

Arla Foods USA



BACKGROUND

Arla Foods is a global food manufacturer and leader in its multiple categories, with production facilities in 13 countries and sales offices in 20 countries. It sells branded food products in more than 100 countries, including its core markets in Northern Europe. Because the U.S. is the world's largest market for one of its core categories, the client had prioritized the USA as a growth market in this category. Due to the high degree of fragmentation in the U.S., unit volume and dollar revenue had not met growth expectations. And while U.S. EBITDA margins had grown in absolute terms, shifts in volume to private label and unbranded products, EBITDA margin percentages in the U.S. had declined. As a result, Arla's U.S. division found itself at a crossroads. It set an aspiration of growing revenue in the U.S. by +10% each year through 2017, and identified two areas of focus for realizing this aspiration. The first area of focus was the optimization of the current business, leading to commercial leadership of one core category in existing retail channels and segments. The second focused on profitable penetration of foodservice channels and segments for this category.

SOLUTION

By integrating our efforts with Arla's U.S. management team and synthesizing insights from our research with those of the client's existing, proprietary and syndicated research, Fidelum Partners developed a strategic plan for optimizing the client's current business in the U.S. This included simultaneously pursuing profitable new venues for category growth, including new foodservice channels and new product innovation in existing ones. Our disciplined and deliberate approach to planning included: conducting discovery interviews among internal and external subject-matter experts; reviewing insights from existing research and supplementing them with new research; quantifying and prioritizing the highest-leverage volume and profit opportunities by channel and product line; setting high-level retail and foodservice strategies by channel and segment; and identifying the resources required to execute these strategies, including cap-ex, op-ex, and human resources.



BUSINESS RESULT

With the strategic plan developed by Fidelum Partners, Arla's U.S. management team gained complete alignment and rapid approval to invest and proceed from its global headquarters in Europe. Since the second area of focus, new channels and products required additional capability and capacity, Arla asked Fidelum Partners to help design the structure to support its new strategy. Our firm identified new roles, created



position descriptions and recruited qualified candidates, and assisted Arla in interviewing finalists to fill these positions. As a result, Arla Foods USA has restructured and is well on its way to realizing its aspiration and generating double digit revenue and EBITDA growth during the first year of its five-year plan.

"Fidelum Partners assisted us in our development of a new and ambitious strategy for our US business. Their insights and strong experience within US foodservice has been a true asset in our strategy development. Their ability to engage the organization and adjust scope and approach to tailor the business' needs has resulted in a strategy that is truly owned by the key business stakeholder – a prerequisite for any successful execution of a strategic plan or ambition."

Asger Jorgenson
President & CEO
Arla Foods USA