P&C GLOBAL

December 2024

Performance:

Appliance Retailer's Performance Improvement Boosts Shareholder Value

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Summary

Our high growth retail client, RetailCo*, experienced a significant share price decline after missing earnings expectations. We identified the company's core strengths and performance improvement options. The resulting broad-based performance improvement program created $2.5 billion in shareholder value.

At a Glance

$2.5B

Shareholder Value Created

$81M

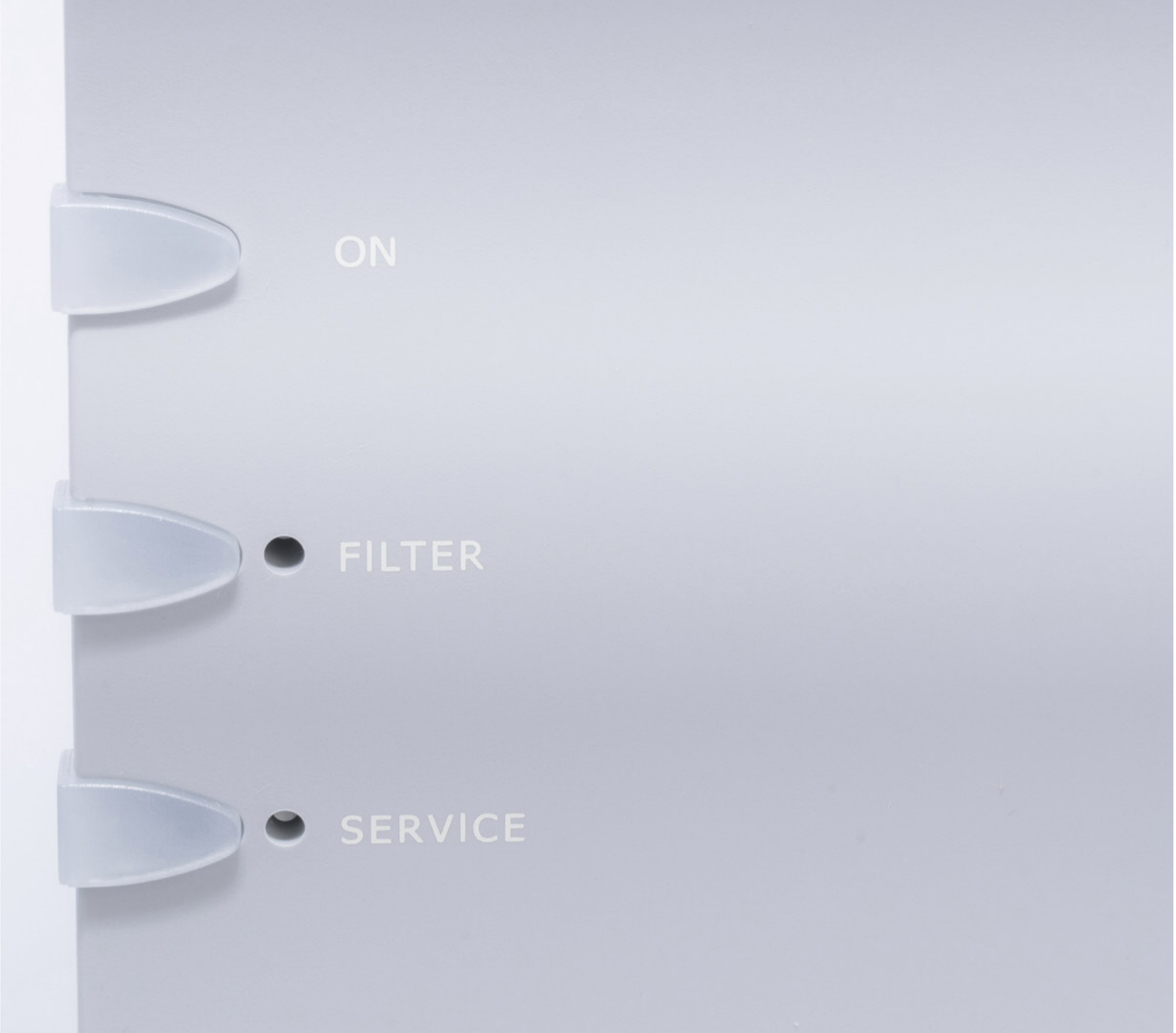
Annual Cost Savings

* Per the client's request, any identifying information has been excluded.

The Situation

P&C Global Helps Realign Product and Pricing with Customer Strategy

Our retail client had enjoyed high growth and was planning to double its store count within 2-3 years, as well as increase diversification into new channels, products, and geographies. Unfortunately, they failed to meet earnings expectations for the first time, causing a significant share price decline. Investors blamed a variety of factors including concept saturation and over-diversification.



Our Approach

P&C Global Worked with the Client to Address the Following Questions

How do we identify, prioritize, and resolve execution limitations that are blocking our ability to rapidly grow?

How can complexity be reduced to lower costs and grow the top line?

What changes should we make to our product and pricing strategies to align with our customer strategy?

Our Recommendations

P&C Global Identified the Client's Core Strengths Before Articulating Its Performance Improvement Options

The Results

P&C Global Launched a Broad Performance Improvement Program for this Retail Client

Revenue

Marketing/ Product Development

- Consolidated and refocused marketing spend
- Targeted programs
- Segment to grow share of wallet and number of customers
- Reprioritized R&D pipeline

Organization and Staffing

- Restructured field front line management
- Created performance management and incentive system
- Optimized store level staffing by store type

Key driver of company store sales out-performance (~10% higher than retail industry average over multi-year horizon)

Product Costs

Sourcing

- Centralized procurement function
- Consolidated vendors
- Re-negotiated contracts
- Developed strategic supplier relationships

Drove $30M+ of annual savings after year one

Product Line Profitability

- Assessed true profitability of all store level SKUs
- Eliminated or re-priced 1000+ problem SKUs
- Rationalized R&D Spending

Drove $11M of annual savings

Store Operations

Labor

- Implemented store best practices
- Enhanced store labor productivity by eliminating admin work
- Increased store level automation

Saved $40M in annual labor staffing costs

Real Estate

- Redefined store “full potential”
- Assessed store portfolio and optimal real estate economics
- Improved efficiency in leasing, construction and repair and maintenance
- 20% annual R&M savings and a 5% increase in new store ROI

P&C Global’s performance improvement initiatives created $2.5 billion in shareholder value since the beginning of the relationship.

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