

# Case Study



**Client:** McNeil Nutritionals

**Industry:** Consumer Product Goods

**Objective:** Develop and implement a product investment strategy to achieve significant global growth.

*“People really don’t understand how their investments affect the future. Decision Lens puts it all in one place. This is a much-needed tool in corporate America.”*

**Pete Dunne, CFO**

*“This tool drives the right kind of discussion. It is also fun to use.”*

**Steve Headley, Director**

*“The conversation was very efficient and very objective.”*

**Dean Dalson,**

*Worldwide VP of Operations*

## SUMMARY

Going into the FY07 planning cycle, McNeil Nutritionals faced significant long-term growth targets and immediate sales needs. McNeil, maker of products such as SPLENDA®, had many strategies to achieve the required growth including investing in current brands, investing in new brands and expanding further into current and new geographies. The question was which set of strategies and investments were the best to pursue to deliver the most strategic and financial value for now and over the long-term?

Decision Lens focused McNeil Nutritionals on the projects that delivered the highest value to the organization. The process enabled senior management to come to consensus on their objectives in less than half the usual time, so the team could move forward with confidence. Furthermore, with Decision Lens, management had direct insight into a new-product investment’s contributions to strategy as well as the project’s suggested budget. Decision Lens gave the senior team the ability to manage a portfolio of products that maximized financial and strategic value.

## CHALLENGE

McNeil Nutritionals, LLC is a global marketer of innovative nutritional products and is a unit of Johnson and Johnson. Its major brands include SPLENDA®, BENECOL®, VIActiv® and LACTAID®. Entering the FY07 planning cycle, senior management was presented with over 75 possible new product investments. They believed their existing process did not adequately address the complexity of determining the optimal investments to meet their strategic and financial goals.

## SOLUTION

Decision Lens focused McNeil Nutritionals’ management on the key drivers underlying their new-product investment plan. Using the DL tool and structured process, management was able to identify and prioritize drivers such as sales growth, net income growth, brand diversification, geographic expansion, and probability of success. The facilitated discussion enabled the team to share their expertise with the group, resulting in a robust strategy with which the team could confidently move forward.

Using these business drivers, the McNeil Brand teams next evaluated each of their new-product investments for its contribution to the overall corporate goals. This resulted in a list of new-product investments with an associated value-contribution to the business.

With the group in agreement on the priority of product investments, Decision Lens recommended the optimal budget spend across the entire new-product portfolio. Decision Lens ran a variety of investment “scenarios” including different funding levels and different competitive assumptions to hone the plan down to the optimal investment mix. Furthermore, the teams could now understand the interaction of projects and the implications to the business of including one project versus another.

## RESULTS

The Decision Lens process revealed that in order to achieve growth goals McNeil had to invest significantly more into products for new markets than had previously been explicitly considered. McNeil also decided to fund far fewer projects than expected. They found that greater focus on key products created better results.

More importantly, they had a complete plan bought into by the whole team in about half the time allocated. This allowed for more time to execute, in sharp contrast with previous long and difficult planning cycles.

As new projects are raised during the year, McNeil uses Decision Lens to evaluate them using the same rigorous analysis applied to the initial proposals. New items are added only if they increase the value to McNeil more than projects currently in the mix.