

## Bel-Brands USA

With over \$3 billion in sales across 120 countries, the Bel Group's cheese brands are household names in many parts of the world. In 2006, the company approached Lochridge to assess the potential for its US business, which had seen several years of stagnating revenues.

### SITUATION

Traded on the Paris stock exchange, the Bel Group is the world leader in branded, portion-controlled cheeses. Its brands include The Laughing Cow®, Mini BabyBel®, Kiri®, and most recently Boursin®. The company had enjoyed many years of significant growth in Europe, North Africa and the Middle East, but had barely penetrated the US market, despite a presence in the market for nearly 40 years.

Bel Group's Director of Strategy, M&A and Business Development was certain the US held significant potential, but the rest of the company was unconvinced. Based on the recommendation of a Bel Group colleague who had worked with Lochridge at a previous company, the director engaged the firm to explain the root causes behind Bel's lack of penetration. He also asked Lochridge to evaluate the US market's real potential to become a major contributor to Bel Group's overall revenues and profitability, and then to articulate the strategy to make that happen.

### UNLOCKING THE VALUE

Following extensive analysis of the US market and Bel's US operations, Lochridge concluded that Bel's core brands held an extremely strong premise. Drawing heavily on Bel's experience in the UK market, which it concluded was the most appropriate analog, Lochridge concluded there was potential to quadruple revenues to \$500MM over the following 5-7 year period. This opportunity had never been realized as the

US management team had focused almost exclusively on the local refrigerated spreads (Kaukauna® and WisPride®) the company had acquired decades earlier as part of its US entry strategy. Sales rather than marketing focused, management did not recognize the potential of the core brands.

In addition, the marketing, sales and manufacturing teams worked independently and their incentives were not aligned, creating inefficiencies for the company. Lochridge made it clear that to unlock the value of the core brands Bel-Brands USA needed to fix these structural issues. It also needed to acquire US-based, brand building expertise; invest in continued brand building efforts; and improve its sales execution.

### RESULTS

Following implementation of the new strategy Bel Group saw significant improvements in US revenue. Over the three years that followed, sales increased 123%. Despite significant increases in marketing investments, profit margins improved 500bp to 18% of sales, and EBIT increased 200% in absolute terms. As an integral part of the success of Bel-Brands USA, Lochridge principal Karim Sahyoun was brought on as an Independent Director.



#### LOCHRIDGE & COMPANY

396 Washington Street  
Suite 394  
Wellesley, MA 02481  
+1.617.267.5959  
[www.lochridge.com](http://www.lochridge.com)