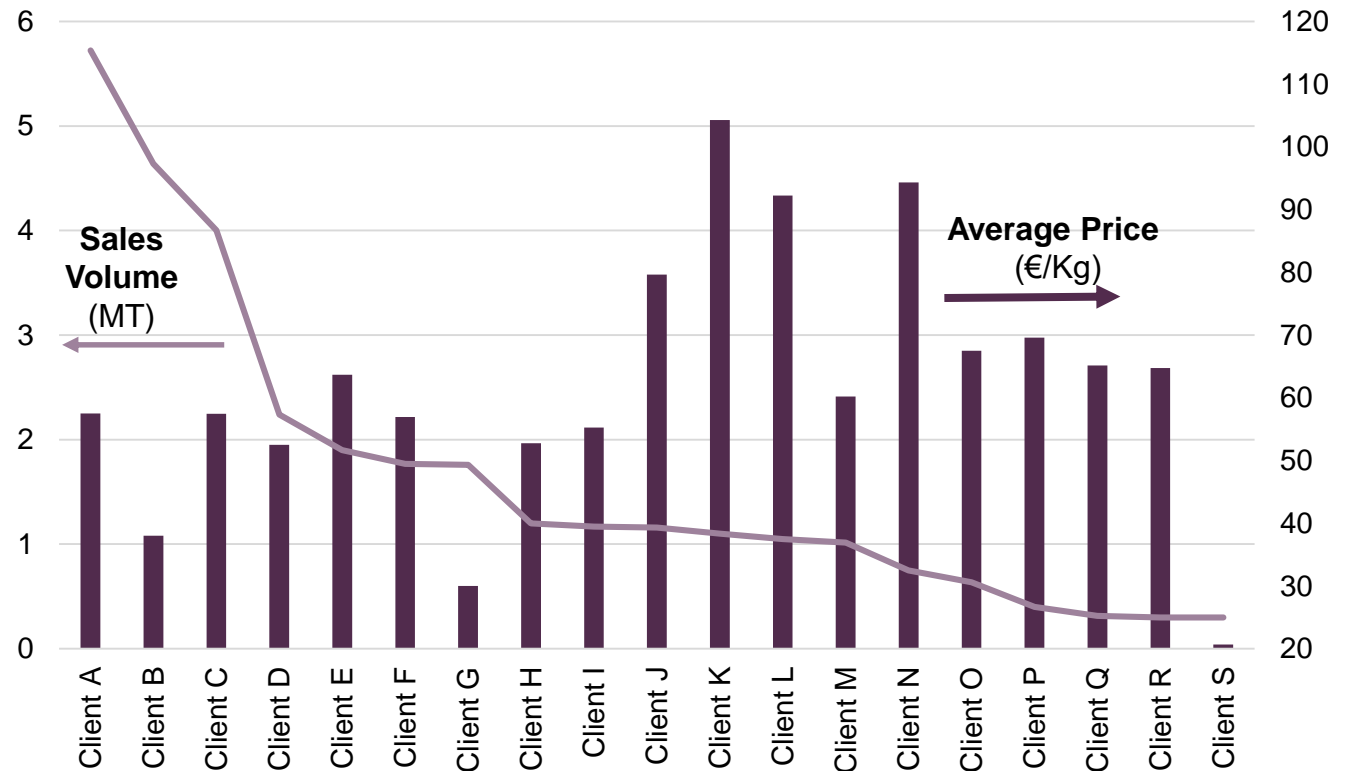




Sales Volume And Average Price By Key Customer (Product Category C2)

FINANCIAL ANALYSIS

Pricing also varied significantly by client, with no obvious link to volume. Product category C2 (shown here) was the most variable





Internal Review

ORGANISATIONAL REVIEW

Most employees felt insecure due to the lack of structure and strategy. However, they did appreciate the superior learning opportunities

Interview Insights (Sample Quote)

Employees Were Exasperated By The Lack Of Structure

"I've never had any job stability here... I do not know what my job title is, and I have yet to see a job specification..."

...The company is lost. Whilst the rest of the sector is growing, our turnover just keeps fluctuating around the mean ...

...We want a long-term strategy, and a plan to focus on, so we have more order and stability"

Executive Team Member

Cultural Profile Summary Results

| | THE ORGANISATION | | |
|-----------|----------------------------|---|-------|
| | FOCUSED ON | FEELS LIKE | TOTAL |
| CARING | Collaboration 1 2 3 4 5 | A big family 1 2 3 4 5 | 7 |
| PURPOSE | Compassion 1 2 3 4 5 | An idealistic cause 1 2 3 4 5 | 6 |
| LEARNING | Exploration 1 2 3 4 5 | A dynamic project 1 2 3 4 5 | 8 |
| ENJOYMENT | Fun 1 2 3 4 5 | A celebration 1 2 3 4 5 | 6 |
| RESULTS | Achievement 1 2 3 4 5 | A meritocracy 1 2 3 4 5 | 6 |
| AUTHORITY | Strength 1 2 3 4 5 | A competitive arena 1 2 3 4 5 | 7 |
| SAFETY | Caution 1 2 3 4 5 | A planned operation 1 2 3 4 5 | 5 |
| ORDER | Structure 1 2 3 4 5 | A smoothly running machine 1 2 3 4 5 | 5 |

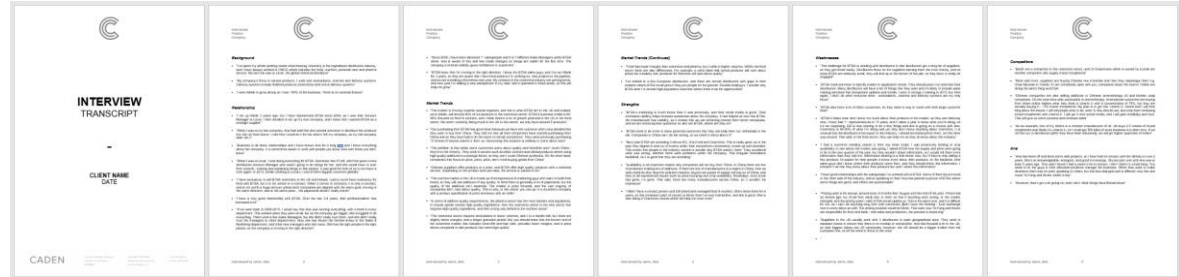


External Customer Review

ORGANISATIONAL REVIEW

Customers viewed the European location and technical expertise as key differentiators, but wanted to see an improvement in strategic planning and communication

Interview Transcript



Key Insights

“Their main advantage is that they are based in Europe so can be more responsive to local customers...They provide very good customer service and sales support...Whilst some of our customers want cheap products from China, there are lots of issues with the quality of these products, and this does not happen with high quality European ingredients”
Head Of Partner Management, Health Ingredients Co.

“They are a wonderful company, but they really need a strategic plan... Their scientific capabilities and their products are impressive, but their sales are all over the place...There is also a language barrier between their team and ours, and I think that the onus is on them to understand our culture here in the USA...”
Managing Director, Organic Ingredients Co.

“It will be hard for them to enter Spanish and Polish cosmetics markets with low RRP’s, as brands in these markets will buy synthetic ingredients for 1/3rd of the price of natural ingredients, and can still label their products as containing vitamins...On the other hand, brands always ask us for ingredient origin, so manufacturing Non GMO products in Europe, rather than the US or China adds value”
Head Buyer, Personal Care Co.



Outcomes

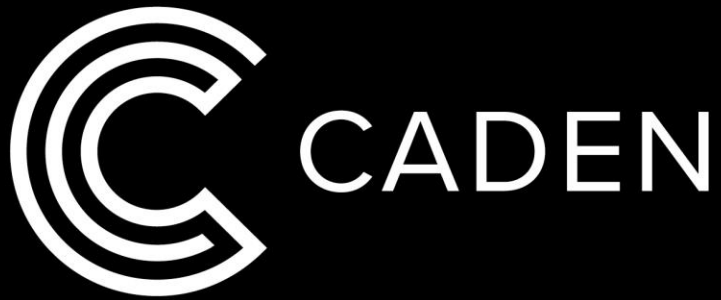
RESULTS

We facilitated a full-day workshop with the executive team to share our findings and agree an action plan. One year later, the company is back in growth

| | SUMMARY ACTIONS | PRIORITY |
|-------------------|--|----------|
| CORPORATE | 1. Develop a corporate strategy | High |
| | 2. Institute more rigorous business planning | Medium |
| | 3. Schedule regular management meetings and information packs | High |
| | 4. Formalise job specifications, objectives and reviews | Medium |
| SALES & MARKETING | 5. Identify strategic markets | Medium |
| | 6. Make profitability more transparent and price accordingly | High |
| | 7. Introduce new sales team KPIs | High |
| PRODUCTION | 8. Strengthen link between R&D and Production | Medium |
| | 9. Measure true costs of low volume SKUs | Medium |
| FINANCE | 10. Improve reporting | High |
| ALL | 11. Nominate representatives from each department to collaborate | Medium |

Results

- Back in growth
- Corporate strategy now in place
- Programme to create more structure, collaboration and financial transparency



If you have any queries
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