

Brighten the Future

The Company

The Company is a LED lighting designer that sells direct and through distribution in signage, convenience stores, gas stations, and grocery markets. Shortly before the start of the project, the company was acquired by a private equity firm.



The Situation

While product volume was at an all-time high, revenues had been flat for multiple years due to the pricing pressures of an increasingly competitive market.

Despite this increased competition, the PE firm expressed a desire to grow the company by 167% in their five-year hold period. With a desire to grow organically, the PE firm looked to Keystone to identify suitable markets for expansion and develop a roll out plan.

In addition, during the first months of ownership, the PE firm noticed a weak product pipeline for products serving existing markets. With short product life cycles of only two years, new product introductions were of critical importance to the business. Given the circumstances, the product pipeline also needed to be addressed.

The Approach

New Product Development

To resolve the pipeline issue, Keystone interviewed parties involved in new product development and reviewed existing processes. We determined that the ideation phase was unstructured with no method to bring the best ideas into the development phase.

To address this problem, Keystone developed a four gate screening process that allowed for rapid high-level screening of all ideas, systematic idea prioritization for moving highest potential ideas through the system fastest, and more in depth screens to ensure the investment committee had enough data to make decisions.

Market Adjacency

To identify new market expansion opportunities, Keystone again took a sequenced screening approach that resulted in a "deep dive" of two markets.



To ensure as many ideas were evaluated as possible, Keystone collected and evaluated ideas across the adjacency matrix of new and existing products & new and existing markets. The 100 collected ideas were categorized as new product offerings, geographic expansion, & customer/channel expansion.



Once ideas were segmented by type and their strategic alignments were vetted by management, the 35 remaining ideas were passed through screen one where employees and customers were interviewed to help identify the client's competitive advantages. These strengths were compared to characteristics of the identified markets to pare down the list.

The remaining twelve markets were then evaluated on profit potential, competitive intensity, and execution risk in screen two.

The Results

Two markets were identified for expansion, each with an estimated revenue potential of half of the company's current revenue (equivalent to revenue growth of 200%). Both the company and PE firm were excited about the new prospects and felt well equipped to execute on the identified strategies based on developed implementation plans.

In the months following the product pipeline project, the company saw a dramatic uptick in new idea generation and ideas recommended by their committee for engineering time investment.