

PROCESS OVERVIEW

PRODUCT RATIONALIZATION

One of the critical needs in under-managed companies is to go through a product rationalization exercise. Often we find that there are many under-performing products within a company's portfolio. Ones that have far too much inventory associated with them, ones that have minimal growth potential or marginal if not negative gross profit associated with them.

At STORM, we believe that it is important for a company to take a step back and determine the strategic relevance of these products, then layout a game-plan for either improving financial performance or getting out of a "loser". We have worked with many companies over the years to implement a process that starts with the company's objectives and works its way through to execution.

This is by no means an academic approach. The critical element, as with all STORM activities is to achieve results on an accelerated basis. At the same time putting in place proven operational processes such that the discipline will be carried forward when STORM is no longer engaged.

There are three distinct objectives to this effort:

- First, is to quickly assess the current state and take immediate actions to refocus the efforts to achieve rapid results.
- Second, is to put in place a process and discipline to evaluate new opportunities to assure scarce R&D resources are utilized to achieve the maximum impact.
- Finally, by taking the management team through the process, the team gains an understanding of the decision making process.

They have the tools, metrics, and most importantly the disciplines and knowledge to carry forward with this management process in the future. The flowchart below highlights the process.

