

# Case Study – Business Roadmap



## The Problem:

A major national distributor desired to compete with the well entrenched market leader by developing a house-brand line of products that offered both high quality and significant profit margins. The company needed a strategic and robust roadmap that would stabilize their current position, strengthen their business core eventually lead to a profitable long term growth strategy.

## The Solution:

The company had developed a private label, an in-house brand a few years earlier. These items were being manufactured by a third party. Their major competitor however, was vertically integrated and manufactured their own in-house brand in a state-of-the-art facility. The client could not compete on price because of the additional cost of using a third party supplier. They had often entered into price wars with the market leader that only resulted in significantly reduced margins as well as reinforcing a lower price expectation level by their customer base.

The ultimate solution was a comprehensive and



scalable three fold multi-year strategic business roadmap.

The first part was identifying which products could yield both high volume and potentially high margins. This required a detailed analysis of the current market history for these products as well as anticipated growth and usage in the near term.

The second part was to improve the quality of the existing in-house products so that there was a significant value-added proposition that the client

could bring to market above any price considerations. This required a multi-year product development initiative that resulted in a completely revamped and expanded product line. The packaging and branding of the in-house brand was also completely redone and polished.

The third aspect was locating a mechanism to control the manufacturing and packaging costs. The company identified a number of manufacturing acquisition targets that not only had the wherewithal to produce the private in-house brand at a reduced cost, but also had the extended client base and cash flow to be a self sufficient entity even without the added business of the client.

## Concluding thoughts

The three pronged approach took three to four years to implement and the company has successfully realized a return on their acquisition investment as well as positioned themselves as a leading competitor to the previous market leader.

This strategy has also increased the value of the company and presented additional exit strategy options to this family business that did not exist beforehand.



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