

CASE STUDY

Creating a corporate strategy from within the business

Strategy from within, with great results

The Davis Service Group, as Berendsen was then called, was a £1bn turnover textile rental and hygiene services business operating across 15 European countries. The new CEO was looking for a step change in performance and asked us to help develop a new, more focused corporate strategy.

As with many companies, the business had many excellent people with a great deal of know-how and commitment. It also had tremendous potential. We simply provided the facilitation, encouragement and guidance to help their people come together and develop their own highly effective strategy – unlocking the potential in the business and securing an impressive increase in performance and value. In the subsequent three years market capitalisation moved from £750m to over £1.7bn.

“Berkeley provided structure and rigour to the process and valuable external insights. They helped frame the right questions and acted as an excellent sounding board for the Exec team and the PLC Board. The review was a great development opportunity for people from our company and Berkeley really helped them to develop new skills and new approaches to work. The approach we took also helped hugely in gaining buy-in from around the company.”

Peter Ventress, Chief Executive

Identifying the best way forward

When Peter Ventress, the new Chief Executive, took the helm of the Davis Service Group, he inherited a business in which recent performance was solid but unexciting, with almost zero organic growth and declining returns.

Making the most of in-house skills and know-how

The group had a range of business services including renting and maintaining flat linen, for example for hotels and hospitals; workwear, such as overalls or chefs' uniforms; doormats; washroom; and cleanroom services (mostly for pharmaceutical clients). It also had a business selling workwear direct. It operated with over nine brands – Berendsen and Sunlight being the principal ones - and in 15 different countries throughout northern and central Europe. So it was a fairly diverse and dispersed business, but with some common qualities, in terms of logistics, service and managing portfolios of contracts, and a great deal of operational strength and market know-how within the individual businesses.

However, the Group wasn't performing as well as it could. Even though the economic climate was tough, the CEO felt that with greater focus and cohesion the business could achieve much more. There was little sharing of ideas or expertise across brands or across countries, for example, and no shared criteria for strategic investment decisions.

Looking for the right light touch

The Chief Executive was looking for consultants who could work with his executive team and with key people from the different areas of the business to help them create a new strategy. The contribution was to be light touch – supporting the



“It was an absolute delight to work with the Berendsen team. It does not surprise me at all that they have executed the strategy so well. Throughout the whole strategy development exercise they were wholeheartedly engaged and exemplary at following through on all their decisions and commitments. A real pleasure to work with.”

Mark Fearn
Partner



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internal team in coming up with and evaluating new ideas, rather than doing it for them. Our style of working was the perfect match on this front.

Gathering the core in-house team

We quickly set to work, bringing together eight managers from various parts of the business in the UK, Scandinavia and elsewhere - to form the team that would do the bulk of the fact finding and analysis in creating the strategy.

We set up a team room at our offices in London so they could all work together with the help of two of our consultants for a series of intensive strategy-building sessions, two to three weeks at a time.

True commitment

The first session coincided with the eruption of the Eyjafjallajökull volcano in Iceland. No flights! But it didn't stop the Danish team members driving 24 hours straight to arrive on time for the session.

Organising the team

We helped organise the team, dividing up the responsibilities and work. Each team member reached out into the organisation to do the strategic analysis. This included assessing the internal strengths and weaknesses, analysing the attractiveness of various markets and identifying potential synergies.

The team looked at all the possible opportunities: growing or improving performance in their existing markets, filling the white spots (existing services not yet offered in some countries), extending into new, related service lines and extending into new geographies (both close to home and further afield). They also considered both organic and non-organic growth options. In total they developed business cases for some 69 different strategic options.

Focusing on core growth businesses

Ultimately the strategy zeroed in on five businesses to drive growth: workwear, mats, washroom, cleanroom, and the UK flat linen business. So the company had real clarity on where to focus investment for growth, while managing the remaining businesses for value and divesting the Scandinavian business selling workwear direct.

Making the most of synergies

The strategy also identified huge opportunities for synergies along business lines, for example by sharing best practice across marketing, sales, operations, commercial terms and pricing. To make this happen required a great deal of organisational change, as the business moved from being structured regionally to being organised around cross-border business lines.

Involving the Board and gaining approval

The first full Board meeting on the new strategy was held just three months after we started working. In the run up, every work stream carried out by the strategy team had an individual sponsor from the Executive Board, to reinforce ownership and help connect the strategy to the business. So when it came to the Board meeting, it was the Executive sponsors who presented their strategy – our consultants simply attended.

Board approval for the strategy was secured just two months later. We parted company at this point, with our client set on a clear path and focused on making the changes happen.

One brand - Berendsen

A natural extension of its strategic reorganisation, the Group decided to create one brand for the whole business. The Davis Group became Berendsen for one and all.

A step change in value

Berendsen completed the changes and began operating under the new organisation structure. Two years on and their share price had outperformed the sector average by over 30%, equivalent to some £275m of value added. It's fair to say that this substantial out-performance is down in large part to the successful implementation of a very sound and effective strategy.

Real coherence and clarity

Berendsen are making the most of their strengths and synergies to grow the business and its value. They are a more coherent focused organisation. They have real clarity on their strategy and real commitment to deliver against it.

Enhanced careers

What's more, the members of the core strategy team that we worked with have all moved on to great new roles, mostly promotions, following their involvement in the process.

Delivering impressive results

Overall, we're proud of the part we played in helping Berendsen create a common agenda and develop an actionable strategy that they were not only very happy with but ultimately delivered impressive results.