

# **Mc GILL St LAURENT: #perpetualmotion to sustainable growth**

**NANYANG CONSULTING**

**Presented by: Nanyang Business School**

**Presented to: Board**

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# AGENDA

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1. Introduction
2. Recommendations
3. Internal and External Analysis
4. Implementation plan
5. Risks and Contingency plan
6. KPIs
7. Financial feasibility
8. Timeline
9. Conclusion

# M/S faces a list of challenges on its path to building, feeding and powering the planet

- | How can M/S start a disruption in stable industries?
- | Should M/S focus on core business or diversify?
- | How can M/S maintain safe cash position?
- | How can M/S improve its internal controls and processes?
- | Should the risk management system be more proactive?
- | How can M/S fight growing transparency on the market?

**HOW M/S CAN BECOME THE NEXT GENERATION TRADING COMPANY?**

# M/S should follow the comprehensive strategy to fight the challenges

**Online omnichannel platform for commodities trading businesses**

**Expanding across value chain**

**Open innovation: attract new ideas for existing business**

# Internal and External Analysis

# M/S key strength lies in its relationship capabilities

## STRENGTHS

- Entrepreneurial culture
- People focused
- Investments in IT
- Consistent profitability and growth
- Low long term debt

## WEAKNESSES

- Reactive risk management
- Limited recourses
- Problems with diversification

M/S in the short run needs to focus on its core capabilities and industries

# M/S main business is on highly commoditized markets

**Disrupting technologies**

**Transparency on market**

**Commoditized markets**

**Competitive landscape**

M/S needs to achieve more scale before entering related industries

# Options and solutions



# M/S has several options

OPTIONS	STRATEGI G FIT	FINANCIAL BENEFIT	COST	COMPETE TIVENESS	TOTAL
<b>Should M/S diversify or divest?</b>					
Further diversification					
Focused diversification in existing industries					
Divesting					
<b>How to improve technology capabilities?</b>					
Buy					
Outsource					
Improve inhouse					

# M/S should follow the comprehensive strategy to fight the challenges

**Online omnichannel platform for commodities trading businesses**

**Expanding across value chain**

**Open innovation: attract new ideas for existing business**

# **IMPLEMENTATION**

# Implementation (1/3): Online platform

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## WHAT?

**Build online platform to support offline operations through an omnichannel strategy**

## WHY?

- **Differentiate from competitors**
- **Enhanced customer value proposition**
- **Limited cash investment**

# Implementation (1/3): Online platform

**HOW?**

- **Enhanced product information**
- **Ability to place and track orders**
- **Customer and supplier portal supported by key account manager**
- **Hire customer relationship management executives**

# Implementation (2/3): Expanding across value chain

## WHAT?

**Diversify further within wood products and grain trading business**

## WHY?

- **More customization, higher margins**
- **Opportunity to disrupt**
- **Capitalize new growth opportunities**

# Implementation (2/3): Expand across value chain

## HOW?

### CWL

- **Grow individual manufacturing business**
- **Diversify into pre fabricated wood production**
- **Expand production on current capacity or buy new**
- **Build a network of suppliers**
- **Collaborate with designers and architects**

### GSL

- **Partner with universities**
- **Research about hybrid non genetic modular seeds to enhance yield**
- **Leverage existing contacts with universities**
- **Provide them with some funds in return for research assistance**

# Implementation (3/3): Open innovation

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## WHAT?

**Improve AI and machine learning capabilities through open innovation**

## WHY?

- **Better prediction capabilities**
- **Disrupt the industry and gain strong future position**
- **Gain access to talent pool**

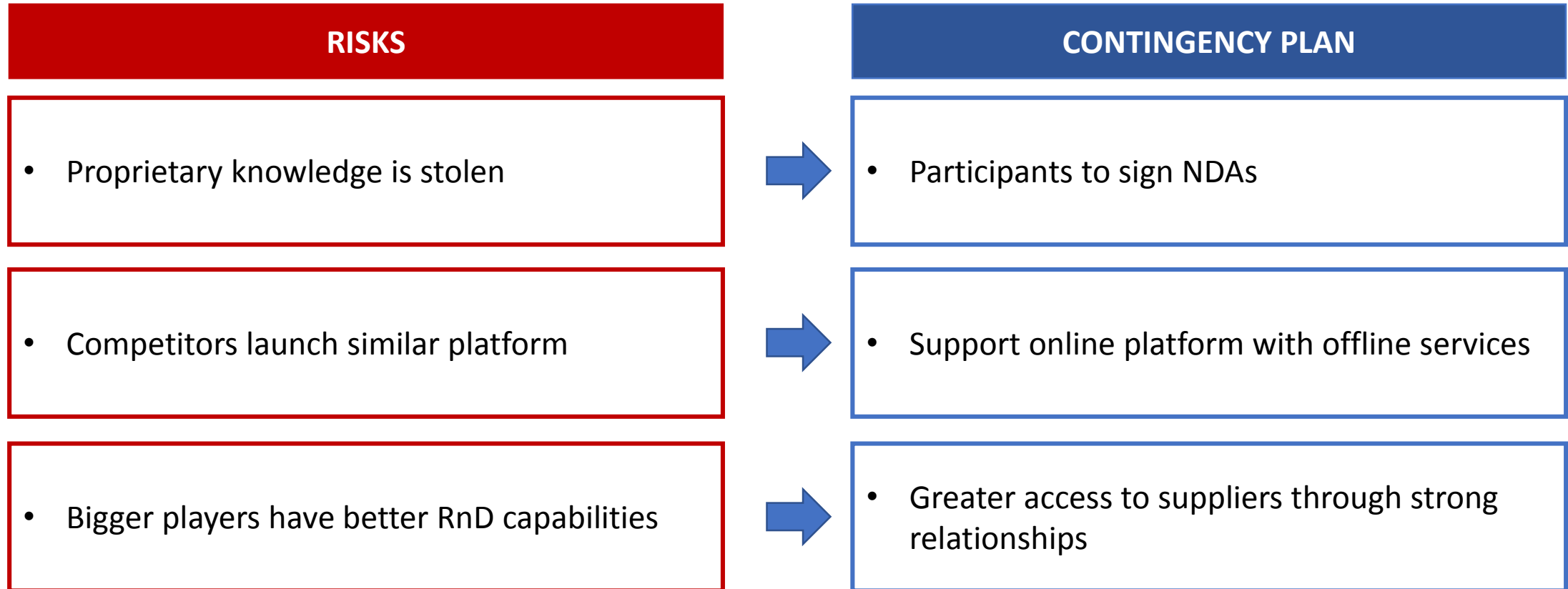


# Implementation (3/3): Open innovation

## HOW?

- **Tie up with universities to conduct an open innovation challenge (capitalize on existing relationships)**
- **Offer each prize**
- **Conduct the challenge to improve algorithms**

# M/S has several risks when implementing the strategy



# M/S can utilize the following KPIs to assess success

## Online platform

**Number of online orders**  
**Number of customer portfolios**

## Expand across value chain

**CWP**  
**Increased profit margins and sales**  
**Number of partnerships**

**GSL**  
**Data gathered**  
**Universities on board**

## Open innovation

**Number of participants**  
**Increase prediction accuracy**

# Financial analysis

# Financials – Budget

Item	Budget
<b><u>Online</u></b>	
Outsource	\$50,000
Market the platform	\$5,000
CRM costs	\$100,000
<b><u>Diversification</u></b>	
Facility Expansion	\$1,000,000
R&D Costs	\$100,000 per annum
<b><u>Open Innovation Challenge</u></b>	
Marketing	\$10,000
Event Cost	\$40,000

How are we going to get the funds:

- 1) Reinvestment of own capital
- 2) Supported by mezzanine financing

In case of risky position, consider bank loans.

# Financials - Projection

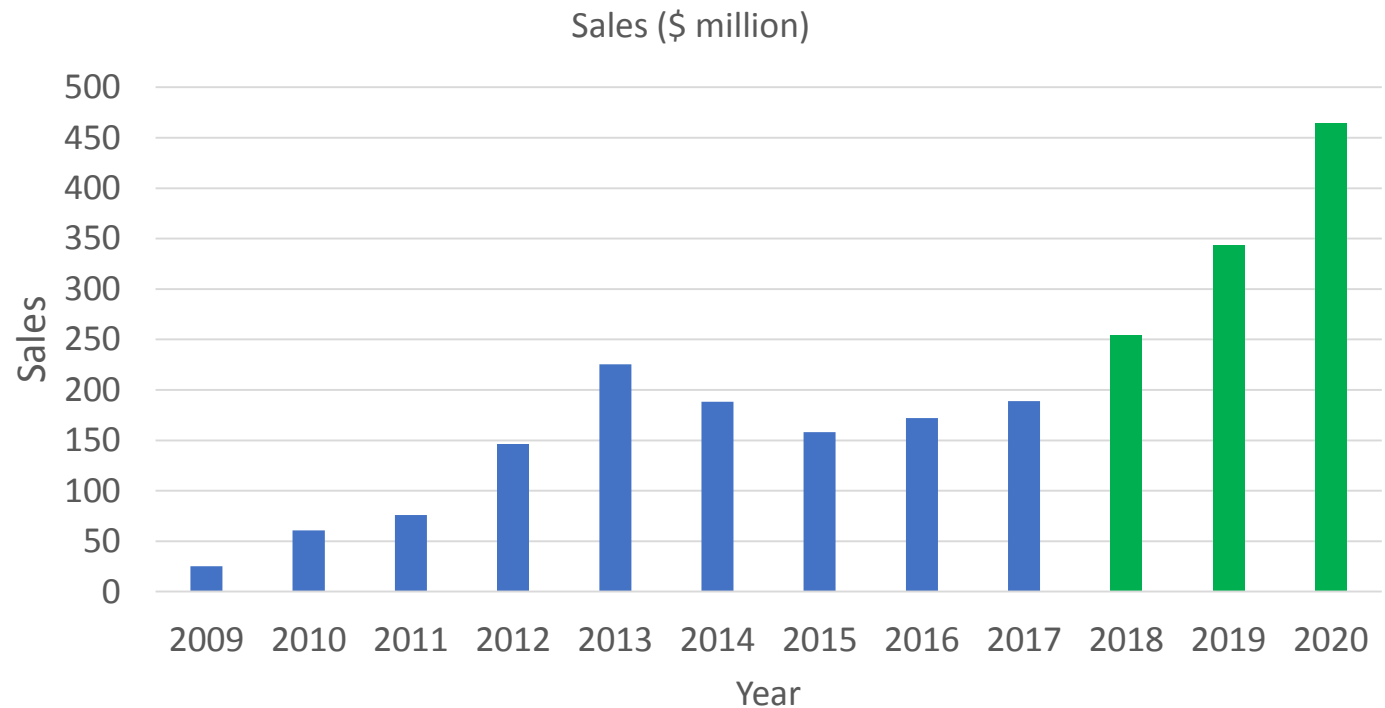
## Facts:

- 1) Average GP Margin from 2009 to 2017 = 5.61%
- 2) Average EBITDA/GP from 2009 to 2017 = 30.30%

## Assumptions:

- 1) 35% CAGR

Estimated to reach  
**\$464million in sales revenue by 2020.**



# Financials - EBITDA

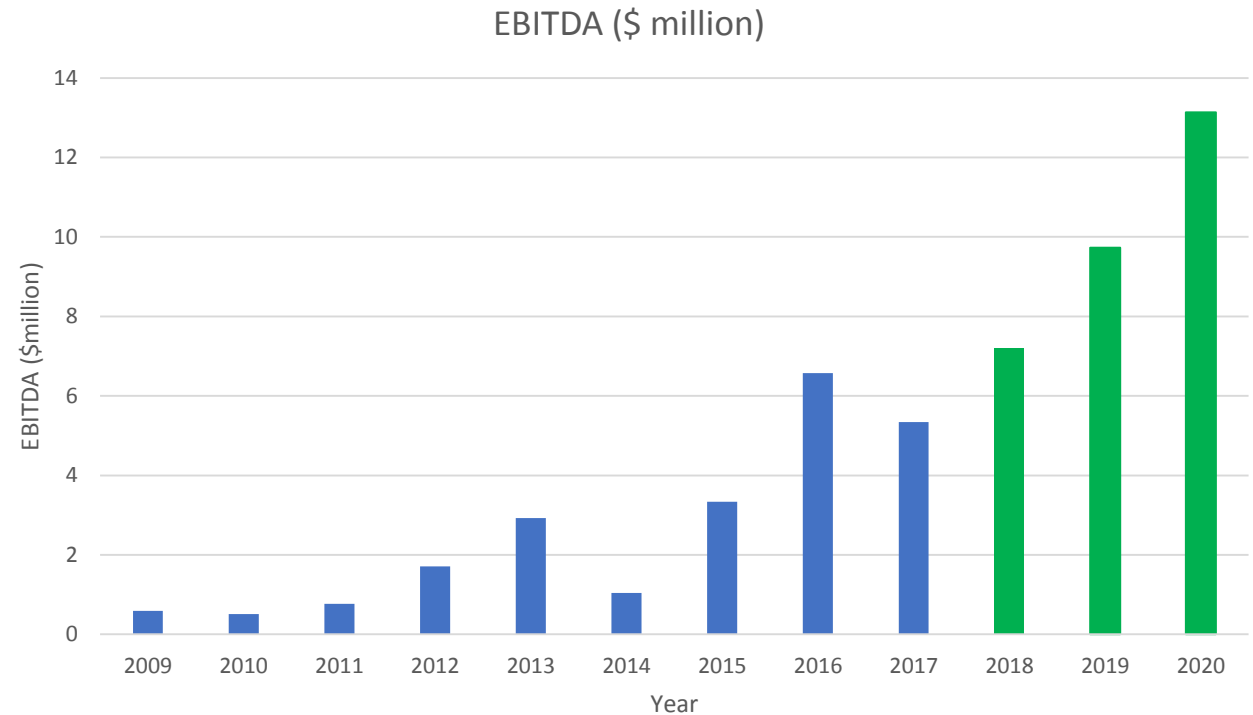
Facts:

1) CAGR of EBITDA from 2009 to 2017 = 27%

Assumptions:

1) EBITDA CAGR of 35% per annum

Estimated to reach  
**\$13million in EBITDA by 2020.**



# Timeline



# Timeline for proposed strategy

	2018		2019		2020	
	H1	H2	H1	H2	H1	H2
<b>Online platform</b>	█		█			
- outsource platform development	█					
- Launch platform		█				
- Bring suppliers onboard		█				
<b>Expand across value chain</b>	█					█
<b>CWP</b>						
- Expand current production capacity		█				
- Build network of suppliers and architects			█			
<b>GSL</b>						
- partner with universities	█					█
- Conduct research		█	█			█
- share insights with suppliers					█	█
<b>Open innovation</b>	█				█	
- market the challenge	█					
- conduct challenge		█				
- incorporate improvements			█			

# M/S will become a disruptor

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**Become a disruptor**

**Valuable data**

**Efficient  
resource  
deployment**

**Focused growth**

**M/S will become the next generation trading company providing enhanced customer solutions while leveraging technology, people and innovation**

**THANK YOU!**