

Background and Problem

The company sources and supplies an impressive selection of quality seafood to the international luxury cruise line industry, which is a very price sensitive, seasonal and specialised market. The company had been trading for more than ten years, yet had seen little growth beyond its current product range and customer portfolio, and had seen profits reducing year on year.

Actions Taken

The company participated in a marketing and business operational review under a “Business Support Programme” with the specific objectives to identify why the company was not growing and why profits were declining. The operational review identified that the company needed to increase its awareness of the stock held in cold-store and to gain an understanding of the investments associated with doing business with its customers.

With access only to a limited supplier base the company was often at the mercy of the suppliers’ stock availability and seasonal buying trends. First actions were to implement stock management systems to keep track of suppliers, prices, purchases, stock and deliveries, and then to re-negotiate the service agreement with the cold-store. Improvements were also implemented to the purchase-to-pay and order-to-cash processes. Alternate suppliers for existing and comparable products were identified, along with suppliers of new product lines that could be introduced.

Additionally the arrangements with current suppliers were re-negotiated. The marketing review revealed there was significant potential available from existing customers and which customer relationships would need to be developed to gain access to this potential.

Further analysis identified and prioritised those customers with the greatest potential and specific initiatives were implemented to unlock the potential available from these customers.

The Results

Six months after the initial stock-take, the value of stock held was reduced by over 42%, whilst simultaneously the range of products held increased. Profitability for each product and each customer could be measured and monitored on an order-by-order basis. Customers soon acknowledged the increased level of quality, product availability, and customer service improvements, so with growing confidence, customers became more comfortable placing more orders with the company.

After six months sales from existing customers have increased by 23%, and the company has seen profits soar by over 38%!

**If you want to find out more about any of the areas covered in this case study
and how we can support your business – contact us today.**