

Case Study

McBride Plc

Strategic Planning / Activity Based Costing

Background

With over 18 manufacturing operations in ten countries, McBride plc is a leading British-based manufacturing business, noted as being Europe's biggest maker of retailer Own-brand household goods and providing contract manufacturing for brand owners. Manufacturing over 150 brands, McBride products are delivered to 250 customers in 70 countries annually.

Challenge

Stagnating sales, declining profitability, an excessive overhead cost base and a lack of clear leadership had created a need for fundamental change, with management focussed on delivering business as usual rather than transformational change.

Solution

The approach taken was to undertake a strategic review of the UK operating company under the guise of an activity-based costing and benchmarking exercise, to better engage management in understanding the business as a platform for performance improvement planning. Libra Change carried out a full P&L ABC modelling exercise across the UK and Italian businesses (5 sites). Working with group and site leadership teams, the ABC review was used to refocus the business on the true costs attached to sites, customers and category service.

Perceived loss-or profit-making activities were re-categorised and corrective action plans developed for the Sales, Operations and Supply Chain teams to address under-performance and drive profitable growth. A bench-marking exercise was also conducted highlighting substantial gaps between McBride structures and cost base and those of comparable own-label organisations. Again, these outputs were used as the basis for business improvement planning.

“Thorough, detailed and compelling work delivered in a highly engaging and positive fashion; the best consultancy work the business has commissioned in my time at McBride.”

Richard Armitage, Chief Finance Officer - Robert McBride Plc



Results



Board commitment to strategic direction



Engagement of stakeholders throughout the business in revised plan



Total elimination of non value-added activities. SKU & customer rationalisation processes commenced and delivering results



Outsourcing commenced and non business-critical reporting removed