

Case Study
Finance4Growth Workshop
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MasterX tailor make vehicle systems to suit a wide range of vehicle applications serving all market segments from the world's largest automotive companies, truck and bus manufacturers to specialised vehicle builders.

Primarily an export company, they have been in business for over 22 years, and have 17 employees. Their primary business began as the import of the product components, including electronic ECU units for assembly into kits to be fitted on vehicles in the after sales market.

Their traditional market has been Western Europe, but in recent years they have seen significant growth in Eastern Europe and the USA, along with emerging markets in South America and China. The company mainly works with local distributors in each country to get its product to market.

In 2009 the company received a bombshell notification from their USA supplier of the electronic units that controlled the operation of their vehicle systems. The USA supplier was withdrawing from this area of manufacture, but they gave MasterX first option to buy the business.

The USA multinational had invested over \$12m in R&D in this product. After a lengthy due diligence process and outside investor support, MasterX bought the product patents and associated intellectual property rights. The Company embarked on a major R&D project to take the product in house and to continue its development for its existing and new customer base. They received grant aid from Enterprise Ireland during this time.

In 2010 the Company entered into a 3 year product development with a leading light commercial vehicle manufacturer in Europe to install their kits as an original equipment option. There was no financial support from the vehicle manufacturer, but they gave considerable engineering assistance. After significant cost, product testing and remanufacturing, the product is now being installed in vehicles coming off the production line. However due to recessionary times in Europe, product sales are not hitting target yet.

The movement by the company to becoming a Tier 1 supplier in the automotive industry (original equipment manufacturer – OEM) has been of significant benefit, as it has forced the business to drive down its costs. As an OEM supplier they are able to buy components at significant reductions, enabling them to earn higher margins in their traditional aftermarket business. Being a Tier 1 supplier has also enhanced the credibility of the company, leading to new business opportunities in both new and existing markets.

The company had a turnover of €4 million in 2012 and is on course to increase that to €5 million in 2013.

The Strategic Objectives of the company are –

- To achieve turnover in excess of €10 million by 2020 (30% of sale in Tier 1 sector and 70% aftermarket sales)
- To become a Tier 1 Supplier to two Vehicle Manufacturers
- Increase its Tier 2 Status (an approved supplier) with other Vehicle Manufacturers.
- Develop new market opportunities, particularly in China, Mexico and Brazil.
- Increase brand awareness through new and existing markets

To achieve these strategic goals the company will have to develop new partnerships with Vehicle Manufacturers and continue the development of its distributor relationships in local countries. In order

to break into emerging markets they may have to enter into local manufacturing arrangements to gain access to market and reduce trade tariffs.

The company is also heavily investing in a multi-lingual web site, to be used both as a marketing tool and as a technical resource for its international distributors and product installers.

The company has overcome many challenges over the past few years, and now that it has a clearer view of its future strategy. One of its biggest challenges for the future is ensuring that it has to right personnel in place to both deliver on its current commitments and meet its strategic goals.

The management of the company has 'evolved' over the past 20 years and they have only recently put in place a formal management team structure, with representatives from all aspects of the business – Engineering, Sales, Marketing and Operations.

The company is also looking to put a performance management structure in place to ensure that its employees have the tools to help ensure that the strategic goals met. Key areas to be included in this process include - proper job descriptions with clearly defined roles and responsibilities, identification of skill deficiencies within the organisation, role profiling to ensure that employees have the right skills, knowledge, experience and qualifications to do their job.

For the purpose of this Case Study we are going to look at the sales function within the organisation. Below is a job description for the International Sales Manager of the organisation who spends most of his time away from head office. From a sales perspective, the company has a target (after market) of €3.9 million in sales for 2013, with a view to achieving sales of €7 million by 2020. The company recognises that the European market is not performing well and that they will struggle to match sales for 2012, but they are very optimistic that new business opportunities in South America and USA will offset this. The International Sales Manager will be responsible for achieving the sales target.

Case Study Exercise

Based on the information outlined above, and the job description below, develop 3 performance management objectives for the International Sales Manager.

Ensure that the objectives link to the achievement of the overall strategy of the Company.

Identify clear measurement criteria that can be quantified.

What are the biggest challenges for this business?

What development goals would need to be set to meet these challenges?

Job Description

Job Title: International Sales Manager

Working in conjunction with Managing Director, to ensure the implementation and management of the company's international sales and marketing strategy to its after-market customers.

Job Responsibilities:

- Develop new business opportunities, with both new and existing customers, building a solid sales pipeline and develop opportunities to ensure that pre-defined monthly and annual sales targets are achieved
- Develop key relationships with international customers, and engage actively with them on technical, project and marketing information to encourage customer loyalty and confidence.
- Develop sales and marketing strategies for Trade Shows, New Business Development and Sales Promotions
- Devise sales campaigns targeted at specific local and product markets
- Contribute to the development of the company by inputting technical, market, or customer know-how in management meetings
- Manage and motivate sales team to increase sales and ensure efficiency.
- Analyse sales figures and forecast future sales volumes to maximise profits.
- Analyse and interpret trends to facilitate planning.
- Initiate changes to improve the business.

Person Specification:

- Highly organised with a proven ability to work on multiple tasks accurately in a busy environment.
- A self starter, with the ability to work on own initiative and as part of a team.
- Ability to motivate and manage others.
- Good communication and interpersonal skills.
- Creative and not afraid to share ideas
- Strong persuasion and negotiation skills

Experience and Qualifications:

- Technical qualification in Mechanical Engineering and detailed sales experience in the valve or engineering industries
- Experience of selling into the automotive industry
- Experience of developing and managing an international agent network.
- International sales experience is a plus
- International language skills are essential
- Work experience in similar company is beneficial but not essential
- Computer literate