

The Cambridge Group

Demand Profitable Growth



ACTING ON PROFITABLE DEMAND

The biggest challenge Senior Managers face today is finding ways to achieve profitable organic growth. While most companies have successfully cut costs and increased productivity, the ability to drive continuous and profitable top-line growth remains elusive for all but a few top-performing companies.

DEMAND STRATEGY

The proven solution to achieving profitable organic growth is to update the oldest and most accepted law of economics by putting the understanding of demand in front of the creation of supply.

Leading companies compete on supply—but they win on demand. They consistently ask the question, “What do we know about the demand of our most profitable customers that our competition does not know?” And they respond by building a proprietary understanding of demand that enables them to create new strategies which lead to products and services that are differentiated from their competitors.

This simple but fundamental shift enables companies to continuously achieve profitable growth.

WHAT WE DO

Over the past 30 years, The Cambridge Group (TCG) has helped clients develop and execute strategies that are driven by a

superior understanding of profitable demand. Our proprietary approach, Demand Strategy, identifies profitable demand and aligns supply to capture more of the profit in the category.

TCG applies Demand Strategy across all industries, creating new value by helping companies establish leadership positions, capture pricing power and increase customer loyalty. Our clients are able to align their infrastructure, businesses and resources to meet marketplace demand in a way that is meaningfully differentiated from their competitors. As a result, they experience consistently higher rates of growth and margins.

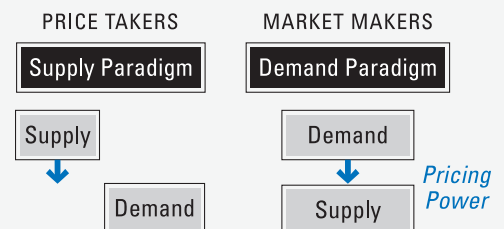
PROVEN APPROACH

Leveraging our Intellectual Capital, we deliver more than a set of recommendations and plans: we provide actionable insights on demand and supply along with economic blueprints to help companies achieve continuous growth.

Growing Revenues and Profits Requires a New Business Model

In the old supply paradigm, supply was created and marketing went in search of demand to absorb supply. The result was an absence of pricing power, forcing manufacturers to be “price takers”.

In the new Demand Economy, profitable demand must first be understood. With this understanding in mind, supply is created which satisfies demand better than the supply of competitors. Companies whose business models focus on satisfying profitable demand are more highly profitable and earn the designation of “market makers”.



The Cambridge Group → Demand Profitable Growth

SOLUTIONS

TCG focuses on the following critical growth issues. We can work with you to:

- Transition to a demand-based business model
- Identify profitable new demand opportunities
- “Reinvent” categories
- Build portfolio strategies to enable corporate growth
- Drive innovation
- Optimize pricing
- Enhance brand equity

PRINCIPLES OF DEMAND STRATEGY

Our unique Demand Strategy approach is built on the following principles:

Understand demand before creating supply – An understanding of demand in all its forms must precede and then drive the creation of supply.

Identify current, latent and emerging demand – Markets evolve long before customers express needs. TCG’s economists analyze the Forces & Factors shaping demand for new insight into current, latent and emerging demand.

Segment customers by profitable demand – Most segmentations are based on past behavior which is similar to looking through a rear view mirror. Our proprietary Demand Landscape segments customers based on demand and how they make decisions. This extremely actionable approach allows clients to understand the past and, with great accuracy, predict where future revenue and profits will come from.

Quantify strategy – TCG reduces risk by evaluating all the strategic options and then quantifying them through rigorous economics for greater certainty. This approach, Customer Demand Analysis, determines which combination of benefits will allow companies to sell the most volume at the highest price based on their total proposition versus that of their competitors.

Simplify strategy – Strategy must be simplified in order to gain complete organizational alignment and superior execution.

CLIENT BENEFITS

By focusing on demand rather than simply optimizing existing supply, TCG helps clients identify sustainable new platforms for growth. As a result, our clients are able to consistently:

- Reduce costs and increase revenue, margins and profit
- Increase operating efficiency because of internal alignment and focused external activities
- Pre-empt competition through a proprietary understanding of demand and current supply
- Identify and own competitively-advantaged market positions
- Deliver more effective product development and improve resource allocation by anticipating changes in demand
- Realize gains in efficiencies by creating customer ‘pull’ through optimized targeting
- Create opportunities for pricing power by satisfying demand better than competitors
- Bring successful innovation to market as a result of knowing more about unsatisfied demand

TCG Assignments

During the past year, our assignments have been in industries such as packaged goods, financial services, food, beverages, pharmaceutical, over-the-counter drugs, retail and business-to-business. We would be happy to share these cases in detail. For example:

- For a major insurance company, we identified \$2.0 billion in profitable new demand with pricing power at premium prices of up to 30% above standard policies
- For a large office products company, we more than doubled trade up for a key product line at a price premium that is 750% above the standard offer
- For a packaged goods company in Europe, we identified demand that enabled 56% revenue growth and a 4.9 percentage point increase in market value share within the first 8 months of the engagement
- For an OTC pharmaceutical company, we quantified the demand across several promising innovation platforms resulting in a more strategic resource allocation model

ABOUT US

The Cambridge Group is a leading strategy consulting firm focused on helping clients grow their companies profitably. For over 30 years, The Cambridge Group has worked with Fortune 500 companies across multiple industries to develop actionable Demand Strategies to accelerate profitable growth, restore pricing power, and enhance competitive insulation. For more information visit: www.thecambridgegroup.com.



227 West Monroe Street, Suite 3200
Chicago, IL 60606-5058
312.425.3600 telephone
www.thecambridgegroup.com