
From crisis to recovery: turning around a detergents and adhesives manufacturer

A Case Study from TCii Strategic and Management Consultants

SUMMARY:

Successful implementation of a post-crisis recovery strategy during a period of tremendous change increased net sales by over 85% and EBIT by 133%.

When the value of the Russian rouble plummeted as a result of the economic crisis, our St Petersburg client suffered a business crisis. Sales virtually came to a halt and many of its customers went bankrupt.

Our challenge

Our task was to minimise losses and then create a stable platform for sustainable, profitable growth.

What we did

First, we checked the financial stability and debt situation of our client's top five customers, who accounted for around 70% of the business. To demonstrate our client's commitment to them and their value to our client, three-year partnership contracts were offered, making the creation and implementation of debt repayment plans possible.

Next, we initiated a major cost-cutting drive. We first identified the major cost drivers in the business and then dealt with them systematically.

We then looked at substituting imported goods with locally available, lower-cost materials. This had the added benefit of avoiding import duty and reducing transportation costs.

Finally, a team of marketing, key account and business development professionals was hired to help drive forward a business development programme.

The outcome

By the end of the first year the business had fully recovered: sales had increased to 140% of pre-crisis levels, and profits had risen by 160%.

If you would like more information on any of the points covered in this Case Study, please contact **TCii** on **020 7099 2621**.