



CLIENT STORY | PERFORMANCE TURNAROUND FOR AN AGROCHEMICALS AND VETERINARY CHEMICALS SUPPLIER

**Region :**  
MIDDLE EAST

**Consulting Services :**  
PERFORMANCE IMPROVEMENT

## CLIENT SITUATION

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- The client is a large agro and veterinary chemicals supplier in Middle East operating under the aegis of a diversified conglomerate
- The financial performance (Sales, RoCE) of the client was on a decline while the working capital requirements (aging receivables and inventory) were on a rise
- The client requested Avalon Consulting to help turnaround the business by formulating and implementing performance improvement initiatives

## OUR APPROACH

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- Avalon assisted client in business turnaround in 3 key stages – 1) diagnosing performance to identify causes for decline, 2) formulating performance improvement initiatives and 3) implementing the initiatives (ongoing)
- Avalon analysed historical sales, purchases, receivables and inventory trends to gain insights on the reasons for drop in sales and for high working capital requirements
- The operational processes like purchasing, inventory management etc., were scrutinised in detail and suitably reengineered to address the business needs and to wipe out existing inefficiencies that contributed to high working capital requirement
- New credit policies were formulated (key parameters considered were customer sales potential, credit risk, sales seasonality) to control future receivables and a one time scheme was initiated to reduce existing overdue. Similarly a new inventory policy was designed and appropriate inventory levels and purchase plans were recommended
- Feedback was gathered from all key stakeholders (customers, channel partners, sales personnel etc.) on the effectiveness of the existing sales strategy. A revised sales strategy was formulated consisting of a revised product portfolio, new pricing policy and sales channel commission policy
- Existing sales staff incentive system was critically evaluated and revamped to drive performance towards increased sales and lower receivables

## OUR RECOMMENDATION/ IMPACT

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- The client has accepted Avalon Consulting's recommendations on the new policies and processes
- Avalon has now been mandated with implementing these recommendations for a period of one year
- The implementation phase of engagement is under progress and has been successful in achieving the desired results till date