

# CASE STUDY: ENERGY AND CHEMICALS

## Improve sales results and boost profitability

### SUMMARY

<b>Client:</b>	<b>Fortune 1000, energy and chemicals</b>
<b>Geography:</b>	<b>North America</b>
<b>Challenge:</b>	<b>Improve sales results and boost profitability</b>
<b>Results:</b>	<ul style="list-style-type: none"><li>• Incremental profitability of \$20.6 million in less than 12 months;</li><li>• Substantially increased sales volume; and</li><li>• Exceeded industry returns by more than 4%.</li></ul>

### THE SITUATION: A STRATEGIC GOAL

This Fortune 1000 company with its unique mix of chemical business lines believed it could produce superior sales results through disciplined execution of the right strategies and activities. They asked BayGroup International to help them achieve incremental profitability and sales growth by instilling a new sales execution discipline that would help them capture new opportunities and increase performance against competitors.

### THE BUSINESS CHALLENGE

Faced with volatile costs of raw materials, fierce competition, commoditisation of its products, and intense price pressure, this company was also experiencing flat demand for its products in North America, and slowed demand in Europe and Asia. The challenge was to change this dynamic and improve sales, account retention, profit margins, and overall business performance.

### HOW WE HELPED

BayGroup International introduced a methodology and tools that helped create a more sophisticated sales execution culture that focused on making profitable, sustainable agreements. With a consistent approach to planning and executing sales, the company was able to expand the scope of services and products sold by taking greater control of the sales process, calling higher and wider; focusing on value not price; and selling new product lines to existing customers through better identification of real needs.

*“If we’re going to execute successfully, these skills need to be emphasised more and more. There’s too much at stake for our company. With margins as tight as they have been, that one- to two-cent premium, which oftentimes makes the difference between making and losing money, can only be achieved through skilful leveraging of our value proposition.”*

— Senior Sales Executive

## THE RESULTS

During a year of historically high and volatile energy and feedstock costs, this Fortune 1000 company realised incremental profitability of \$20.6 million in less than one year using the skills and concepts from the BayGroup International methodology.

As the company continued to apply our approach and methodology, it consistently exceeded industry returns on average capital employed (12% vs. less than 9%) and during one calendar year, more than doubled its sales volume.

Participants in this profit-improvement initiative said:

- “We agreed upon a two-cent price increase...and we went from ‘Where is our cost reduction?’ to ‘Thank you very much,’ for the (only) two-cent increase. That agreement was worth \$300,000 to our bottom line per year.”
- “We also picked up some new business at XXXX—about \$3,000,000 per year worth of business. We were able to plan and execute successfully in extremely competitive situations.”
- “We get a lot of price pressure and value erosion can happen very quickly if you are not trained in good agreement-building skills.”
- “In the past, I didn’t have the skills or tools to work through really tough situations. There were missing elements for me. Now I can deal with tough customer demands and execute my sales process.”
- “By looking at this account more strategically from an agreement standpoint, we were able to create much greater value for our customer and—at the same time—we gained at least \$100,000 *and* an excellent marketing testimonial piece.”
- “We got an additional penny—a \$140,000 margin increase over anything that could have reasonably been expected—as a direct result of using the methodology.”

## PROVEN EXPERIENCE: ENERGY AND CHEMICALS

Over the past 27 years, BayGroup International has partnered with many of the world’s leading energy and chemicals companies to substantially improve sales results. Today, as market forces have increasingly challenged sustained growth and profitability, BayGroup International methodologies have become even more of a strategic, competitive advantage.