

A leading designer and manufacturer of handbags, luggage and accessories needs help to identify a profitable path to continued growth...

Background

This privately-held designer and manufacturer of handbags, luggage and accessories wanted to revive its slowing sales growth. Its two founders and the executive team needed help with strategic planning.



The lack of alignment amongst the shareholder group in terms of risk and reward trade-offs, combined with too many alternatives being considered had resulted in a lack of action.

Keystone Value Add

Keystone worked with shareholders and the management team to develop medium and long term goals.

Channels	New	2 Market Development E.g. Dept. stores Existing products into new markets 35%-55% probability of success	4 Company Diversification E.g. Furniture Highest risk – sometimes essential 25% - 35% probability of success
	Current	1 Market Penetration E.g. More gift stores Highest short-term profit impact 50%-75% probability of success	3 New Product Introduction E.g. Decorative accessories Key to long-term success 45%-65% probability of success
		Current	New

Working closely with the ownership team, Keystone developed a five year growth plan, together with the tactical plans required to achieve the growth objectives:

- Identified significant growth opportunities by market, product and channel segment.

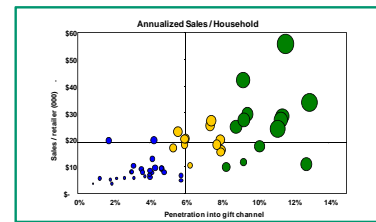
- Developed new territory plans to take advantage of geographic expansion opportunities.
- Evaluated sales force capabilities and developed sales force management and training tools.
- Designed new sales force compensation program aligned with the company's strategic plan.
- Implemented processes to smooth transition from "big small company" to "small big company".

Market Development:

- Re-size the existing sales force to achieve target "Gift Channel" penetration.
- Modify opening order / annual minimum.
- Evaluate sales force compensation.
- Enhance skills of existing sales force.
- Expand use of merchandising.
- Improve mix of stores.

Process Improvements:

- Implement Sales & Operations Planning (S&OP) process.
- Develop and implement New Product Development (NPD) process.
- Develop revised executive and management incentive compensation plan.



Results

Top Line Growth:

The company hit its five year targeted sales goals by the end of the third year... and continues to experience rapid, profitable growth.

Profitability:

Throughout this fast paced growth period, the company has been able to maintain its historically high gross margin and operating income levels.

Sustainability:

The company has successfully transformed some of its critical business processes (and management philosophy) to support its high growth, including its *New Product Introduction* and *Sales & Operations Planning* capabilities.

"The last several months with Keystone have given our entire organization a sense of direction that no other consulting group has been able to provide us. Our management team has learned a great deal from working with Keystone and the discipline they brought to us will continue to provide lasting benefits to our organization."

- Chief Operating Officer