

Merger Integration and Direct Sourcing for a Professional Hair Care and Accessories Beauty Supplies Company

JD Beauty Group



SITUATION: INTEGRATION INTENDED TO EXPAND PRODUCT OFFERING AND CREATE SYNERGIES

JD Beauty Group (“JDB”) is a leading marketer and product development company of professional hair brushes, appliances and care (shampoos and conditioners) with an estimated revenue of \$80 million.

As part of its strategy to become a multi-category supplier, JDB initially acquired Novatech, a maker of electrical hair appliances, and subsequently acquired Ouidad, a maker of haircare products specific to curly hair. As part of the acquisition process, JD Beauty estimated that it could leverage its own platform to profitably support additional business and to provide a single point of contact for its customers and suppliers. In addition to the synergies from integration, a review of the cost of goods quickly identified an additional opportunity of 15-20% in direct product savings.



FTI is a trusted advisor and we have benefited from their prior experience and guidance in regards to our two recently completed integrations. With FTI on our team, I was able to rest easy, as their ‘roll up the sleeves’ attitude got the job done. ”

– Jeffrey Davidson,
Chief Executive Officer,
JD Beauty Haircare Solutions

FTI CONSULTING'S ROLE: LEAD TWO INTEGRATIONS AND CONDUCT A SOURCING MARKET TEST

A team of FTI Consulting's Retail and Consumer Products professionals worked with JDB to lead the Novatech merger integration process across a variety of functional areas, including finance, HR, IT, sales, operations, professional development, marketing and facilities. FTI Consulting facilitated the newly created Integration Management Office and coordinated the functional leads' day-to-day activities, including management support, communication between functional teams with the Executive Steering Committee, and risk management and mitigation. In addition, FTI Consulting reviewed the current warehousing as well as CRM processes to streamline and ensure a seamless transition.

After successfully managing the Novatech integration, FTI Consulting was hired to lead the second and more complex integration of Ouidad, where IT and supply chain were critical to the successful integration efforts. In addition to the tasks required in the first project, FTI Consulting led the integration of two individual web platforms and order management systems, which required managing a team comprising three separate IT consulting firms. During the course of the integration, FTI Consulting was retained to partner with JDB's sourcing team to help them conduct a product assessment and quantify the savings opportunity and the implementation complexity.

OUTCOME:

TWO INTEGRATIONS WITH ACHIEVABLE SYNERGIES AND IDENTIFIED DIRECT PRODUCT SAVINGS

FTI Consulting helped identify and realize over \$4 million in synergies, which exceeded the anticipated amount by approximately 15%, by ensuring timely execution in the following areas:

- Merger of advertising, professional development, marketing, sales, CRM and operations
- Shutdown of satellite offices and expansion of corporate headquarters
- EDI-enabled product fulfillment at multiple distribution centers
- Warehousing and CRM process improvement that yielded additional efficiencies
- Rapid market test that identified additional direct product savings in excess of 25% for the selected products and implementation complexity

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About FTI Consulting

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