

# Transformational results for subsidiary of global manufacturer

## Client background

In 2005 a UK subsidiary of a major global corporation had experienced 7 years of declining revenue and margins. The newly appointed Managing Director recognised there needed to be a fresh approach to re-establish profitable growth.

The organisation, made up of a number of diverse business units with a combined revenue of \$800M, was undergoing a transition from a division-led to market-led business model. During this period the US head office introduced a cap on headcount and investments which was seen as a key factor in constraining potential growth.

## Client challenge

With hundreds of existing change initiatives already underway and multiple conflicting objectives, the incoming Managing Director faced a complex and challenging problem.

The key questions that he needed answering were:

- Which projects will generate the best return and should therefore be resourced?
- Which generate a poor return and should therefore be killed or put on hold?
- What level of investment is needed to fully resource the attractive projects so they can achieve their full potential?
- Which 'core' businesses should release resources to invest in growth projects?

We helped the organisation:

- Increase shareholder value by \$1.2bn
- Rapidly grow both revenue and profit
- Move from fire-fighting to strategic thinking

## How Catalyze helped

To answer these questions Catalyze worked closely with the Board to implement an organisation-wide Strategic Portfolio Management process.

Working from the Strategic Plan, financial and non-financial success factors were defined and agreed with the Board. A portfolio of existing and new growth projects was created for each of the 7 business units. Individual business cases were defined that described both the cost and the benefits of each project. Through a process of facilitation and modelling each business unit was coached to determine the best combination of projects (both existing and new) that would deliver the greatest ROA based on the full corporate objectives. These business unit portfolios were then combined into one overall subsidiary portfolio.

The leadership team, representing each of the business units and support functions, came together to make the final decision on allocating resources (people and \$\$). Through a process of scenario analyses, they were able to optimise the portfolio and produce the agreed 5 year plan.

“A planning process with a clear path to actions and implementation.”

“A real tool to define where to invest and the expected returns.”

“It defines the financial targets that we are all prepared to commit to.”

“It reflects the division and regional view of the world.”

“It provides a comparative assessment of the market segments and opportunities and realigns resources as appropriate.”

Comments on the process from Board Members

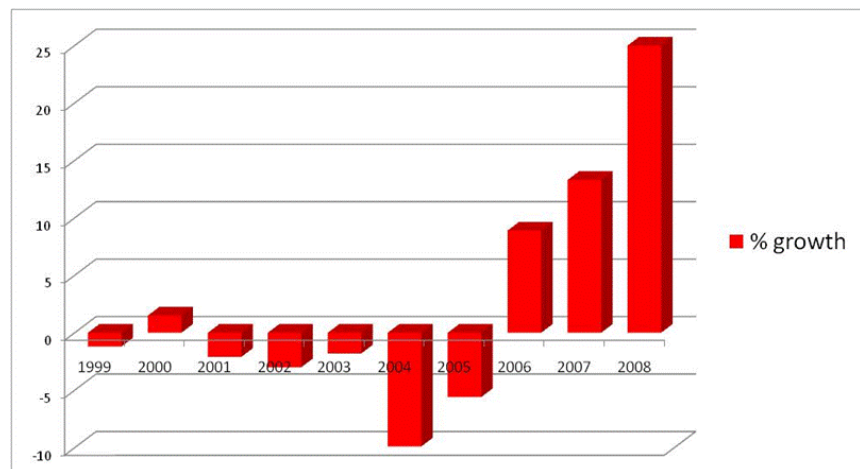
## Enabling Effective Decisions

Some of the outcomes achieved at the end of the first 12 months were:

- 50 programmes had been stopped, releasing resources for better investments
- Key initiatives were properly resourced to address the market opportunity (in one programme delivering an incremental \$30M)
- A reallocation of resources – an initial reduction in overall headcount, but an increase in headcount for some businesses
- Growth in both sales & profit
- Better joined-up strategic thinking at global, regional and country levels

Outcomes after the first 3 years:

- Increase in shareholder value of \$1.2Bn
- Strategic Portfolio Management roll-out incorporating all segments, businesses and other (back-office) functions
- The subsidiary earned the right to focus and invest in growth opportunities
- Growth and savings discussions created new perspectives and challenged constraints
- A leadership team now thinking strategically



Annual Revenue Growth. Strategic Portfolio Management introduced in 2005.

Tel: +44 (0) 1962 775 923  
Email: [info@catalyze.co.uk](mailto:info@catalyze.co.uk)

[www.catalyze.co.uk](http://www.catalyze.co.uk)

At Catalyze we help organisations to achieve their objectives, by translating strategic intent into deliverable operating plans and optimised business investment portfolios. We do this by applying our expertise in strategy, with proven tools and methodologies that enable informed decision-making and establish clear organisational priorities.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA and New Zealand.