

Em-Power the Planet

Hiba | Jessica | Reef | Karmah

Olayan School of Business

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Executive Summary

Issue

What strategy should McGill St Laurent adopt to grow in the future?

Recommendation

Empower Suppliers to differentiate yourself among the giants

Company's success

Innovation

- Innovative logistics solutions
- Encouraging employees to take risks

Relationships

- Relationship based partnerships with suppliers and customers
- Presence in Canada

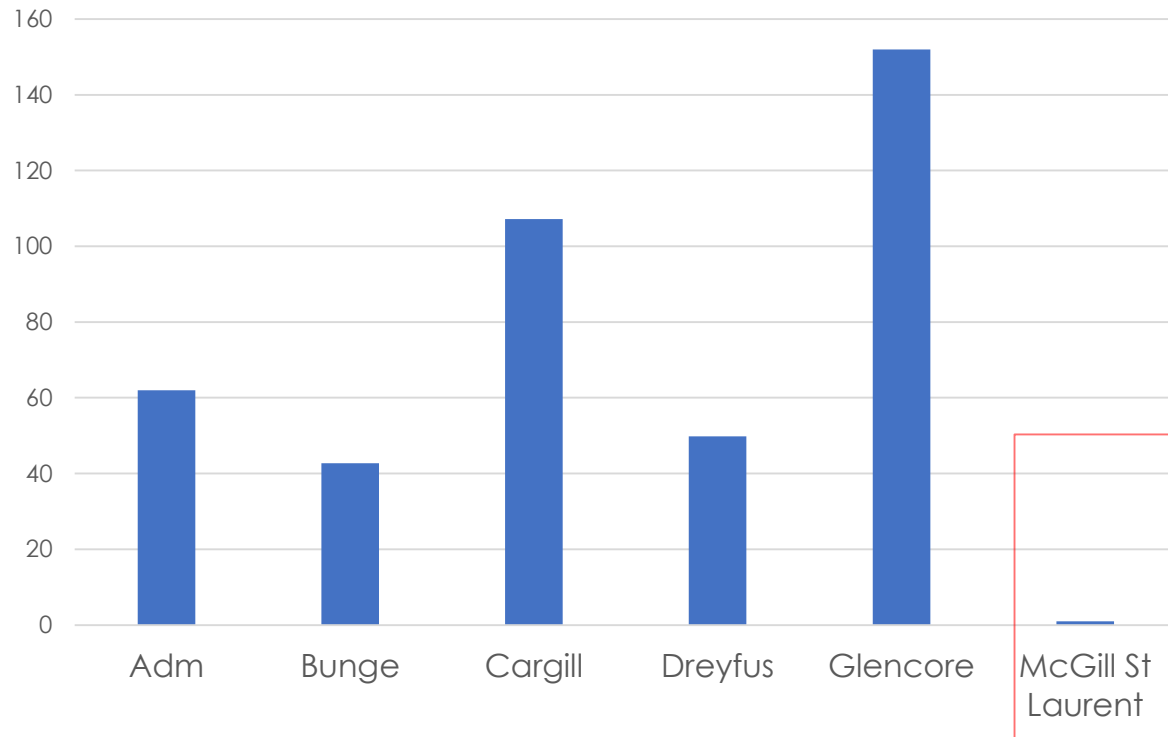
Responsible thinking

- Provide certifications for certain commodities
- Founders environmental forward thinkers

The company has maintained its entrepreneurial spirit and invested in relationships to be a player in the market

Commodity trading industry

Net Sales



- No differentiation in commodity trading offerings
- Low barriers to entry into wood and grain trading
- Threat of customers bypassing company

The company is operating in a highly competitive industry with giants, where offerings are not differentiated

Commodity market trends

Customers becoming more informed

Sustainability in sourcing

Technology used to help suppliers

Growing demand as population is increasing

The company can capitalize on existing opportunities to grow

Alternatives

Trade in Coffee

Expand across **coffee trading** industries in North America

Invest in Sustainability

Invest in **sustainability** across **suppliers** and **employees**

Backward Integration

Integrate backwards **to produce wood and grain** needed to distribute

Trade in Coffee

Advantages

- Diversification of portfolio
- Widely used commodity

Disadvantages

- Complex process
- High competition
- Costly

Backward Integration

Advantages

- More control of quality of wood
- Decreasing costs

Disadvantages

- Compromise on delivery of commodities
- Effort to cater to growing demand

Invest in Sustainability

Advantages

- Differentiation
- Enhancing efficiency & sustainability of suppliers
- Arising trends towards sustainable development
- Attracting talent
- Least Costly

Disadvantages

- Doesn't directly target customers
- Lack of expertise

Decision Matrix

	Trade in Coffee	Invest in Sustainability	Backward Integration
Risk	+	+	+
Time & Effort	-	-	--
Competitive Advantage	-	++	+
Cost	-	-	-
TOTAL	--	+	-

Decision Matrix

	Trade in Coffee	Invest in Sustainability	Backward Integration
Risk	+	+	+
Time & Effort	-	-	--
Competitive Advantage	-	++	+
Cost	-	-	-
TOTAL	--	+	-

***Differentiate by Investing in Sustainability
of Suppliers***

Em-Power the Planet

**Empower
Suppliers**

Wood & Grain

**Empower
Employees**

OSB

Introduction

Analysis

Alternatives

Implementation

Financials

Conclusion

Empower Suppliers

Provide small suppliers with the means & knowledge to **grow efficiently & sustainably**

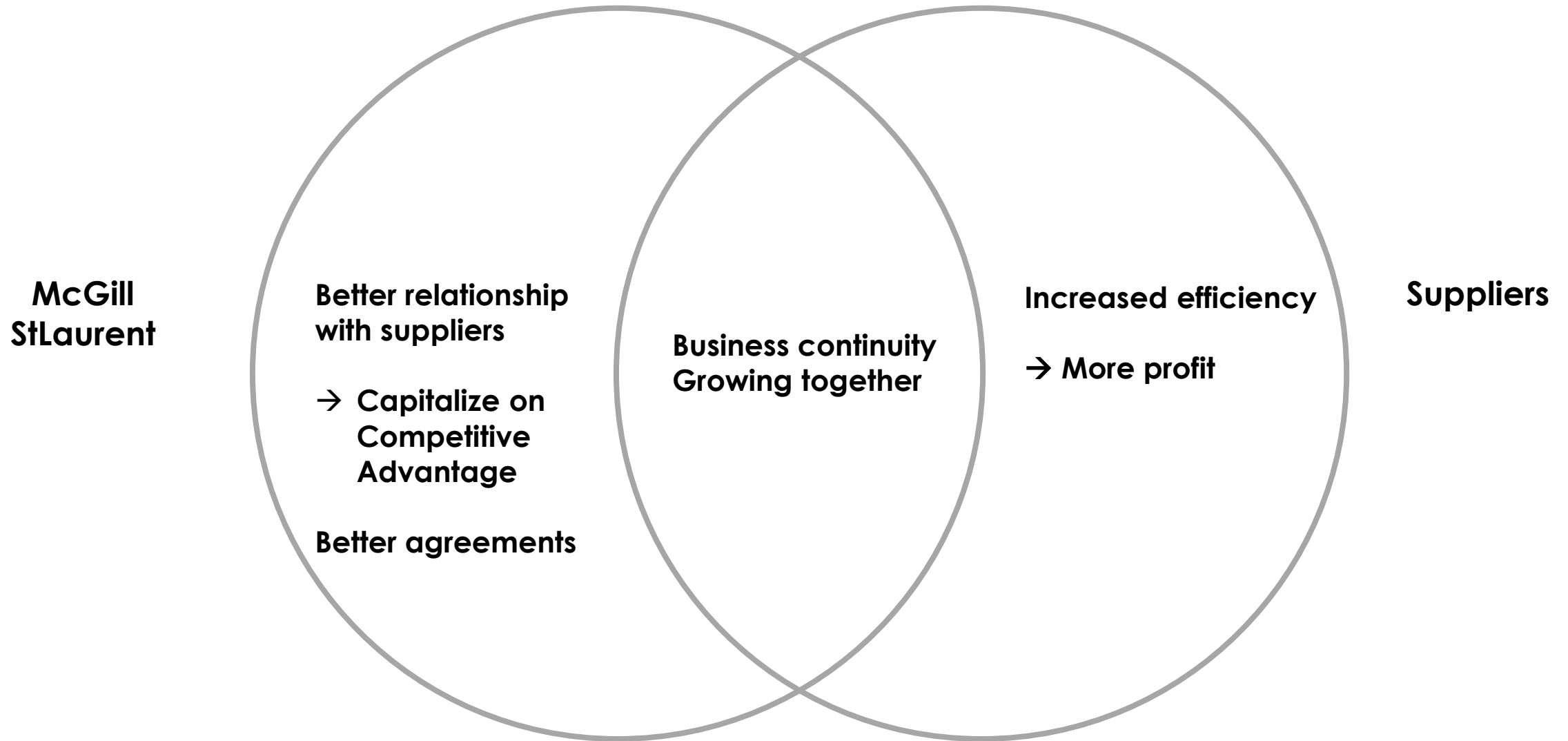
Means

Partner to supply **technologically advanced equipment** that enable efficient & sustainable "harvesting"

Knowledge

Partner with intergovernmental organizations to **train suppliers** on efficient & sustainable methods

Mutual Benefit



Empower Employees

Invest in employees to **strengthen relationships** w/ customers & suppliers

Ideas from Within

“Ideation Box”
Filter monthly &
select best
**employee-
generated-idea**
to consider
implementing

Workshops

- Sustainable Measures
- Industry Knowledge
- Communication Skills
- Negotiation Skills
- Entrepreneurship Thinking

Events

Host **informal bonding events** for employees & suppliers/customers to strengthen relationships

Financials - EBITDA

	2018	2019	2020	2021
Baseline Revenues	208	228	247	256
Growth	10%	10%	8%	4%
EBITDA (\$ Mill)	8.30	9.13	9.86	10.26
Strategy Impact				
Revenues	208	235	272	327
Growth of revenues	10%	13%	16%	20%
EBITDA (\$ Mill)	8.30	9.38	10.88	16.33

Incremental Costs

	2018	2019	2020	2021
Incremental Costs				
2 employees in AI	0.12	0.13	0.13	0.14
2 employees to oversee partnerships	0.11	0.11	0.12	0.12
Workshops/Trainings	0.25	0.25	0.25	0.25
Training/Research to oversee suppliers	0.20	0.20	0.10	0.05
Funds allocated to intergovernmental org.	0.50	0.50	0.50	0.50
Total Costs	1.18	1.19	1.10	1.06

Assumptions

\$5,000 salary for each AI employee
\$4,500 salary for employees to oversee partnerships

Strategy Impact

	2018	2019	2020	2021
Baseline EBITDA (\$ Mill)	8.30	9.13	9.86	10.26
Strategy EBITDA (\$ Mill)	8.30	9.38	10.88	16.33
Total Costs	1.18	1.19	1.10	1.06
<u>Incremental EBITDA (\$ Mill)</u>	-1.18	-0.94	-0.08	5.00

NPV = \$ 1.5
Mill

IRR = 38%