

Delimiting A Roadmap To Triple Revenue: Pragmatic Growth Strategy And Sales Function Redesign For FlowCo

The Challenge: FlowCo, a \$35MM distributor of specialty products serving the oil and gas industry, had been purchased by a PE firm attracted to the business by its high margins, significant growth potential, and global presence. The PE firm's investment thesis called for tripling FlowCo's sales in 3-5 years while maintaining high margins. At the time of the closing, the PE firm had brought in a new CEO to help achieve its investment goals. To provide support to the incoming CEO and ensure that FlowCo had a clear roadmap moving forward, the PE firm asked Gotham to assist FlowCo management in identifying key growth levers and improving internal processes to support the new level of revenue.

The Partnership:

Analysis: As an entrepreneurial business, FlowCo had a limited fact base. Accordingly, Gotham's first task was to build the robust fact base needed for informed decision-making by analyzing historical sales data to profile business performance and conducting interviews to map current processes. The team found that a lack of technical experience in the inside sales group coupled with lack of formal processes had required the founder's input to "routine" quoting, resulting in significant rework and last-minute quoting. Additional issues included: lack of information sharing, routing of all international quotes through U.S. headquarters causing significant bottlenecks and delays, and a very limited outside sales function.

Simultaneously, Gotham investigated the worldwide market for oil & gas applications of flow control products to establish the market size and growth characteristics for key applications that matched FlowCo's core and differentiating competencies (including specialty products for offshore drilling/production platforms and onshore/offshore oil & gas pipelines). Gotham identified projects by region, by oil & gas company, and by E&C firm to establish most attractive growth areas for FlowCo based on its expertise and industry relationships.

Strategy: Working with FlowCo's management, Gotham pinned down specific growth levers and their revenue potential and developed a comprehensive strategy to achieve revenue targets. The main components of this strategy were:

1. An **independently-functioning inside sales** team. Critical here was to transition the founder's role away from quote creation to an idea/technical leadership role, while shoring up inside sales team capabilities and effectiveness by: redesigning the organization and SOPs to increase the productivity while maintaining high quote quality; providing training on key product attributes; creating processes for proactive customer management; developing international office capability to handle quotes; and creating a sourcing organization.
2. A robust **outside sales function** to complement the inside sales group and establish new customer relationships in order to increase the number of RFQs (FlowCo historically relied on its reputation and word-of-mouth to drive business). In consultation with FlowCo's international office managers, Gotham identified specific requirements for each regional office and developed standardized outside sales processes and tools (e.g., target account lists, account plans) to properly manage the new outside sales effort.
3. Regions for **geographic expansion**, with region-specific near-term and long-term market entry strategies that took into account FlowCo's current regional capabilities and outlined a sequential plan for expansion.
4. **Private label brand strategy** and positioning. Due to changing requirements in the API's certification program, the private label brand lost a key certification required for oil and gas industry sales. Gotham mapped out several options for re-certification and designed several initiatives for growing the brand.
5. **Product line expansion strategy** to enter into related product areas. The team analyzed competitor positioning and market sizes by sub-segment to identify attractive gaps in FlowCo's offering. Through discussions with management, the team finalized a list of attractive new products that best matched the current technical skills and provided an opportunity to gain incremental sales from its customer relationships.

Execution: Gotham helped FlowCo kick start key strategic initiatives by:

- Facilitating team meetings to detail inside sales processes and outline the system requirements (e.g., system fields, process changes, checklists, KPIs, reporting), determining individual skill set of each inside sales team member, and creating a personalized weekly transition plan for each team member.
- Assisting the founder to transition into a strategic thought leader, and away from day-to-day quoting.
- Developing the basics of the outside sales organization in preparation for a piloting of the new approach.
- Fleshing out a detailed implementation plan for geographic expansion, private label brand, and product line expansion, including required resources, cost, and key milestones.

The Outcome: Gotham and FlowCo's new CEO gained the founder's buy-in to new sales team roles and procedures, and the management team was equipped with the plans and playbooks required to successfully implement the pragmatic growth strategy to triple sales to reach \$100MM in the next 3-5 years.

