Osborne
Interim Management®

COMPETENCY: OPERATIONS
INDUSTRY: MANUFACTURING

CASE STUDY

THE CLIENT

A mid-sized ag sector company.

THE CHALLENGE

The company recognized it had an inefficient working relationship with its major sales agency and its client base. The agency was protective of customer contacts making it difficult for the company to develop direct relationships. The agency tended to oversell volume, forcing the company to buy product for resale at above market prices to meet customer commitments.

The company did not have a proper pricing strategy in place in dealing with the US and Canadian dollar exchange rate at a time when the trend towards parity had begun. Furthermore, it was suspected that their product was being under priced and poorly negotiated. The Osborne Principal felt that new marketing, sales and pricing strategies were required.

THE APPROACH

The Osborne Principal, as the Interim Operations Executive, assigned and assisted the Sales Manager to undertake the following actions: open direct channels of communication with existing customers; require the agent to obtain client approval prior to finalizing prices with customers, allowing the client to become involved in price negotiations; develop knowledge base of all customers, and identify and designate certain customers as key accounts; expand volume at key accounts and reduce volume or phase out non key accounts; create price discovery mechanisms to confirm, and keep current, product pricing and factors influencing price worldwide; and convert all Canadian pricing to $CAD/kg, with payment in Canadian funds.

THE RESULT

The client increased the average sales price by 65 per cent, resulting in a gain of over $4 million in sales revenue. Sales were balanced to production, eliminating costly purchase of product for resale, and the change in pricing to Canadian funds at a time of a strengthening dollar versus a US currency resulted in an over $250,000 gain in sales revenue.