

Food Ingredients Company – Case Study

An established food ingredients company that had a dominant UK market position but fared poorly in overseas markets, which it had hitherto not taken seriously. The overseas competitors decided to have a serious go at the UK market, where margins were typically high, and they were able to erode the company's market share by discount pricing.

The Board decided that further growth could only come from expanding in international markets and recruited a sales team to support the strategy. After a few months, sales were disappointing and there was increasing friction between the sales team and the rest of the business. Symptoms were poor turn round time for sample requests, consignments getting confiscated in customs because of incorrect documentation (an order for a country in Eastern Europe was confiscated because it had a round stamp not a square one) and manufacturing complained that inefficiencies associated with 'non-standard' products were causing costs to rise.

Actions Taken:

a) Communications of Business Case – most people did not understand the nature of the *threat* (one major UK customer had already been lost) nor the *opportunity* – the market share of the No. 2 supplier in the UK was substantially ahead of the market share enjoyed by the client company in countries where it was the No. 2 supplier. So, if it could achieve the 'legitimate' share of a No.2 supplier in overseas markets, it would achieve significant sales and profit growth.

b) Communication of 'what it means to be an international business' – explaining things like different customs and cultural norms and how they affect business as well as explaining that UK margins would not be available in emerging markets like eastern Europe.

The relevant data and information for both a) and b) was included in a series of seminars that were run by the Consultant across the business, involving people on a cross functional basis. These seminars also included some basic principles relating to managing change.

c) Involvement people in the solution

After the sessions, small cross functional teams were set up with the challenge of making a presentation 6 weeks later as to how the company could be better at developing its international business.

Results:

- The response was terrific – many ideas were generated by the teams, e.g. maps started to appear in the office showing new markets the company was adding as they started to make sales, when milestones were reached there would be a celebration lunch based on the traditional dishes of the country involved.
- Individuals outside of the sales team made the effort to learn about the different culture and business practices required in different territories, brainstorming groups were formed to identify how to adapt the manufacturing processes to cope with non standard products.
- The change in attitude made the sales team more confident of their ability to win business in key overseas markets and this eventually resulted in a substantial increase in the client companies market share outside of the UK – and made its international competitors adopt a less aggressive approach to the UK market.