

# *As the pendulum swings*

## *A balanced approach to build lasting value*

*“Costs are like [finger]nails; they always need to be cut”* says Beto Sicupira of 3G Capital, new owners of Kraft-Heinz along with Warren Buffett.

Since becoming a billionaire will never go out of style, this means the pendulum may swing in favor of cost-cutting which can yield spectacular short term results as they have with these 3G acquisitions:

*“At Burger King, operating profit margins have expanded from 13 per cent in 2010 to 54 per cent, boosted also by refranchising company stores.*

*Heinz’ operating profit has also improved sharply, from 15 per cent to 22 per cent in just two years.”* (Financial Times – March, 2016)

Growing sales amid cost-cutting?, *“ah... there’s the rub”*<sup>(1)</sup>.

Sales are down at Burger King and Heinz, -4% and -4.6% vs. year ago respectively. At what point will the muse be called upon to defend the business from competitive vultures, revive growth, innovate and build brand equity to new heights? When indeed will the pendulum swing back to value creation?

*“When indeed will the pendulum swing back to value creation?”*

One of my favorite sports maxims is:

*Offense wins games, defense wins championships.*

While I’ve been lucky enough to coach some great defensive teams, you need to build a lead before you can sit on it.

Winning takes a balanced approach. That’s why we developed 3D<sup>SM</sup> marketing to manage brands for efficient and effective growth.

**Defend** – against direct and indirect competitors vying for a piece of your success

**Develop** – your brand to build sales, equity and profit both with consumers and at retail

**Diversify** – innovate to break the mold and extend your brands in strategic and profitable ways

Do all three concurrently – and you’ll build bigger brands with lasting value.

Edgewood can help cut costs and employ 3Ds to build lasting value. Consider these questions:

- 1) Is your brand under direct or indirect competitive attack? Do you have a competitive strategy?
- 2) Are you in attack mode? Should you be?
- 3) Do you understand the buttons to push to drive your business with consumers and at retail?
- 4) Do you know your trade spending ROI? How it compares to industry average? To your competitors? And how to optimize it to save millions?
- 5) Have you optimized your product line to eliminate waste?, Found the right combination to sell more with less to maximize incremental sales for you and your retailers?
- 6) Do you have the people, capabilities, training and tools to implement with speed and effectiveness?
- 7) Do you understand your core brand equity, shopper targets? How they're changing and how they line up at each of your retail partners?
- 8) Are you a strategic collaborator with insights, innovation and programs to share with your retail partners to build your category? Your aisle? Your department? Or just a set of templates and programs for your brands?
- 9) Do you have a culture of insights, innovation and continually improving implementation that makes your people the most highly valued partners for your retail customers?

Call Edgewood to talk about how you can defend, develop and diversify your business for award-winning<sup>(2)</sup> growth that builds lasting value.

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Footnotes:

(1) from Hamlet's monologue by William Shakespeare

*"'Tis a consummation*

*Devoutly to be wished. To die, to sleep--*

*To sleep--perchance to dream: **ay, there's the rub,***

*For in that sleep of death what dreams may come*

*When we have shuffled off this mortal coil,*

*Must give us pause..."*

(2) Our clients have won ninety-eight awards over the past 18 years including eight last year alone as voted on by Progressive Grocer and leading retailers. Let's work together to develop award-winning results.



We're proud that our clients won eight awards in 2014 as voted on by Progressive Grocer and leading retailers.



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