

Commercial transformation for a leading global metals company

Client context

The client

- **\$20B leading global commodity metals producer** with 15+ facilities spread across multiple countries
- **Over 125,000** employees, retirees, and pension beneficiaries

The challenges

- **Five years without a profit:** losing on average \$2M/day
- **Organization and operator focus:** maximizing "tons" rather than profitability on commercial
- **New management team:** mandate to turn around the company
- **Limited data and transparency:** limited visibility over customers and products profitability to inform commercial decisions

Overview of approach

Holistic transformation across the organization, with the focus of the commercial effort on improving margins while building capabilities.

1) Pricing tools (Periscope): Graphic interface using historic data to show customers' real profitability to help identify opportunities

2) Field & Forums methodology: trainings during 4 Forums to build capabilities & joint work with the sales team between Forums to identify and implement opportunities

3) Performance dialogues: bi-weekly and monthly meetings at different hierarchy levels based on performance reports & impact tracking

4) KA approach and contracts: holistic Key Account assessment & detailed toolbox covering key aspects to help manage relationships; targeted approach to key contracts & Playbook to support preparation for negotiations

5) Pricing Process / War Room: cross-commercial effort to support pricing decision making and ensure compliance

6) Innovation : innovation process with stage gates to ensure continued success with focus on value added products

Client impact

Bottom line impact:

- Identified and implemented actions totaling 3-4 p.p. improvement to clients bottom-line, turning around declining results and beating the market through price, volume, leakage and mix initiatives

New commercial capabilities

- Trained ~ 200 people, including multipliers in each office to ensure continuity;
- Performance management processes and KPIs;
- Pricing office to give pricing guidelines per business unit

Mindset change

- From "volume-only" to "value creation / margin"
- Constant search for improvement and specially implementation of ideas