



Exceptional Leaders International

SUCCESS STORY



Multi-Billion-Dollar Brand Considers Direct-to-Consumer

BACKGROUND

In today's increasingly competitive marketplace, direct-to-consumer options can be a great strategy if assessed and implemented properly. The client in this success story was a US-based, multibillion-dollar consumer products company looking for guidance toward growth.

SITUATION

The client wanted to determine if direct distribution and company-owned stores would be a viable growth path. The test location was in a foreign locale, structured as a joint venture with one of the company's foreign distributors. The assumption was, if the test succeeded in that country, it would work in most markets. And if it failed, it could be shut down with minimum disruption to the client's overall operations. After several years, the joint venture had grown to several million dollars in revenue but still wasn't profitable. An E.L.I. Partner was brought in to examine the situation and lead a restructuring effort.

SOLUTION

It quickly became apparent that direct distribution had some possibilities but the company-owned retail operations were not viable without a much broader product line. The E.L.I. Partner directed the efforts, which led to the buyout of the joint venture partner and restructuring of the operations. This included retrenching the distribution business to company products only and drastically cutting inventories. Two of the three retail stores were closed, with the third remaining due to leasing considerations. The third store assisted in product branding due to its location in a popular shopping mall and was restructured in such a way that it consistently produced results which were minimally break even.

RESULTS

Overall sales were reduced by approximately 25%, but turned an unprofitable negative cash flow business into a profitable positive cash flow business. The retail operations were successfully sold several years later.

This success story took place before the referenced E.L.I. Partner joined E.L.I. It is used here as an example of the types of services we offer and to display the experience and talent of the E.L.I. Partner. The formation of E.L.I. was driven by a desire to bring multifunctional expertise together in one firm.