Commercial excellence in building materials

Work Project

Under the supervision of Professor Constança Casquinho

Bernardo Anjos nº1908
Frederico Figueiredo nº673
Mariana Costa nº1902
Miguel Lopo nº1917
Raquel Oliveira nº1921

NOVA School of Business & Economics
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Abstract

Field Lab Work Project: Commercial excelence in building materials

The Field Lab Work Project comprises group work, with a problem solving format or research approach to an empirical question to be addressed. This document aims to present the commercial excellence Work Project developed by NovaSBE team in the company Secil over a period of 14 weeks. The problem statement originated from recent changes in the building materials industry, such as the change in the consumption profile, and the complexity of the company's environment emerging from its broad portfolio and several geographies[1] – which cased a decline in Secil's results and the need for an effective commercial strategy. At a glance, the problem statement was "what do sell, how to sell, and to whom". Research methods used included questionnaires, internal interviews, internal data examination, and field interviews with the main decision makers.

To answer the problem statement, the team followed an approach with two core phases. It started with an initial understanding of the company and market, focused on data gathering and the making-off an international benchmark. Afterwards, a set of opportunities and value propositions were identified based on a customer segmentation (by the final client, the type of construction, and the product/application) necessary for the implementation of a commercial strategy, and preliminary recommendations were shaped. Subsequently, a proposal of restructure for the sales force was created, as well as marketing mix analysis[2] and the final recommendations on the positioning of Secil's portfolio.

The finding of the document are the team's value propositions to improve Secil's results and answer the problem statement: increase the range of products to match or differentiate from the competition; sell all Secil's products in the places where Secil is present.; enhance the distribution network and use direct sales to large customers; provide training for applicators and increase the brand visibility with better contact with decision makers and increasing presence in social networks; unify sales force to sell all Secil products and create product managers for specific products; have specific teams for prescription, sale and technical support.

Note: 1- Secil's presence in several geographies is out of the scope of this Work Project 2- The analysis of price and logistics are out of the scope of this Work Project

Agenda

1. Understanding of the situation, objectives and methodology
2. Market research
3. Market segmentation and value propositions
4. Product and promotion management
5. Distribution and sales force management

1 **Understanding of the situation, objectives and methodology**

2 Market research

3 Market segmentation and value propositions

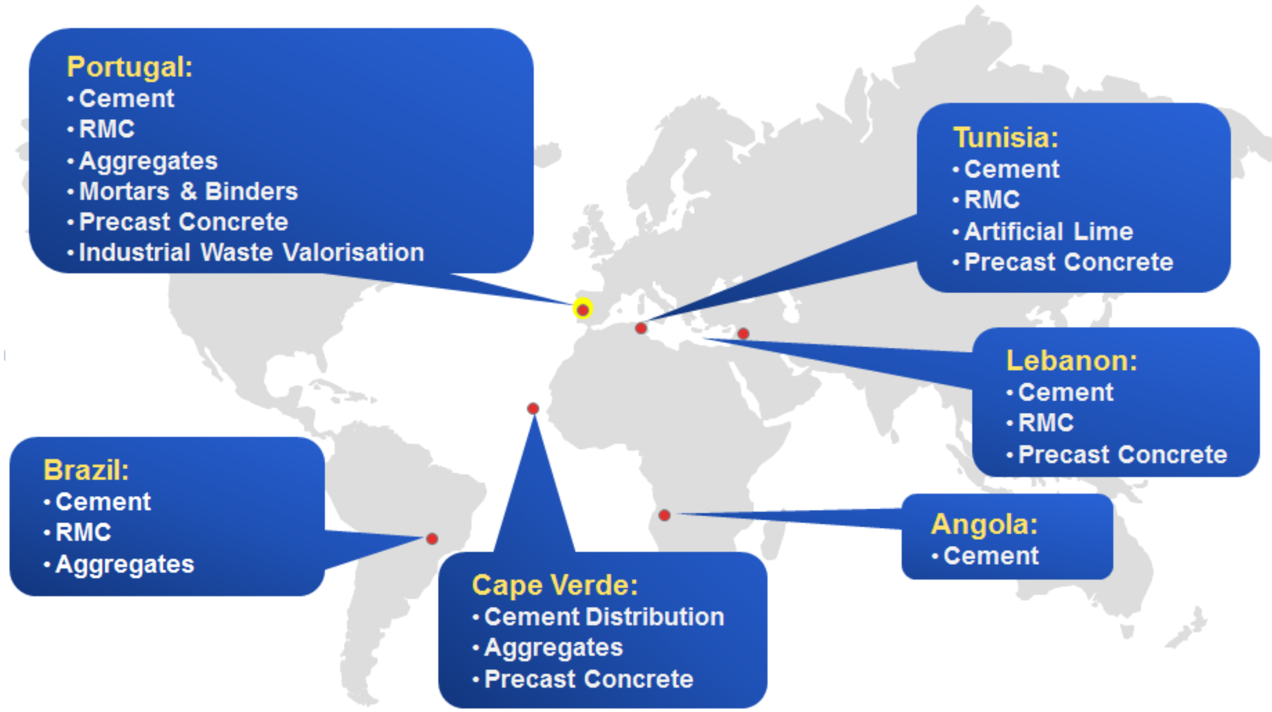
4 Product and promotion management

5 Distribution and sales force management

The company is a portuguese multinational that produces cement and other building materials

Company profile

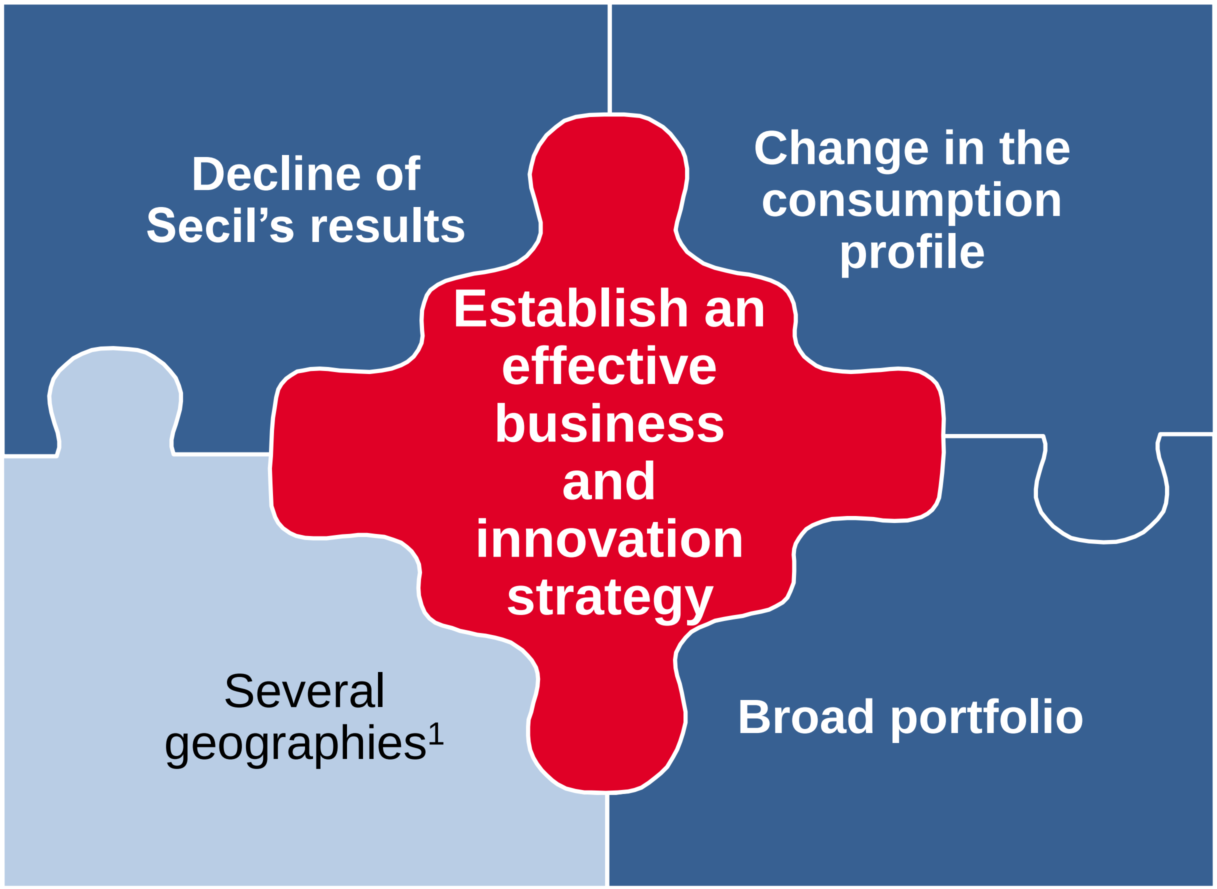
- Portuguese based group producing cement, concrete, aggregates, mortars and binders, precast concrete and artificial lime
- Present in six countries in four continents
- Total installed cement capacity is of about 8 million tonnes, with 3 plants in Portugal, and a plant each in Tunisia, Lebanon, and Angola, and 2 plants in Brazil



Source: NovaSBE team

The recent changes in the construction market have created the need to develop a business strategy and innovation

Problem Statement

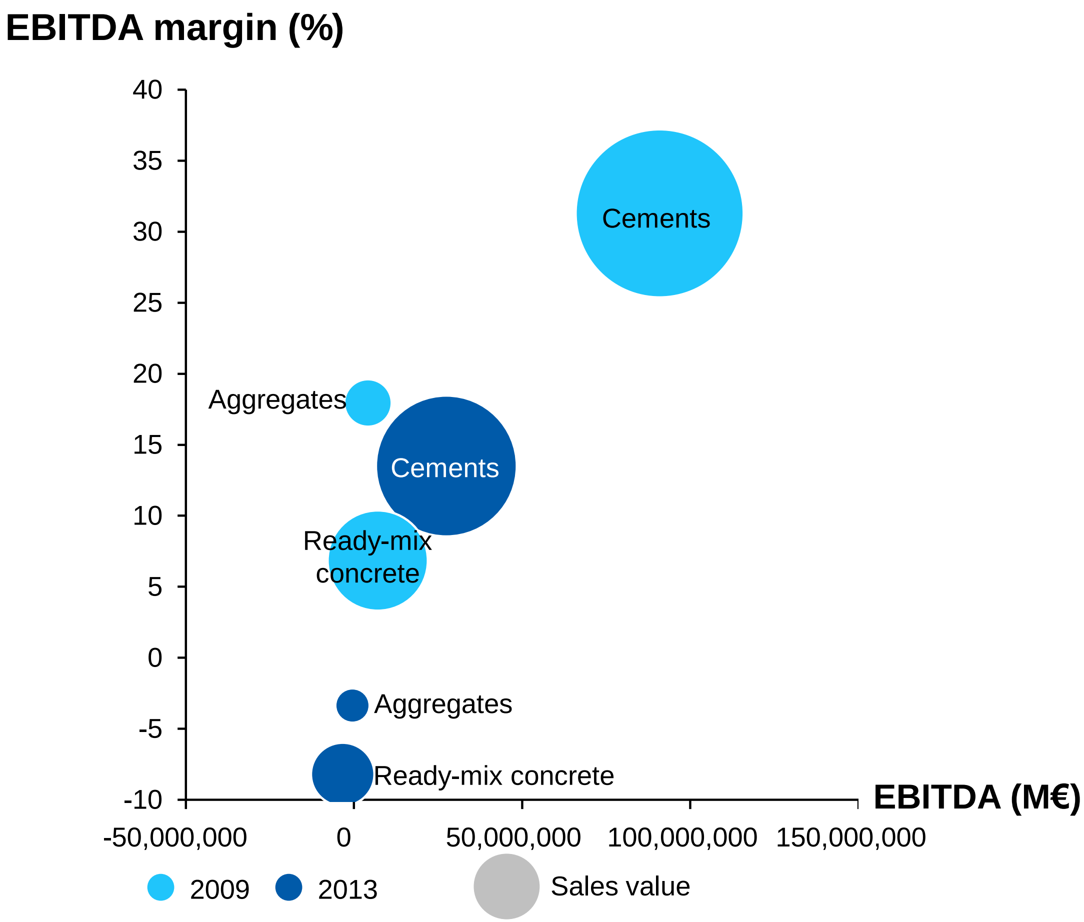


Source: NovaSBE team
Note: 1 – Outside the scope of the project, exclusive focus on Portugal

The construction market has dropped in profitability in the recent past in addition to lower sales value

Problem Statement: Decline of Secil's results

Profitability of Secil in Portugal by product family
(2009 and 2013)



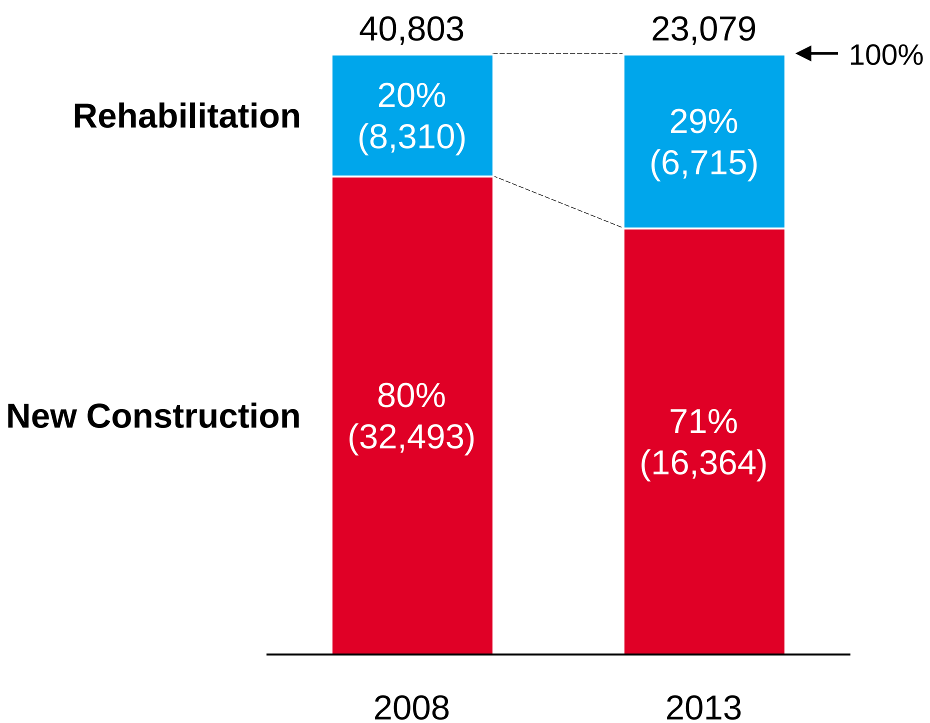
- **All families of Secil products registered a decrease in profitability and volume** between 2009 and 2013 as a result of the fall in the construction market in Portugal

Source: Secil's Annual Report 2009, 2013

The growing percentage of rehabilitation constructions changes the consumption profile and requires adaptation of the suppliers of materials

Problem Statement: Change in the consumption profile

Typology of buildings in Portugal
(2008 and 2013)

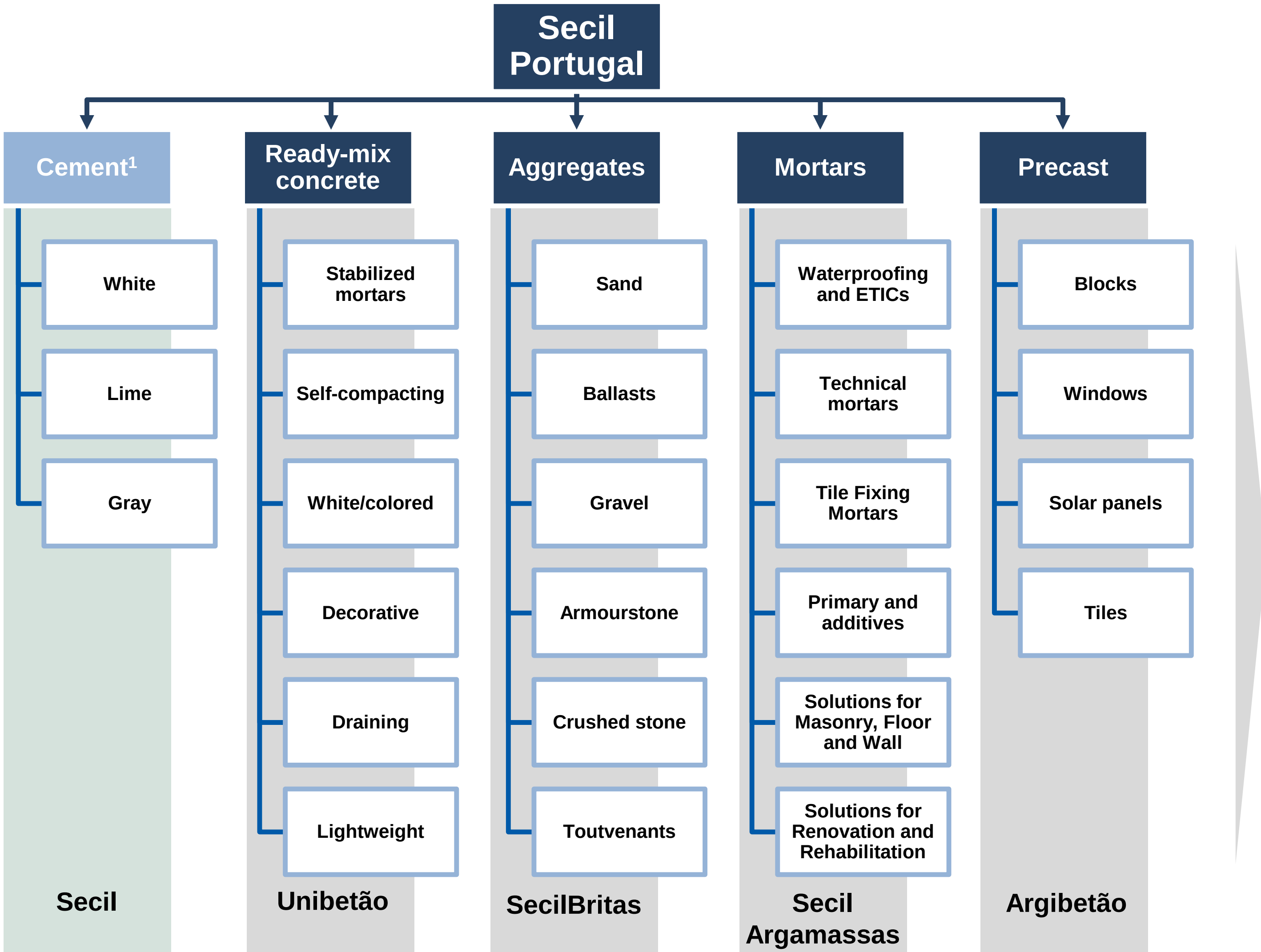


- **The weight of rehabilitation constructions increased**, although the total volume of rehabilitation constructions has fallen between 2008 and 2013
- **Changes in types of buildings and consumption profile impact the performance of different products** of Secil

Source: INE, 2013. Construction and habitation statistics

Secil is dedicated to the production and commercialization of a diverse portfolio of products from several different business units

Problem Statement: Broad portfolio



- Secil assures its production and commercialization in the Portuguese market through **various business units specializing** in each product family

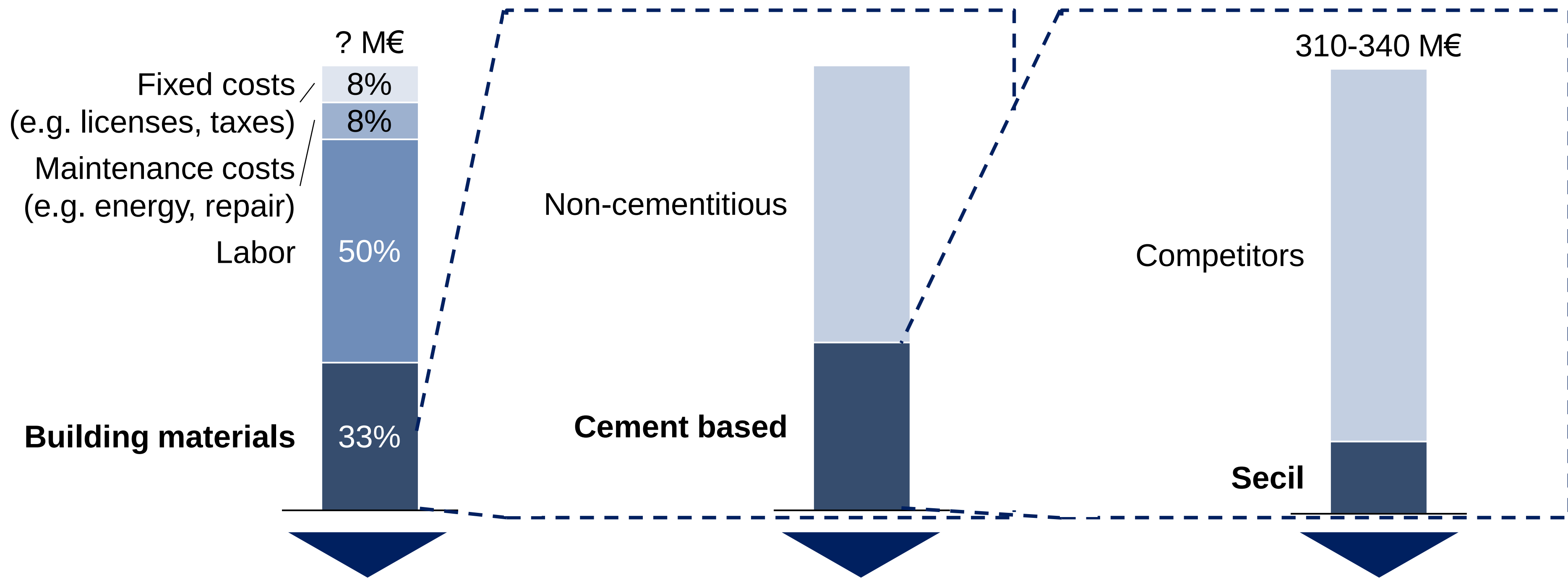
- The **vastness of the portfolio and organizational structure may generate challenges** in the commercialization strategy and innovation process

Source: Board of Directors Report 2013
Note: 1- Outside the scope of the project

The commercial strategy of Secil to increase sales of building materials may include three different levers

Levers to increase sales

Construction market cost-sharing[1] | **Value distribution of building materials[2]** | **Cement products market share**



Levers

More efficient materials, save labor and energy costs, etc.

Non-cementitious replacements such as steel, wood, zinc plates, etc.

Secil captures a greater share in the cement products market

Source: BUs and Secil/NovaSBE team
Note: 1 - Values are based on small housing example through an interview to the owner 2 - No data for these values

An offering aimed to target client needs and an efficient sales force are important levers to achieve commercial excellence

Theoretical framework: Levers of commercial excellence

- Commercial Excellence has been identified as a key driver for organic growth and thus has become a hot topic for many specialized B2B companies
- A study done across several B2B industries, with a clear focus on the Specialty Chemicals industry, concluded that the most important levers to achieve commercial excellence are:

Sales Force

- Steering of sales resources with regard to target clients and product and service portfolio
- Strengthening of sales force with regard to competencies, methodology and leadership capabilities

Product and service offering

- Continuous adaptation of product and service offering to target client needs

Source: "Commercial excellence: Perfect compound of intuition and facts", *Roland Berger*

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Commercial excellence is defined by a clear understanding of different customers' needs and profitability and can be structured in three steps

Theoretical framework: Components of a B2B commercial excellence system

Customer Segmentation

Product and service offering | **Channel Management** | **Brand Management** | **Pricing**

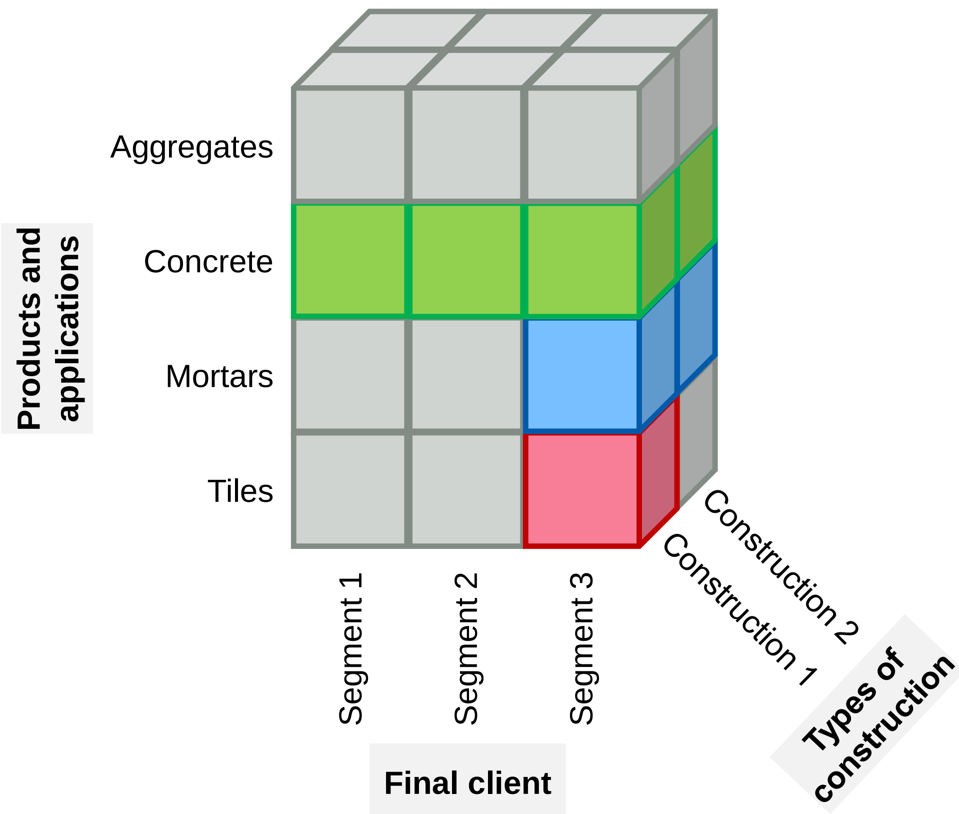
Sales Force Effectiveness

- A good sales strategy starts with an understanding of customer needs
- **Customer Segmentation** is the first step to build a commercial excellence model and the way to decide which products and services should be offered to each segment and the most appropriate sales process for each segment
- In order to formulate the strategic position of a product or service in the marketplace a company has to design the **product and service offering**, **channel management**, **brand management** and **pricing**. A way to structure this step is by applying the **marketing mix** tool.
- **Sales force effectiveness** draws on other parts of the commercial excellence system to improve the quality of customer interaction

Source: "Commercial excellence programs: A way for B2B companies to pursue growth in hard times", PWC

Segmentation helps companies meet different needs and can be structured with three dimensions

Segmentation matrix



- **Customer segmentation** involves organizing a diverse group of customers into **meaningful homogeneous segments** so that **selling strategies can be prioritizerd and customized**
- Successful sales strategies exploit **customer differences** to enhance **sales impact and efficiency**. A large, profitable customer gets more attention than a small, less profitable one. That is the reason why the **type of client** is an important segmentation
- **The type of construction** also differs in terms of needs and profitability
- **Products and applications** have different buying processes and relevance in the market so it makes sence to target them differently

Source: NovaSBE team

The Marketing Mix tool was used to deliver the right brand positioning and to respond correctly to the segmentation defined

Theoretical framework: Marketing Mix

The **marketing mix** is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. The marketing mix is most commonly executed through the 4 P's of marketing: **Product**, **Place, Promotion** and **Price**

Product	**Product** means the goods-and-services combination the company offers to the target market
Placement	**Placement** includes company activities that make the product available to target consumers
Promotion	**Promotion** includes all of the activities marketers undertake to inform consumers about their products and to encourage potential customers to buy these products
Price	**Price** covers the actual amount the end user is expected to pay for a product. How a product is priced will directly affect how it sells

Source: The concept of the Marketing Mix by E. Jerome McCarthy

To restructure Secil's sales force it is importante to think about structure, size and assignment of responsibilities

Sales force design

The **right sales force design** and its implementation enable a company to maximize the e**ffectiveness of its interaction with customers**

Sales force structure

- Degree and nature of specialization
- Roles
- Reporting relationships
- Control and coordination mechanisms

Sales force size

- How many salespeople of each type will there be?
- How will sales effort of each type of salesperson be allocated to customers and products?

Assignment of responsibilities

- Who will cover which customer, and with what products and activities?
- How will the sales force be deployed geographically?

Source: Sales Force Design for Strategic Advantage

The commercial excellence project was proposed based on three objectives

Objectives and deliverables of the commercial excellence project

Commercial excellence in building materials

Objectives

- **Analyse the market and competition**
- **Positioning Secil's portfolio**
- **Restructure the sales force**

Major deliverables

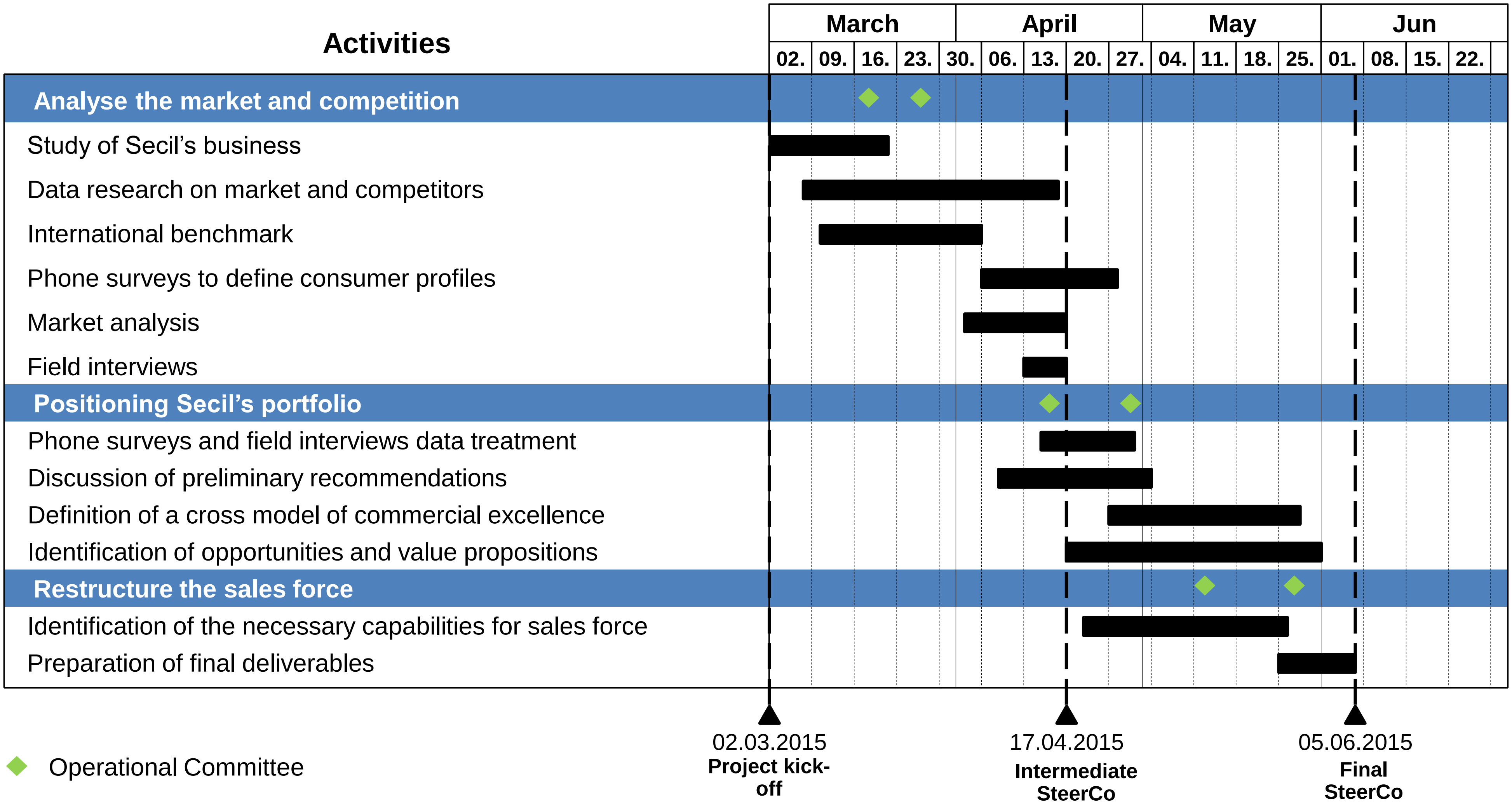
1. Market diagnostic of materials in Portugal
2. International Benchmark
3. Quantification of Secil opportunities
4. Segmentation, positioning and marketing mix
5. Definition of Sales force

1st phase (deliverables 1–2) — 2nd phase (deliverables 3–5)

Source: NovaSBE team

The project had the duration of 14 weeks and was structured in three parts with multiple meetings and deliverables

Project timetable: Commercial excellence project



Source: NovaSBE team

1. Understanding of the situation, objectives and methodology
2. **Market research**
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The market analysis and the inputs of the BUs showed several opportunities of improvement for Secil in each market segment

Market analysis

6 types of decision makers interviewed
- Architect
- Applicator
- Construction owner
- Contractor
- Engineer
- Retailer

96 phone surveys

36 interviews
- North
- Center
- Lisbon
- South

Secil's positioning (product and brand)

- Secil brand is perceived as **good quality** but there are several aspects that can be **improved**
- There is **no single perception** of the **price** level of Secil
- Secil has **strong recognition** in **mortars** and **ready-mixed concrete**, being **little known** in **aggregates** and **tiles**

Decision makers influence degree

- **All decision makers** say they have **influence** on the choice of material and brand
- **Architects** and **engineers** prescribe the type of material in accordance with the construction owner
- **Construction owners** and the **contractors** choose the **brand** and **applicators** are **influencers** when it comes to choose the brand in **mortars**
- **Quality, price** and **aesthetics** stand out as **major factors in choosing the brand** of materials and **price** is the main reason to change the material on construction
- When a client does not know what to buy, the **retailer influences the customer** to choose the product and brand
- **Retailers recommends** a product many times for its **brand** and not for its **technical characteristics**
- **Competition's sales force** is perceived as **more dynamic** than Secil's

Distribution channels

- The preferred **distribution channels differ according to the type of construction** in which the decision maker works
- The interviewees gave **relevance to large retailers**, although continuing to focus on direct sales and traditional retail

Source: Secil/NovaSBE team
Note: BU: Business unit

Phone surveys were conducted to understand demand drivers and clients' behaviours in order to get a broad perspective of the market

Phone surveys[1]: Main conclusions

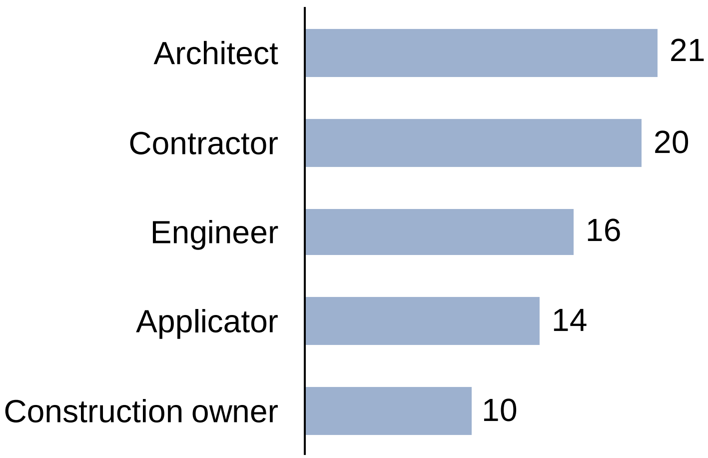
Decision makers	All the decision makers say to have influence in the choice of the material and the brand. On the other hand, the **material choice** is mainly made by the **construction owner** and the **brand choice** is mainly done by the construction owner and by the **contractor**
Decision factors	The highlight goes for the **quality** and **price** as the main factors for the brand choice and the price is the main reason for changing de material already in the construction site
Secil brand's perception	Secil has a strong recognition in mortars and concrete, however it has little recognition in the remaining BMs. Secil's image is associated to **good quality** but there is **no unique perception** about its **price level**
Distribution channels	The preferential distribution channels **differ** with the **kind of construction** the decision maker is working on
Dealer and client relation	When a client does not know what to buy, the **retailer influences** him in the choice of product and brand. The retailer many times **recommends** a product for its brand and not for its technical characteristics, trying to choose the brand with the best quality price relation
Identified opportunities	There are several opportunities for Secil coming from the continuous betting on **product quality** and from market needs

Source: Secil/NovaSBE team
Note: 1- 96 phone surveys were conducted; BM: Building materials

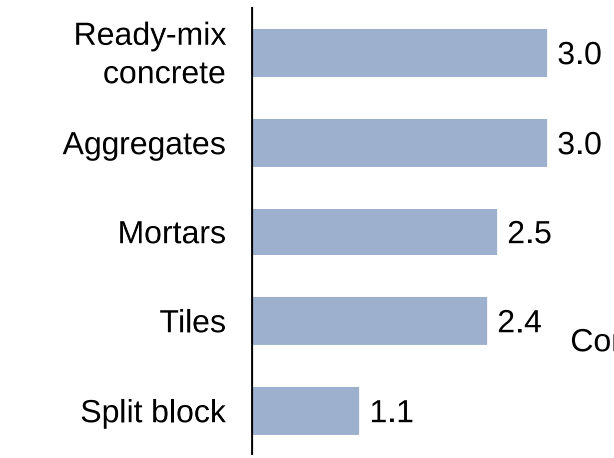
Phone surveys were applied to 81 clients which work directly with building materials to understand demand drivers, needs and the buying process

Sample characterization[1]

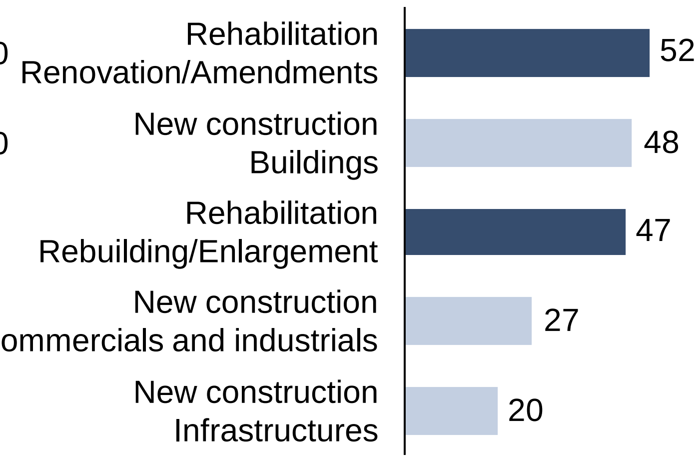
Decision maker
(Number of surveys)



Used product
(Average usage degree, 1 to 5)



Type of construction
(Number of surveys[2])

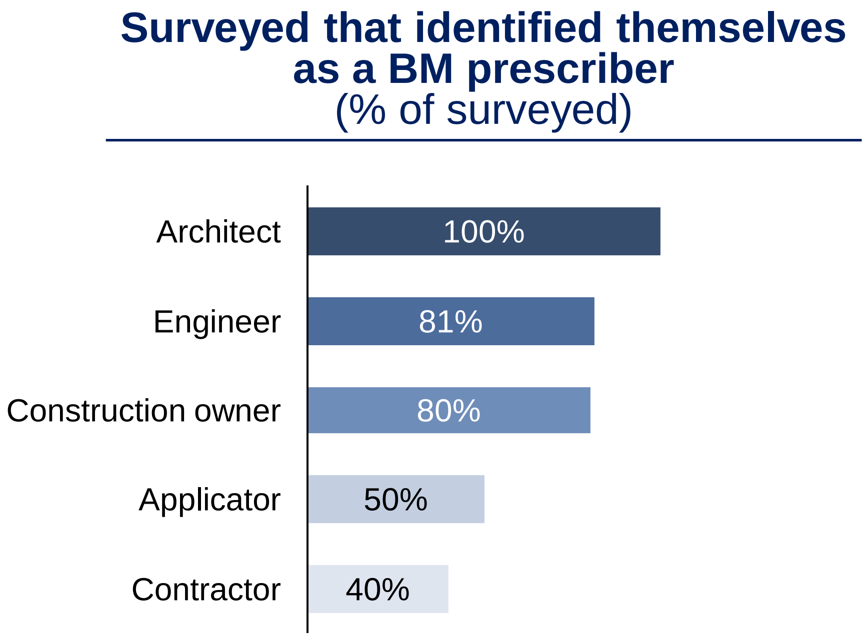


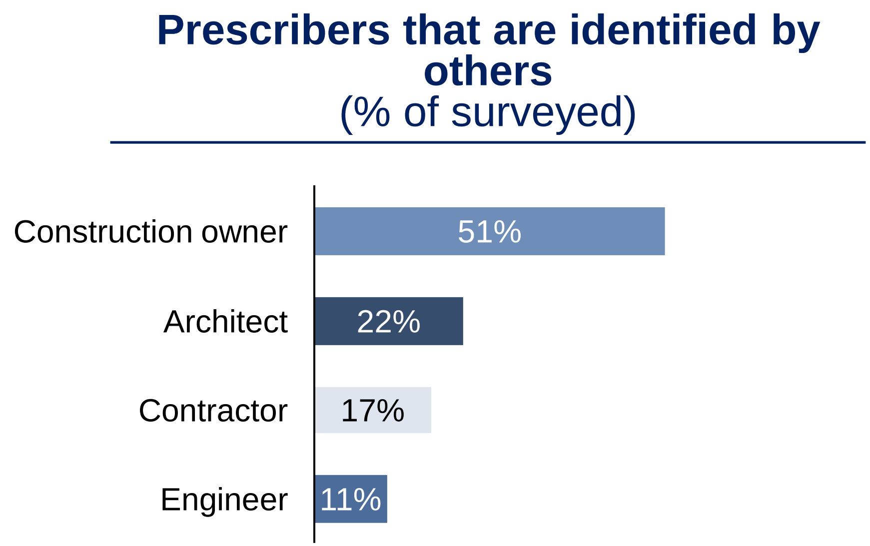
- In general, decision makers prescribe and use more than one product
- Concrete and aggregates were identified as the more prescribed and used products. On the other hand, split blocks were the less prescribed and used
- New habitation construction and rehabilitation construction – both rebuilding/enlargement and renovation/amendments – are the types of construction with which the surveyed work the most

Source: Secil/NovaSBE team
Note: 1- The sample excludes the retailers, since another survey was conducted ; 2- The decision makers surveyed can work with different types of construction;

All the decision makers say they have influence on the BM choice while others identified the construction owner as the main decision maker

Global perception on the degree of influence in the BM choice





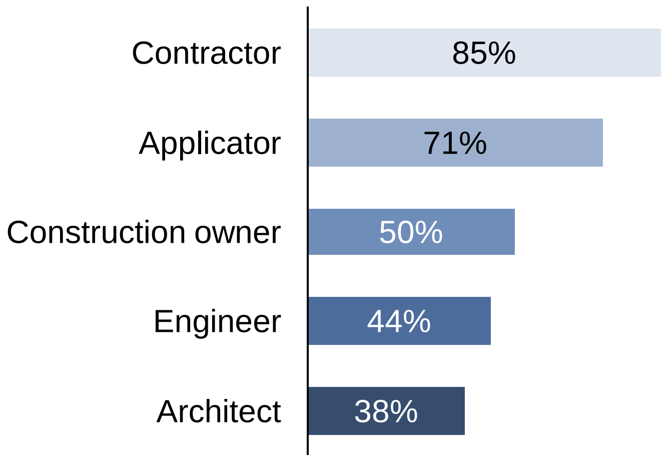
- The majority of the decision makers claims to have a strong influence in the choice of the material to use
- Although all the architects identify themselves as decision makers in the BM choice, the remaining surveyed do not point architects as the main decision maker
- The construction owner is considered to be the main decision maker in the choice of the BM by the remaining decision makers
- It is important to highlight that some decision makers do not necessarily buy the prescribed material, being sometimes changed afterwards in construction

Source: Secil/NovaSBE team
Note: BM: Building Materials

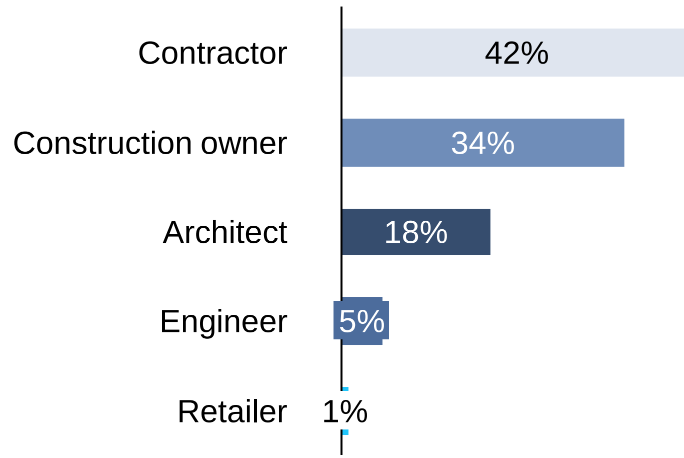
The construction owner and the contractor are the main decision makers in the brand choice, although everyone says to have influence in the decision

Global perception on the degree of influence in the brand choice

Surveyed that identified themselves as brand decision maker
(% of surveyed)



Brand decision maker that are identified by others
(% of surveyed)

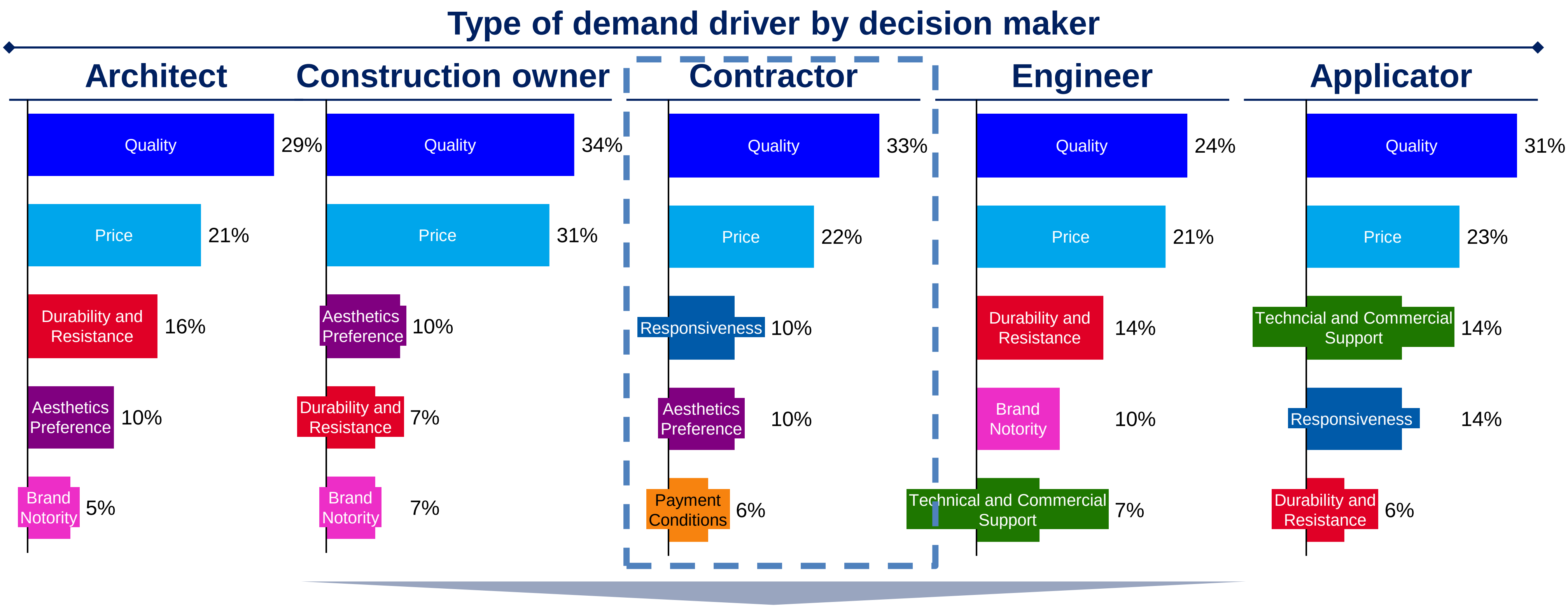


- The majority of the decision makers claim to have influence in the choice of the BM brand
- The contractor and construction owner are perceived by the market as decision makers who have an important role in the choice of BM brands

Source: Secil/NovaSBE team
Note: BM: Building materials

Quality and price were the demand drivers identified as more relevant when choosing the brand

Brand's demand drivers



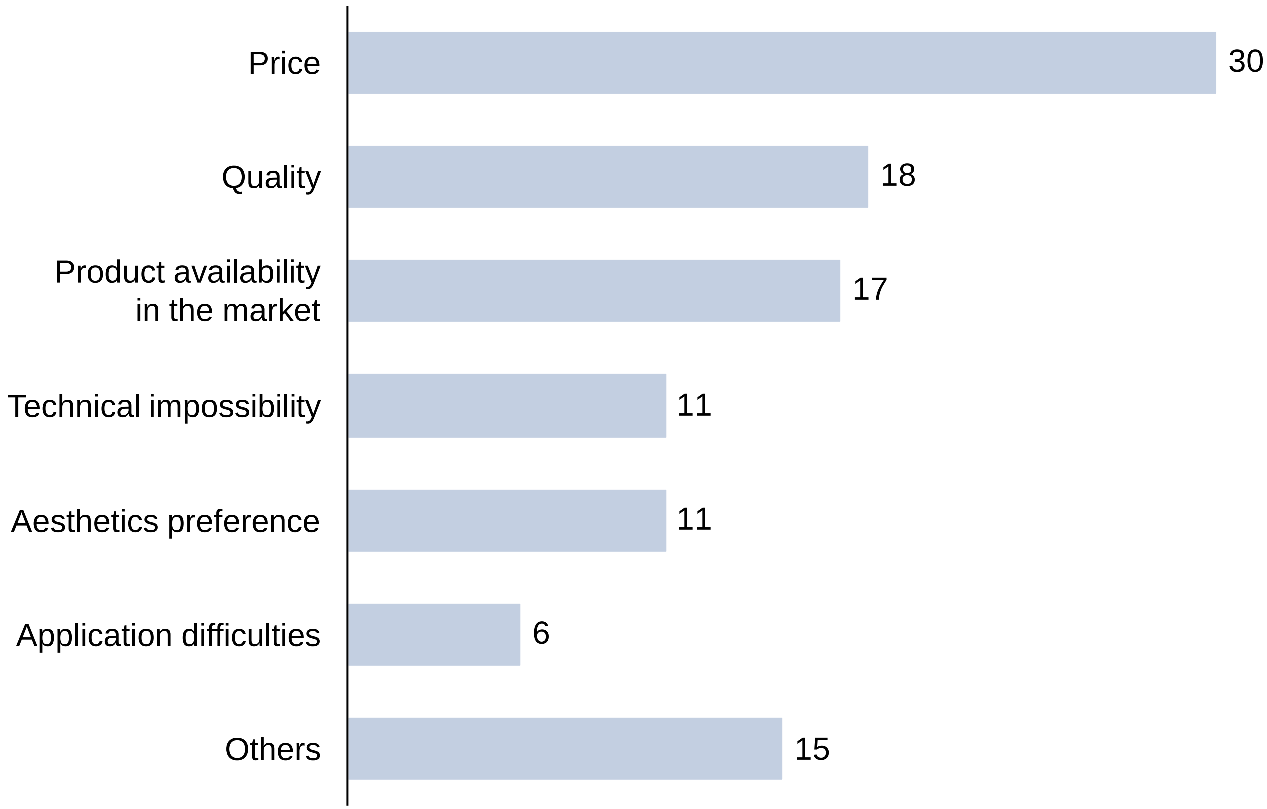
- Quality and price are the two main identified factors by all the decision makers when choosing a brand
- Material durability and resistance are also relevant factors when choosing the brand
- The contractor being the main brand decision maker, gives a big importance to responsiveness, aesthetics preference and payment conditions

Source: Secil/NovaSBE team

Price is the main reason to change a material previously defined in the specifications

Factors to change an already prescribed BM

Number of surveyed that identified the demand driver (N=60[1])

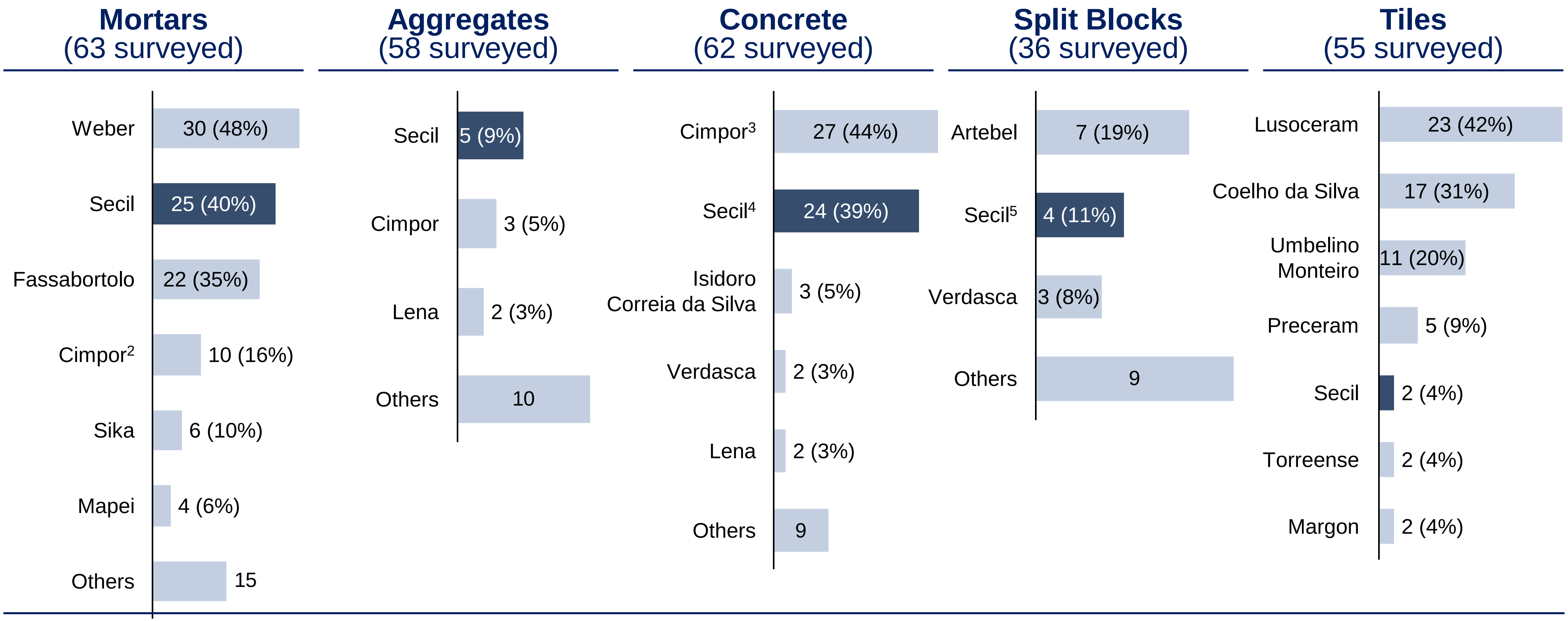


- Price is considered to be the most relevant factor to change a material previously defined in the specifications
- Quality and product availability in the market are the following two more relevant factors to change a previously defined material
- Technical impossibility and aesthetics preference are also relevant factors

Source: Secil/NovaSBE team
Note: BM: Building material 1- Some surveyed said it didn't happen

In mortars and concrete the brand Secil has a strong recognition, not being well-known in the remaining BM

Brands known by the market divided by product[1]



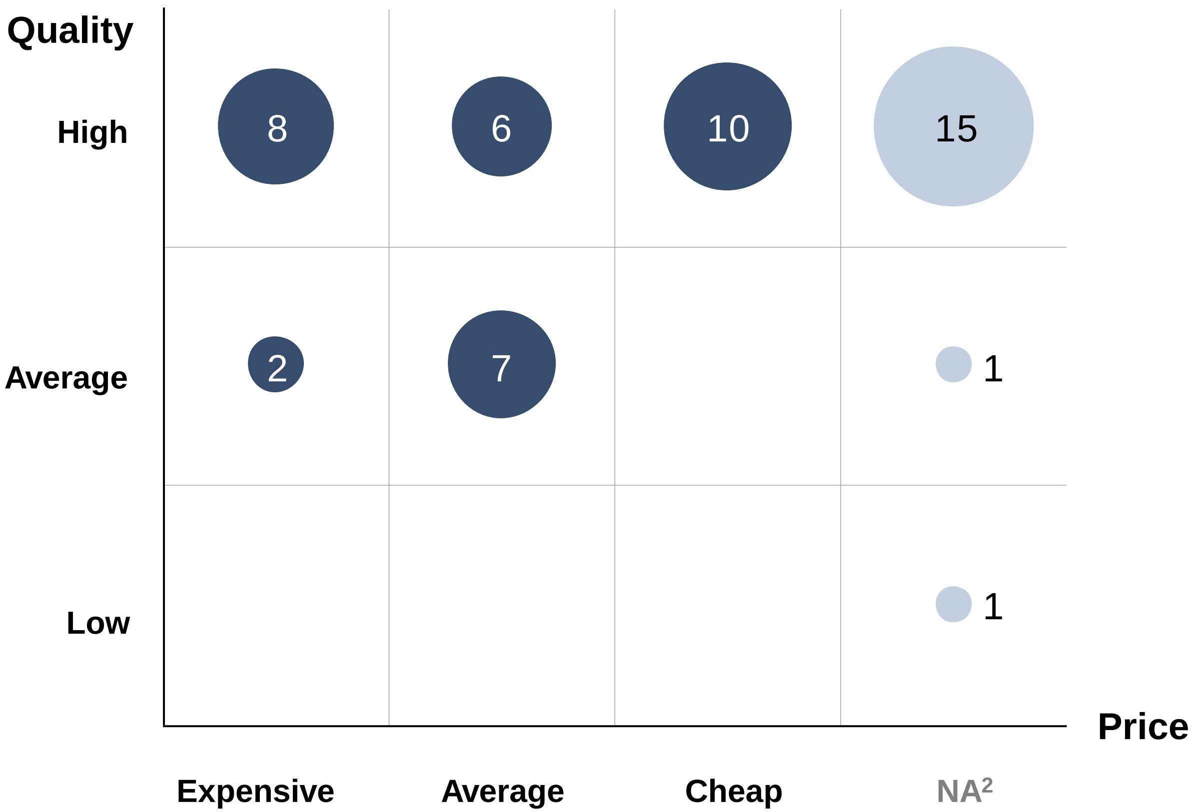
- Secil is known in all BM markets in which it is present
- Secil is in a top position in mortars and concrete brand recognition, being recognized by 40% of the surveyed
- Secil is in a top position in aggregate brands although with little expression, taking into account that in this segment proximity is a key factor to identify known brands
- Secil brand recognition in split blocks and tiles has also little expression

Note: 1- Spontaneous question about which brands they know; 2- From the 10 surveyed who answered Cimpor, 1 said Ciarga and 1 said Betão Liz; 3- From the 27 surveyed that answered Cimpor, 18 said Betão Liz; 4- From the 24 surveyed that answered Secil,11said Unibetão; 5-From the 4 surveyed that answered Secil, 3 said Argibetão; BM: Building materials

In general the surveyed associate Secil to high quality but there is not a unique perception about its price level

Quality and price perception of Secil brand

Quality-price relation matrix
(Number of surveyed[1])



- The majority of the surveyed has a good opinion about Secil when it comes to quality, with just one surveyed transmitting a less positive perception, specifically about mortars
- There is a wide variety of opinions on Secil products price perception
- 13 of the surveyed considered Secil's price to be average, 10 to be expensive and 10 to be cheap
- The remaining 17 did not have an opinion on the price

Source: Secil/NovaSBE team 1- From the 81 surveyed 50 answered to the bonus questions about Secil brand's perception 2- NA – no answer

The feedback about Secil's brand allowed to conclude that quality perceived is good and some surveyed perceived its price as high

Comments

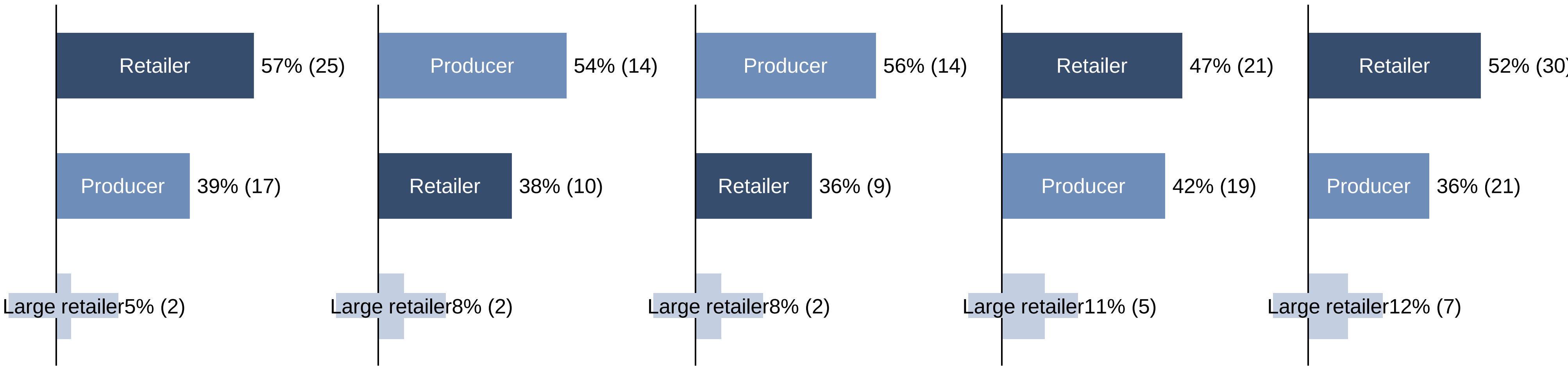
Good perception of Secil	"Good quality used by well-known architects"	"I do not dislike anything from Secil, extraordinary quality"	"One of the most well-known brands, like 'água do luso', gives assurance"
Secil high price brand	"Higher quality, but also higher price"	"Secil is expensive"	"All equal, Secil and Cimpor are the same. Spanish portland cement is cheaper"
Other relevant comments	"What is national is good"	"Very good quality but it is hard to work with the material"	"Secil is poor in terms of technical support. They always think their product is the best"

Source: Secil/NovaSBE team

Distribution channels are different according to the type of construction the decision maker works with

Distribution channel division by type of construction

New construction Housing | **New construction** Commercials and Industrials | **New construction** Infrastructures | **Rehabilitation** Rebuilding/Enlargement | **Rehabilitation** Renovation/Amendments



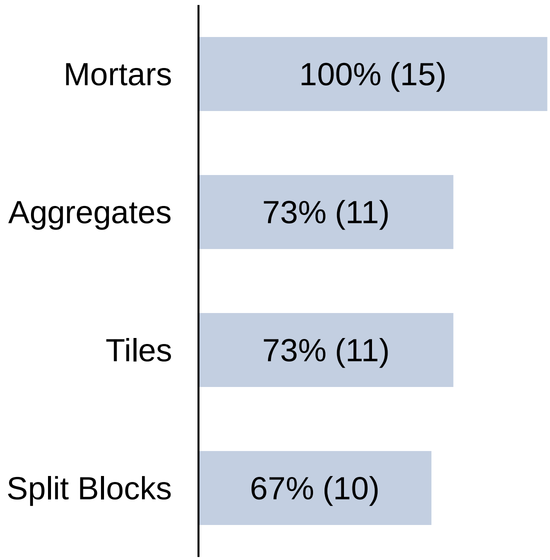
- Both in new construction habitation and rehabilitation, the more used distribution channel is the retail channel
- In bigger new constructions, the main distribution channel is direct sale in the producer
- Large retail has a bigger weight in rehabilitation vs. new construction
- Many of the surveyed say they use several distribution channels

Source: Secil/NovaSBE team

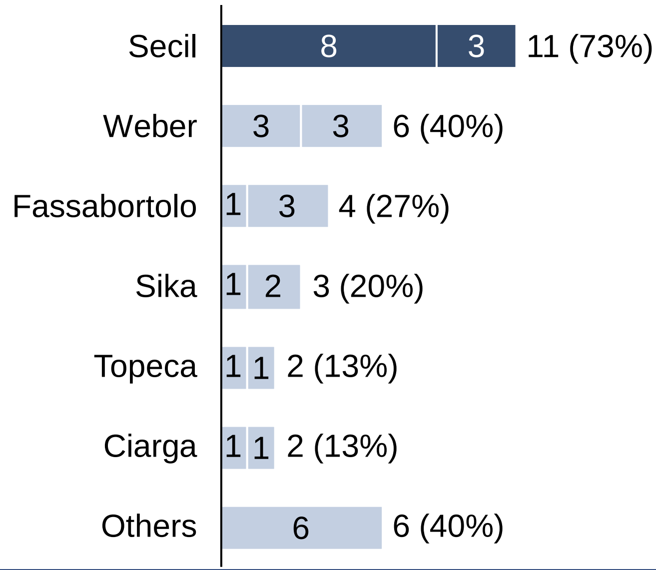
A survey was also made for 15 retailers of different sizes: 9 big, 3 medium and 3 small[1]

Surveyed retailers characterization

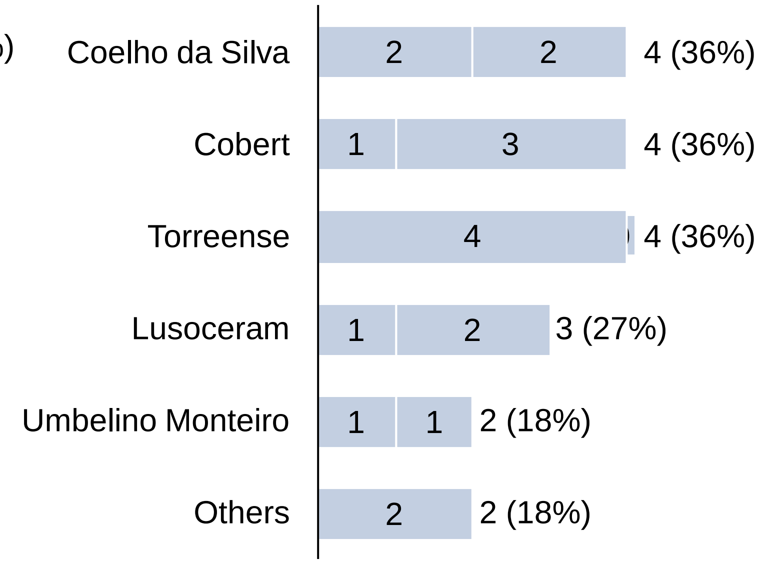
Sold products



Mortars brand presence
(Recommended/Not recommended)



Tiles brand presence
(Recommended/Not recommended)



- The majority of the surveyed retailers sell all the analysed BM and several brands of each one
- Secil is one of the most sold brand of Mortars by the surveyed retailers followed by Weber and Fassabortolo. It is also the most recommended brand
- Secil's concrete tiles are not an offer option for the surveyed retailers, as they choose ceramic tiles
- Aggregates and split blocks are bought regionally and sold without brand recognition[2] by the client

Source: Secil/NovaSBE team Note: 1- Store and warehouse dimension: Big size is more than $500m^2$, Medium size dimension between $500m^2$ and $100m^2$, small size less than $100m^2$; 2- Aggregates and blocks brands had little mention, their commerce is very local; The most referred brands of blocks were Leiriviga, Artebel and Verdasca

The field interviews were conducted in order to complement the phone surveys and to get a more detailed perspective about the market

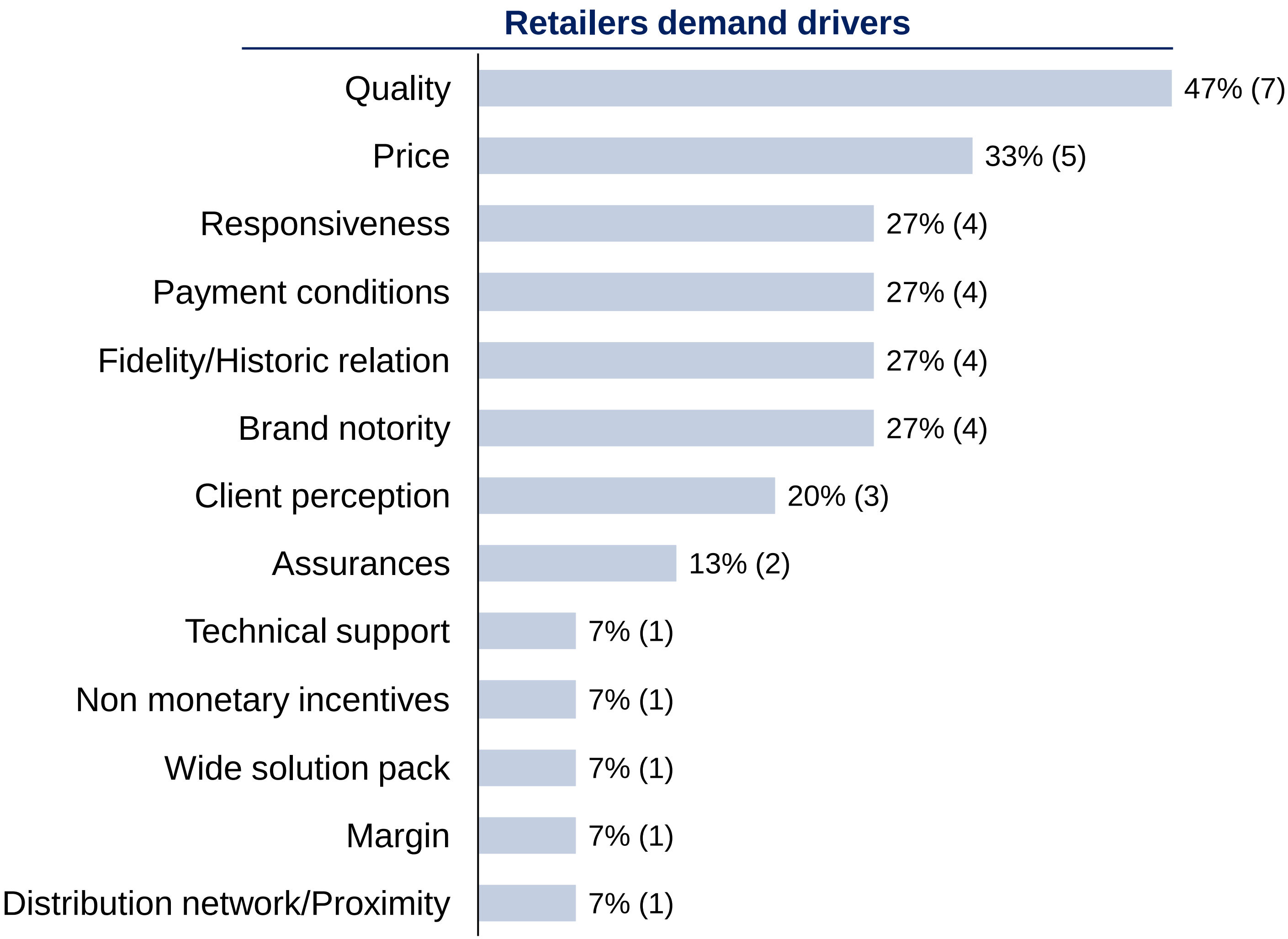
Field interviews: Main conclusions

Decision makers	The kind of material is prescript by architects and engineers in accordance with the construction owner, while the brand choice is mainly made by contractors
Decision factors	Aesthetics highlights as the main factor in prescription while the price is the main factor for the brand's choice
Secil brand's perception	In general, the brand Secil is perceived as good quality but there are several aspects that can be improved
Distribution channels	The interviewed gave little importance to the large retailer, focusing on direct sale and retailing
Dealer and client relation	According to the opinions of the interviewed and Secil commercials, competition's commercial force is more dynamic than Secil's
Identified opportunities	There are several opportunities for Secil coming from the competition good practices and from market needs

Source: Secil/NovaSBE team

Retailers try to choose the brand with better quality price relation in addition to other brand related factors

Retailers demand drivers in brand choice

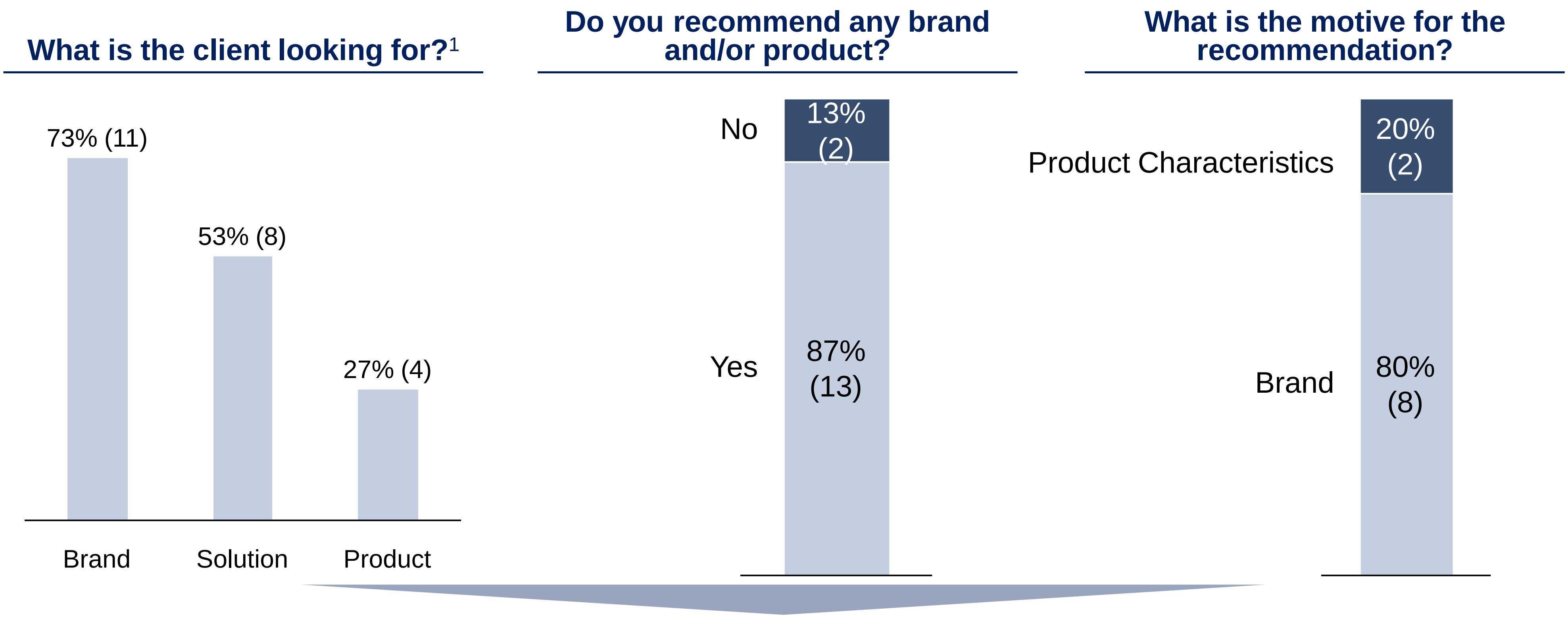


- Quality is the most appreciated driver for retailers to choose a certain brand's product
- Price comes in second as most appreciated factor for a retailer to choose a particular brand
- Responsiveness, payment conditions, fidelity/historic relation and brand notoriety are tied up and are also relevant factors to choose a particular brand instead of another

Source: Secil/NovaSBE team

Most times a product is recommended by the retailer for its brand and not by its characteristics

Retailer and client relation



- In general, when a client goes to a retailer he already knows what he wants to buy
- When that does not happen, the client asks the retailer for a solution for his problem and, in these cases, the retailer influences him in the choice of both the product and the brand
- The retailer usually recommends a specific product due to its brand and not for its technical characteristics

Source: Secil/NovaSBE team Note: 1- The total number of answers is higher than 15 as some retailers answered more than one option

The kind of material is prescribed by the architects and engineers while the brand choice is generally made by the contractors

Decision makers

Product	Decision phase: Prescription	Decision phase: Brand choice
Aggregates	• The **engineer** is who prescribes the aggregates	• The **contractor is** who buys the aggregates and chooses the brand/buying place
Mortars	• The **engineer** and the **architect** divide the influence in the mortars prescription	• The **contractors and applicators** are the ones who buy the mortars and that choose the brand equivalent to the recommendation of the architect
Concrete	• The **engineer** prescribes **structural concrete**, while the **architect** prescribes the **concrete that stays at sight**	• It is the **contractor** that adjudicates the construction with the concrete commercial and does the order to the central
Tiles	• The **architect** chooses the type of tiles because it is a material that stays at sight (ceramic or not ceramic)	• It is the **contractor** that buys the tiles and chooses the brand according to the type of tile prescribed

Source: Secil/NovaSBE team

Aesthetics stands out as the main factor for the prescription of a material

Decision factors

Product	Decision phase: Factors that lead to prescription[1]	Decision phase: Secil's responsiveness
Aggregates	• Aesthetics (aggregates that stay at sight) • Grain size (less differentiator)	✔ Industrial aggregates with conditions equivalent to the competition ⚠ Low range of ornamentals' offer (competition very dispersed)
Mortars	• Existing portfolio • Thermal and acoustic characteristics	⚠ Secil product range is smaller than Weber's and Mapei's
Concrete	• Concrete technical characteristics • Aesthetics	✔ Secil has a bigger product range in decorative offer
Tiles	• Aesthetics • Format • Thermal performance • Isolation performance	⚠ Concrete tiles are considered less aesthetically attractive and with less molds ⚠ Some interviewees considered that concrete tiles have technical flaws

Source: Secil/NovaSBE team Note: 1- From the architects and engineers answers (were considered the prescription decision makers)

Price is one of the most important factors in the choice of the brand which confirms the takeaways from the phone survey

Decision factors

Product	Decision phase: Brand choice[1]	Decision phase: Following analysis
Aggregates	• Quarry proximity • Price	⚠ Secil's quarries just cover 25% of the market
Mortars	• Price • Technical and commercial support • Easy to apply • Repetitive use of the same product (habit)	⚠ Historically Weber is the most used (consumption habit)
Concrete	• Payment conditions • Technical support • Quality • Proximity	✔ Secil with better technical support vs smaller players
Tiles	• Durability • Price • Payment conditions • Range of products	⚠ Concrete tiles perception is that they are worse in durability, range of products and efficiency

Source: Secil/NovaSBE team Note: 1-From contractors answers (were considered the brand choice decision makers)

Secil's brand is perceived as having good quality but there are several aspects that can be improved

Secil's brand perception

Secil's brand considerations

Product	Positive	Negative
Aggregates	✓ Good responsiveness	× Price is considered to be high
Mortars	✓ Good product homogeneity ✓ Good quality ✓ Recommended brand ✓ Portuguese brand ✓ Technical support (Lisbon and Center)	× Low diversity of products × Low package variety × Worse projected plaster efficiency comparing to the competition × Low product availability × Lack of technical support (North and South)
Concrete	✓ Good technical support/assurance ✓ Good quality ✓ Diversity and innovation of products ✓ Good responsiveness (South)	× Misses delivery deadlines (North, Lisbon and Center) × Little flexibility of the billing system
Tiles	✓ Above average quality ✓ Durability ✓ Easy to apply	× Aesthetically little appealing × "Out of fashion" × Argibetão has little recognition × "The paint peeled and the tile had fungi"

Source: Secil/NovaSBE team

Interviewees gave little relevance to large retailers favoring direct sales and retailers

Distribution channels

Low *Average* *High*

Usage degree of the distribution channels

Product	Direct sale	Retailer	Large retailer
Aggregates	Used the most	As an alternative of direct sale	Not mentioned
Mortars	Some of the surveyed applicators buy mortars through direct sale	The contractors use retailers as the main channel	Not mentioned
Concrete	Only way	Does not apply	Does not apply
Tiles	When there are no retailers available in the geographic areas	Main channel	Not mentioned

Source: Secil/NovaSBE team

Competitors' sales force is more dynamic than Secil's according to the interviewees and Secil's commercials opinions

Commercial relations description

Company	Interlocutor: Interviewees	Interlocutor: Secil's commercials
Secil	• **Technical support** is a commercial responsibility • Commercials are the main point of contact to **know about new products** • Retailer: **little disclosure** of the product range (ex., catalogues) • Unibetão's commercials are demanding in charging • Secil could offer **continuous formation** (in particular about mortars)	• Responsiveness is important in order to not loose businesses • Applicators appreciate **gifts** such as Secil's t-shirts • **Lack of computers** to be able to fill the sales force efficiently • **Smaller sales force** when comparing to the competitors • Cannot offer **product samples** • **Little advertising** in important retailers • Good initiative in **joining the group's companies** and suggested having more meetings between the several companies' commercials
Competitors	• Fassabortolo's commercials present **right in the construction beginning** (visit at least 5x a competitor's construction) • Fassabortolo has several **formation lectures and new product demonstrations** • Weber and Kerakol are active in **formation** • Weber offers bigger **discounts and longer payment deadlines** comparing to Secil's • Mapei does **workshops** and offers dinner • Tiles' commercials do many **visits**	• Weber worked the **architecture offices** 20 years ago and currently is taking advantage of the brand notoriety • Weber has a **logistics company** in order to distribute its catalogues • Some competitors **advertise** their brand in partners trucks canvas • Some competitors **do not obey to some quality standards** and **do not charge VAT** • Fassabortolo pays clients to **remove** SecilArgamassas' silos • Fassabortolo offers **discounts to the client**

Source: Secil/NovaSBE team

There are several opportunities for Secil coming either from competitors' good practices and from market needs

Identified opportunities

Company	Interlocutor: Interviewees	Interlocutor: Secil's commercials
Product	• **Improve technical characteristics** to serve the increase of clients' demanding needs • **Focus the commercial strategy** to the higher valorization of **energetic certification** (more solutions of ETICs systems) • **Make white concrete available** in the Center region • **Inform** the market about Argibetão's tiles	• **Increase the diversity** of **mortars'** range • **Increase the means** of concrete commercialization • **Offer** different **packaging** choices • **Creation** of Secil's applicators network
Relationship with client	• **Give formations** about mortars application focusing on microcement • **Do events** to **promote** new products • **Improve the logistics network** in order to match competitors level • **Offer more attractive** payment conditions	• **Create synergies** among several commercials areas to offer all the group's products in construction • **Expand presence in the architecture offices** to have Secil's brand in the specifications • **Change the catalogue distribution** system • **Improve computerization** to accelerate the registration in sales force

Source: Secil/NovaSBE team

1 Understanding of the situation, objectives and methodology

2 Market research

3 Market segmentation and value propositions

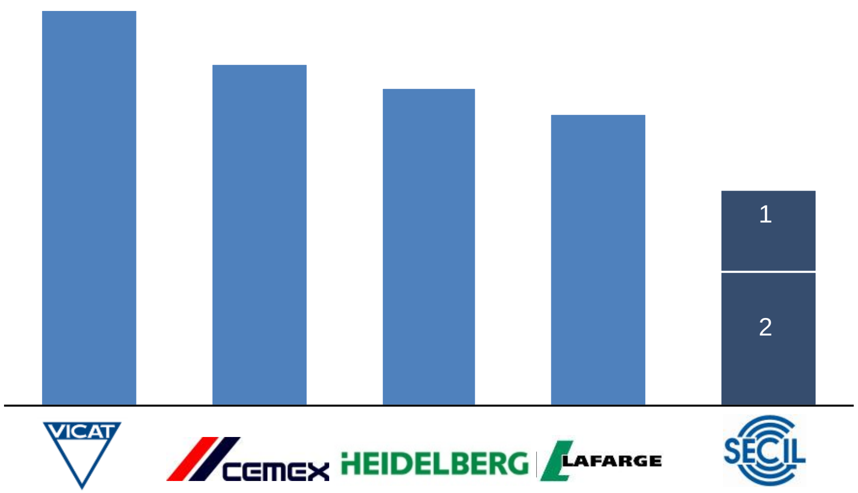
4 Product and promotion management

5 Distribution and sales force management

The benchmark of international players points for a differential of sales volumes and margins in building materials

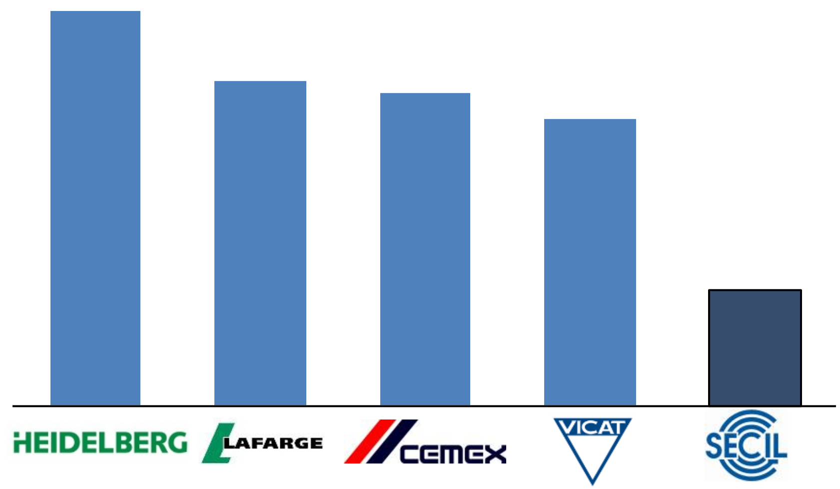
Introduction to market segmentation: International benchmark

Building materials weight
(% of total sales, 2014)



Leveling the weight of Secil's building materials with values shown by the identified international players would mean an **increase in sales** of €xxx between **€yyy and €zzz**

Building materials profitability
(EBITDA margin, 2014)



Leveling the profitability of Secil's building materials with margins presented by the identified international players would mean an **EBITDA** between:

- **€www** (sales of €xxx and margin of nnn%)
- **€aaa** (sales of €bbb and margin of ccc%)

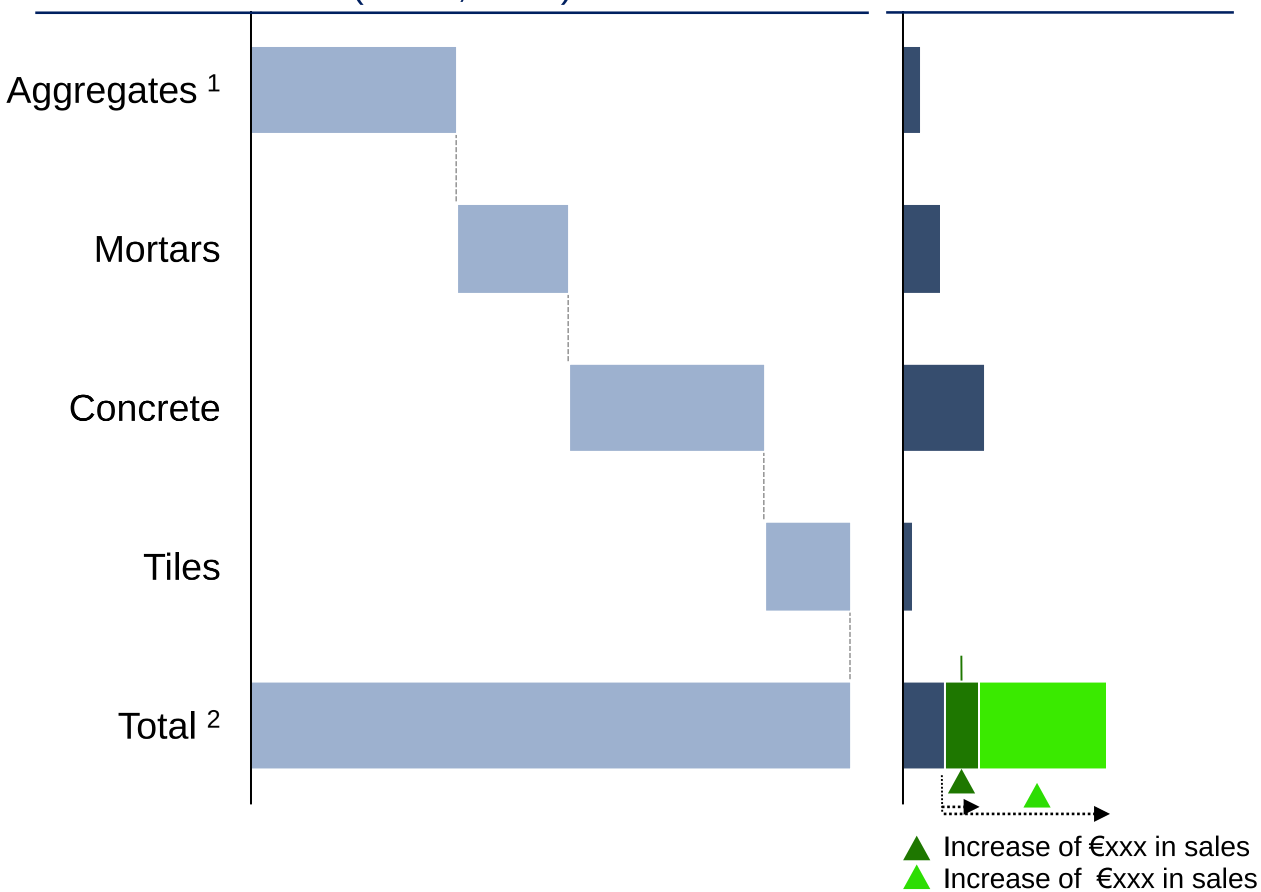
Source: competitors' annual report and Secil/NovaSBE team analysis
Note: Considered only data of mature markets of cement companies with data available 1- Total sales with exports 2- Total sales without exports

Secil has different market shares between the segments in which it operates and can grow to keep up with international players

Introduction to market segmentation: Secil's market share

Building materials' market in Portugal
(In M€, 2014)

Secil's market share



- **Growth of sales** to match the other international players:

  + €xxx; it would mean moving from a global market share of yyy% to zzz%- potential aspiration? (to be assessed at the end of the document)
  + €nnn; it would mean moving from a global market share of www% to zzz%- not reasonable scenario

Source: BUs and Secil/NovaSBE team
Note: 1- Does not include data about decorative aggregates 2- Does not include data about split block

The building materials market has been segmented in various dimensions to better characterize and evaluate its potential

Market segmentation: The initial proposal

Types of product	
Aggregates	Industrials
	Ornamental Granites
	Decorative
Mortars	Decorative Finish
	Masonry
	Dry Concrete
	Lime
	Tile Fixing Mortars
	Waterproofing
	Technical Insulation
	Decorative Pavement
	Floor Regularization
	Plastering mortars
Ready-Mix Concrete	Architectural
	Structural
	Lightweight concrete
	Decorative pavement
Precast	Finish Masonry
	Tile Coverage

Types of construction	
New Construction	Housing
	Commercial and industrial buildings
	Infrastructures
Rebuilding / Enlargement	Housing
	Commercial and industrial buildings
	Infrastructures
Renovation / Amendments	Housing
	Commercial and industrial buildings
	Infrastructures

Distribution channels
Direct Sale
Traditional retail
Large retail

- Each final client falls into three segments:
  - **types of product and the respective application** – Secil's broad portfolio was divided into its four main product families and into the potential applications/final solutions clients pursue it
  - **types of construction** which the client works on – construction sector was divided in terms of new constructions and rehabilitation (rebuilding/enlargement and renovation/amendments)
  - **the distribution channels** where clients buy it – the channels used are a company's attempt to ensure they win profitable customer business

Source: BUs and Secil/NovaSBE team
Note: The decision makers will be a dimension to be addressed later

In order to build commercialization strategies a subsequent segmentation was needed

Market segmentation: The final proposal

Products and application	
Aggregates	Raw Material
	Filing
	Decorative
Mortars	Solutions for tile fixing
	Waterproofing and Solutions for Thermal and Acoustic Insulation
	Solutions for Masonry, Walls and Floors
	Bagged concrete
Ready-Mix Concrete	Decorative
	Structure
	Pavement
Precast	Coverage

Type of Construction
Construction: New buildings
Construction: New Infrastructures
Rehabilitation

Final Client
Big Contractors
Medium and Small Contractors
Do it Yourself[1]

- The subsequent segmentation was structured in order to create adequate commercialization strategies
- The results of the market research oriented the adjustment and simplification of the segmentation
- The need to communicate applications consistently in all BU
- The original types of construction was overly segmented
- The original distribution channels, though not the final user, were Secil's final client

Source: BUs and Secil/NovaSBE team
Note: 1- Segment that will not be analyzed in this document

For each product/application there is market potential focusing on cementitious and substitutes

Dimensioning: Final segmentation

Products and applications		Market (M€)	Secil (M€)	Secil's Market Share (%)/(ranking)	Market Share of greatest competitor	Greatest substitute
Aggregates	Raw material	Confidencial				Other types of Aggregates
	Filing					Other rocks
	Decorative					n.a.
Mortars	Solutions for Tile Fixing					Paint
	Waterproofing and Solutions for Thermal and Acoustic Insulation					Canvas and double brick wall
	Solutions for Masonry, Walls and Floors					Mortar made in construction site and ceramic floor
	Bagged concrete					Ready-mixed concrete
Ready-Mixed Concrete	Decorative					Concrete with decorative finish
	Structural					Concrete made in construction site
	Pavement					Coating materials
Precast	Coverage					Sandwich plate

Source: BUs and Secil/NovaSBE team
Note:1 – Estimate for the entire Portuguese market 2- n.a.- not applicable

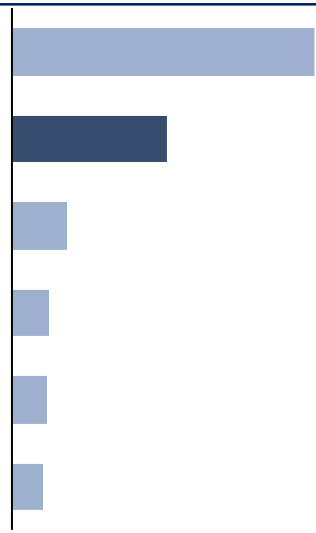
The Product 1's market for application C is highly concentrated, and The Firm is the second player

Product 1: Application C

Legend: Low — High

Market

Position	Market share (% of the total value, 2014)	ASP[1] (per ton)
#1	Competitor A	xxx€
#2	**The Firm**	**xxx€**
#3	Competitor B	xxx€
#4	Competitor C	xxx€
#5	Competitor D	xxx€
	Others	xxx€



Substitutes

Substitute	Degree of substitution
Substitute 1	
Substitute 2	
Substitute 3	

Market value (€ 2014)

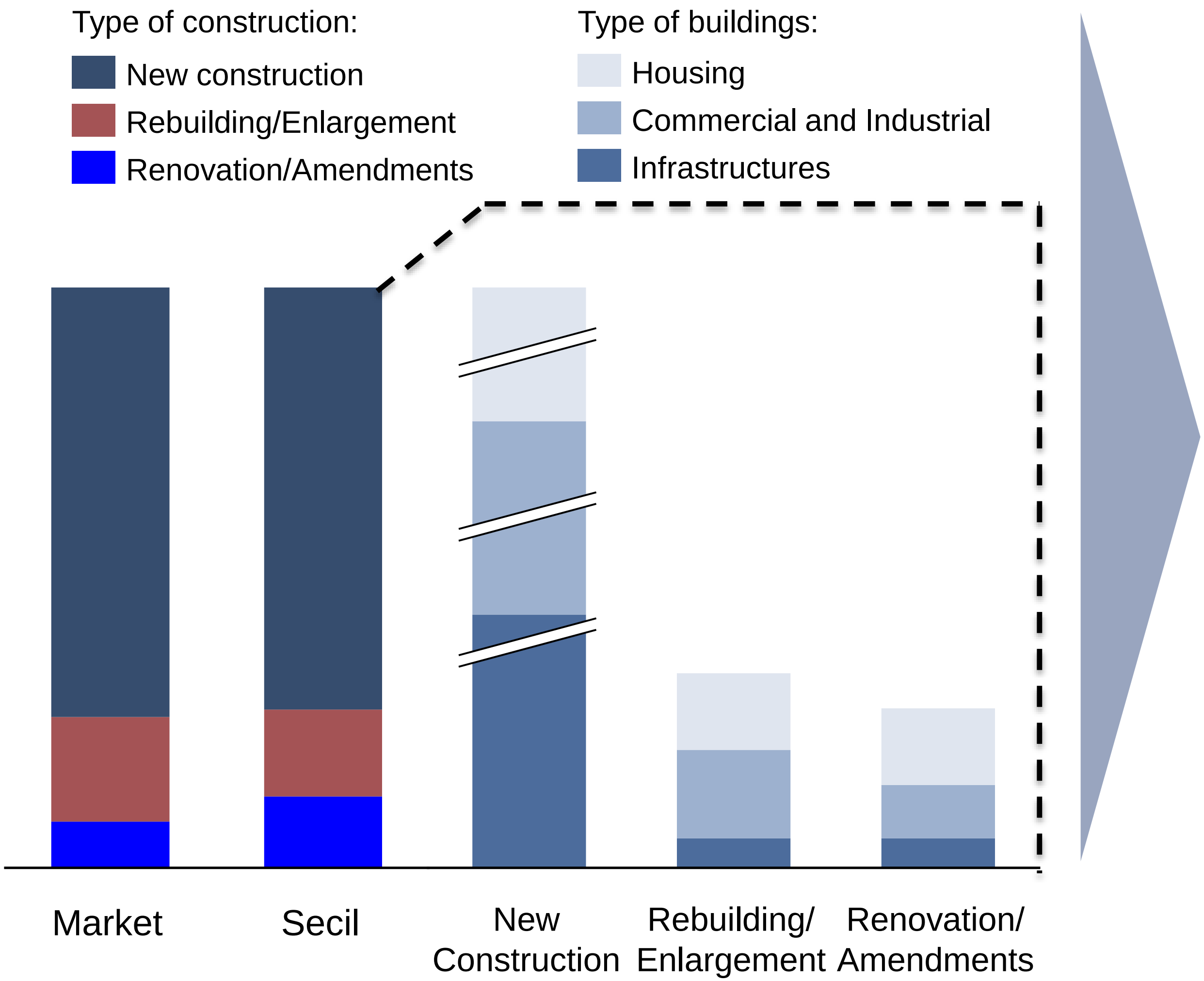
Dummy example of a product/ application analysis:

- Market valuation
- Positioning
- Pricing
- Substitutes
- Degree of substitution

Source: Secil/NovaSBE team
Note: 1- ASP is the average selling price of goods in each application

In the rehabilitation segment Secil's sales profile differs from the market by focusing more on renovation/amendments

Estimate of building materials' sales by type of construction and building



- Secil is in line with the market in terms of building materials' sales in the new construction segment
- In the other segments there is a disparity compared to the market
- In new construction and rebuilding/enlargement most of the turnover lies in the commercial and industrial buildings
- In renovation/amendments the largest volume of business is located in housing

Source: Secil/Novasbe team; INE
Note: 1- 36% of aggregates are present in construction as inputs for other materials

To ensure that all points are covered, a model of relevant elements was defined to focus on in order to structure forthcoming work

Cross model of commercial excellence in Seil

Legend: Covered in this document

A

Market segmentation

- **Customer segmentation according with their needs/ applications/ dimension**
- **Definition of value propositions to implement**

Commercial Leverage	Designation
B Product	Product portfolio management (for example, introduce and / or discontinue products)
C Promotion	Promotion management of Secil's products, both in terms of advertising as training
D Distribution channels	Management of different ways of getting products to the final customer
E Sales force	Management of sales teams who contact the customer/decision maker
Price	
Logistic	

Elements of support

- Commercial Organization & marketing
- Talent and performance management
- Analysis and information systems

Source: Secil/NovaSBE team
Note: Based on *"Eight key levers and four enablers of World Class Marketing & Sales"*

Secil can focus on three complementary targets focusing on: the profile of the final client, the type of construction and product/application

Value propositions in the building materials' market

Final client

- **Big contractors**
- **Medium and small contractors**
- **Do It Yourself**

It is necessary to adapt the distribution channels and monitoring to the different dimensions of final client

Types of construction

- **Construction: New buildings**
- **Construction: New infrastructures**
- **Rehabilitation**

It is necessary to ensure a range of products by type of construction and know how to communicate it and sell it together

Products and applications

Product	Applications
Aggregates	• Raw material • Filing • Decoration
Mortars	• Solutions for tile fixing • Waterproofing and solutions for thermal and acoustic insulation • Solutions for masonry, walls and floors • Bagged concrete
Ready-mix concrete	• Structure • Pavement • Decoration
Tiles	• Coverage

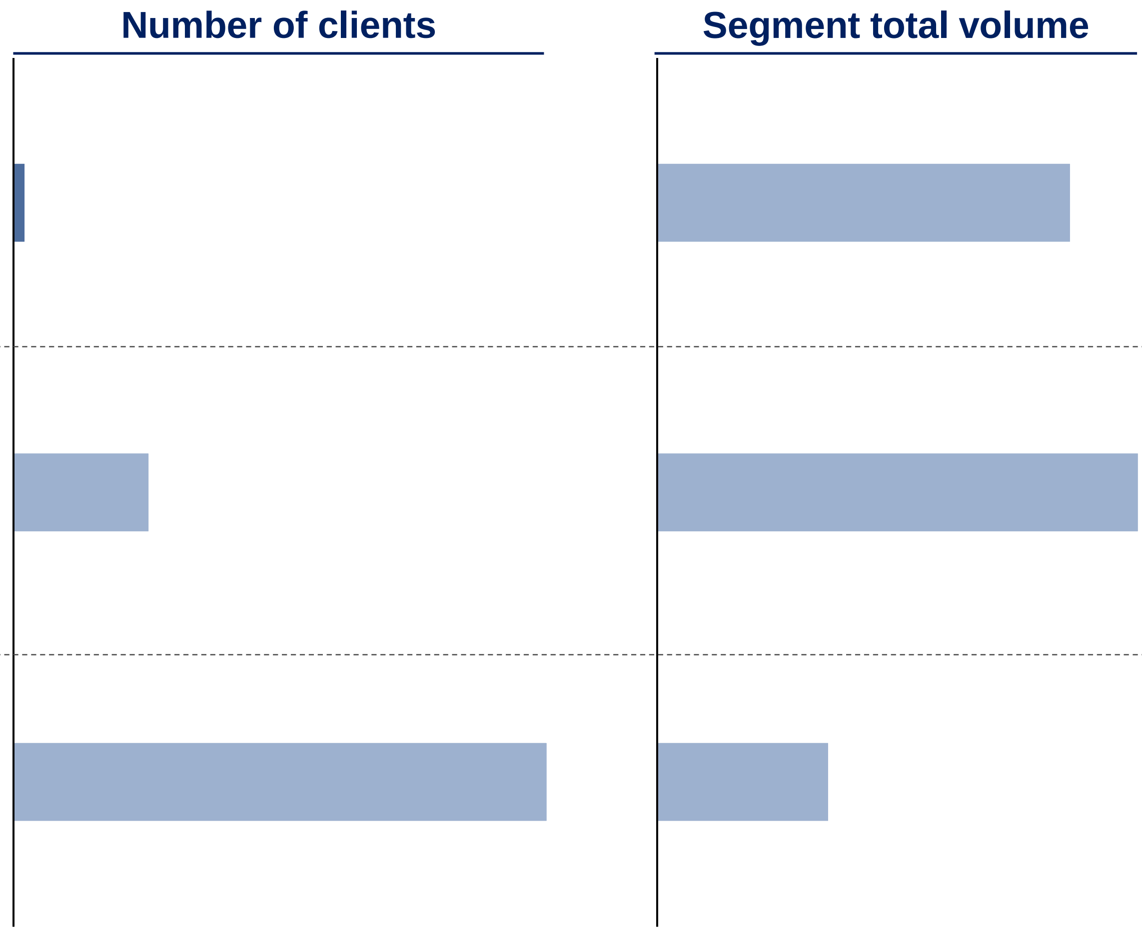
For each application we must know how to differentiate us from the competition and how to position ourselves in the price

Source: Secil/NovaSBE team

Using Unibetão's as a proxy to estimate number and size of final clients, we identify the main x customers which account for y% of total sales volume

Segmentation by final customer: Unibetão's clients as a proxy for the estimate

Type of final client	Volume (m^3 per semester)
Big	> 1.000m^3
Medium	> 100m^3 e < 1.000m^3
Small	< 100m^3



Source: Secil's data base, 2014. Secil/NovaSBE team

It is necessary to adapt the distribution channels and monitoring to the different dimensions of the final client

Value proposition by final client

Legend: *Covered in this document*

Final client	Segment features	Secil's value proposition
Big contractors	• Spend **over 2.000m³** of ready-mix concrete per year[1] • Corresponds to about **x%** of the market • Customers with specific needs	• Supply of wide range of building materials through a **single point** that coordinates price, logistics of direct sales and resolution of technical issues
Medium and small contractors	• Spend up to **2.000m³** of ready-mix concrete per year • The preferred purchase channel is traditional retail	• Supply of all products in a **single point** via retail and general technical support/training • Equivalent offer to major contractors for large constructions
Do It Yourself	• Uses the large retail channel • Little information about this segment	• **Out of scope**: No value proposition for this segment due to lack of information of size, needs, behaviors, etc.

Source: Secil/NovaSBE team Note: 1- Using the proxy from Unibetão, which is the best method given the time and data constraints. Unibetão is the only BU whose sales are 100% from direct sale, therefore, the only one in which we know the size and number of the final client.

It is necessary to ensure a range of products by type of construction and know how to communicate it and sell it together

Value proposition by type of construction

Types of construction	Segment features	Secil's value proposition
Construction: New buildings	• This segment is worth about **€xxxM** in Portugal • **All products** are used in this segment	No specific proposal
Construction: New infrastructures	• This segment is worth about **€yyyM** in Portugal • **Ready-mix concrete** and **aggregates** are the most used products in this segment	No specific proposal
Rehabilitation	• This segment is worth about **€zzzM** in Portugal • **Mortars** are the most used product in this segment • The customers look for **quality** over price	Supply specific products and services to meet all the needs of this segment

Source: INE, Secil/NovaSBE team, BU, field interviews and inquiries

NOVA School of Business & Economics — Shaping powerful minds

It is necessary to define value propositions in each application considering the current market situation and logistic conditions

Value proposition by product/application

Product	Application	Secil's value proposition
Aggregates	Raw material	Keep the current value proposition
	Filing	Keep the current value proposition with a greater range of packaging
	Decorative	Offer a complete range of quality aggregates across national geographical area
Mortars	Solutions for tile fixing	Offer a wide competitive range and improve technical quality
	Waterproofing and solutions for thermal and acoustic insulation	Provide the best solution applicator/material
	Solutions for masonry, walls and floors	Offer a wide competitive range
	Bagged concrete	Offer a wide competitive range
Ready-mix concrete	Structure	Keep the quality and improve the responsiveness
	Pavement	Promote distinctive and value added range
	Decoration	Promote distinctive and value added range
Tiles	Coverage	Offer differentiator premium product with the best quality of the market (there is no technical data to prove this point)

Source: Secil/NovaSBE team

1 Understanding of the situation, objectives and methodology

2 Understanding of the market

3 Market segmentation and value propositions

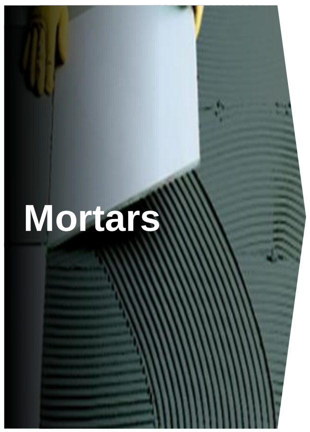
4 Product and promotion management

5 Distribution and sales force management

Product strategies are focused on the four main Secil's product families: aggregates, dry pre-prepared mortars, ready-mixed concrete and tiles

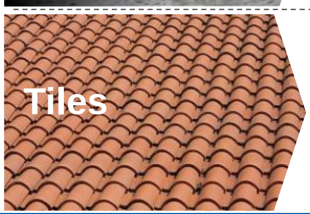
Product: Key growth opportunities

1. Secil must balance the supply of **recycled aggregates** as well as introduce **big bags** and **packages** in the various channels to extend its product line and to differentiate itself from the competition
2. Secil can invest in **value-added aggregates**[1] to increase the quarries' radius of action



3. Secil can offer, in the medium term, new **package sizes** to reach **new segments** and **differentiate** itself from the competition
4. Secil can **extend**, in the medium term, its **mortars line** to provide non-existent products that meet customer needs more precisely and match the competition's range of products
5. Secil can invest in **potential strategic partnerships,** especially with non-cement building materials companies to offer **integrated solutions** and benefit from the partners' distribution channels and sales force
6. Secil can improve the **quality** of its **mortars** comparing with the competition's one and be present in **rehabilitation**

7. Secil may have the opportunity to expand the use of **value-added ready-mix concrete**
8. Secil can offer **potential applications/solutions** where the value-added concrete can replace other building materials that are conventionally used



9. Secil can offer **new formats** and **value-added concrete tiles** as well as expand the **range of non-cementitious accessories** to match the competition's range of products
10. Secil can improve the **quality** of its **concrete tiles** comparing with the competition's one (we cannot evaluate this opportunity because laboratory tests have not been carried out so far)

Source: Secil/NovaSBE team
Note: 1- The value-added aggregates correspond to: transformation of rolled stone; portable gabion baskets; bagged industrial aggregates

Secil must analyse the supply of recycled aggregates as well as introduce new packages dimensions in the distribution channels

1 Aggregates: Product line extension

Distribution Channels	Direct Sale			Retail			Large retailer		
Packaging by product type	In bulk	Big Bag	Bag	In bulk	Big Bag	Bag	In bulk	Big Bag	Bag
Industrial Aggregates	✓ SECIL britas	✓ SECIL britas [1]	✗	✓ SECIL britas	✓[2] ⚠	✓[2] ⚠	✗	✓[3] ⚠	✓[3] ⚠
Decorative Aggregates	✗	✓ SECIL britas [4] Schist	✓ ⚠[5]	✗	✓[3] ⚠	✓[3] ⚠	✗	✓[3] ⚠	✓[3] ⚠
Recycled Aggregates	✓[6] ⚠	✗	✗	✗	✗	✗	✗	✗	✗

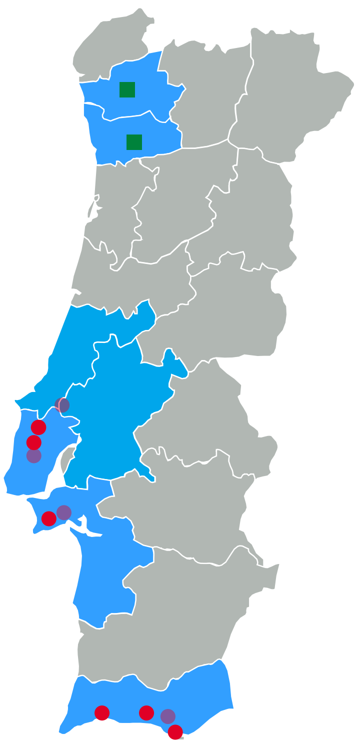
Legend: ✓ *Available in the market* ✗ *Unavailable in the market* SECIL britas *Secil is present* ⚠ *Secil is not present* *Potential growth opportunity for the Secil*

Source: SecilBritas Note: 1- In launch phase 2- Sometimes the retailer purchases in direct sales and then packages it 3- Available by processors 4- SecilBritas purchases the raw material and gravel it in the quarry 5- This opportunity cannibalizes the supply of resale 6- Available by some entities linked to the receipt of waste from construction and demolition

Secil can try to sell aggregates in a larger percentage of the Portuguese territory

2 Aggregates: Secil positioning

Secil's quarries in Portugal
(Radius of action)



Quarries in Portugal[1]

Legend: ■ *Granite* ● *Limestone (active quarry)* ● *Limestone (inactive quarry)*

Opportunities to increase the quarries' radius of action

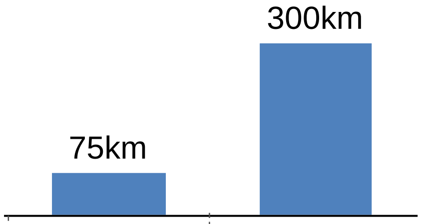
Extension of value-added aggregates	Value-added products are less sensitive to logistic costs
Quarry swaps [2]	Quarry swaps allow Secil to access more areas where it is not currently present
Logistic returns	Logistic returns put aggregates in new areas without incurring in additional transport costs

Source: SecilBritas and Secil/NovaSBE team Note: 1- Each quarry may have more than one extraction company and some quarries can not be active 2- To carry out the swap is necessary to do a cost study (increased competition) and benefit (increased demand)

Secil can invest in value-added aggregates in order to increase the quarries’ radius of action

2 Aggregates: Extension of value-added aggregates

Sales potential (in km)



Product	Industrial Aggregate	Rolled Stone
Price (€/ton)	Confidential	
Margin[1] (€/ton)		

Different ways to add value to the stone

	Selling Price[2] (€/ton)	Investment [2] (€/ton)	Investment extend the radius of action
 Transformation of Rolled Stone	Confidential		✓
 Portable Gabion Baskets			Scanning
 Bagged Industrial Aggregates			✓

- The **quarry’s radius of action** varies, typically, in function of the **number of existing players** on the market
- The **industrial aggregate** may not increase the quarries’ **radius of action** due to the high shipping cost making Secil **lose competitiveness** comparing with closest players to constructions
- Secil’s **future investments** shall be evaluated later

Source: SecilBritas and Secil/NovaSBE team
Note: 1- Margin at the quarry 2- Values estimated by SecilBritas because it does not exist market research

Secil can offer new package sizes of 5kg and 10kg to reach new segments and differentiate itself from the competition

3 Mortars: Product line extension

Distribution Channels	Direct Sale			Retail			Large retailer		
Packaging by application/solution	In bulk	Bags 20-30kg	Bags 5-10kg	In bulk	Bags 20-30kg	Bags 5-10kg	In bulk	Bags 20-30kg	Bags 5-10kg
Microcement	✗	✓ !	✓ !	✗	✓ ! [2]	✓ A [3]	✗	✗	✗
Solutions for tile fixing	✗	✓ [1] !	✓ [1] !	✗	✓ A	✓ !	✗	✓ A	✓ !
Waterproofing	✗	✓ [1] !	✓ [1] !	✗	✓ A	✓ !	✗	✓ A	✓ !
Solutions for thermal and acoustic insulation	✗	✓ A	✗	✗	✓ A	✗	✗	✓ A	✗
Solutions for masonry, walls and floors	✓ A	✓ [1] A	✗	✓ [1] A	✓ A [4]	✓ !	✗	✓ A [4]	✓ !

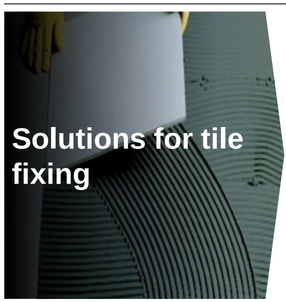
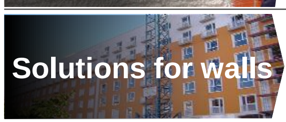
Legend: ✓ *Available in the market* ✗ *Unavailable in the market* A *Secil is present* ! *Secil is not present* *Potential growth opportunity for the Secil*

Source: SecilArgamassas and Secil/NovaSBE team Note: 1- Exception 2- International competitors sell microcement in larger bags (e.g., ARDEX; Mapei) 3- SecilArgamassas offers 3kg and 12kg bags 4- SecilArgamassas offers 30kg bag

Secil can extend its mortars line to provide non-existent products to match the competition's range of products

4 Mortars: Product line extension

Legend: ✓ *Player has the product*

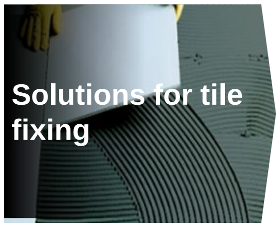
Aplication	Non-existent products in Secil	# players that has it	Diera	Fassabortolo	Mapei	Sika	Topeca	Viero	Weber
 Concrete repair	1 Non-existent product #1	6	✓	✓	✓	✓	✓		✓
	2 Non-existent product #2	3		✓		✓			✓
 Solutions for tile fixing	3 Non-existent product #3	5	✓	✓	✓		✓		✓
	4 Non-existent product #4	5	✓	✓	✓		✓		✓
	5 Non-existent product #5	1			✓				
	6 Non-existent product #6	1			✓				
	7 Non-existent product #7	0							
 Waterproofing	8 Non-existent product #8	3		✓	✓				✓
 Solutions for thermal and acoustic insulation	9 Non-existent product #9	2	✓					✓	
	10 Non-existent product #10	2			✓				✓
 Solutions for walls	11 Non-existent product #14	4	✓	✓	✓				✓
	12 Non-existent product #15	3	✓	✓					✓

The main purpose of this analysis was to conclude that Secil lacks of some products that the main competitors have and consequently should extend its product line to match the competitors' in order to satisfy more efficiently clients' needs

Source: SecilArgamassas and Secil/NovaSBE team

Secil can invest in strategic partnerships to offer integrated solutions and benefit from the partners' distribution channels and sales force

5 Mortars: Potential partnerships

Application	Secil product	Construction material	Potential Partner	Opportunities
 Concrete repair	1 REABILITA RB 50 and RB 51 2 REABILITA RB 60 and RB 61	Concrete	Concrete manufacturers and heavy precast	• Establish a commercial partnership for a joint sale between SecilArgamassas' dry pre-prepared concrete and Unibetão's ready-mixed concrete
 Solutions for tile fixing	3 ADHERE Products	Ceramic tiles	Tiles manufacturers	• Be recommended by other brands (e.g., Partner C recommends that its tiles should be placed with ADHERE products) • Give joint training with the partner to establish the best type of cementitious tile adhesive to use and/or recommend
	4 ADHERE Pool	Glass tiles for pools	International glass tiles for pool manufacturers	
 Solutions for thermal and acoustic insulation	5 SecilVit Classic	EPS	Insulation manufacturers/distributors	• Establish a commercial partnership for a joint sale • Improve logistics deliveries (to prevent the end customer to buy separately the products of the ETICs)
	6 SecilVit CORK	ICB	Partner A *(Working in progress)*	
	7 SecilVit KNAUF	IWB	Partner B *(Working in progress with need of evaluation)*	
 Solutions for walls	8 REDUR Renders	Paint	Producer of paint	• Establish a commercial partnership for sharing business information and benefit from the list of constructions and partner clients • Share recommendations jointly

Source: SecilArgamassas and Secil/NovaSBE team

Secil can improve the quality of its mortars comparing with the competition's one and be present in rehabilitation

6 Mortars: Analysis of the technical quality

Legend: ○ *Seicl is much worst* ◔ *Secil is worst* ◑ *Similar Quality* ◕ *Secil is better* ● *Secil is much better* *Potential improvement for Secil*

Type of product	Secil product	Sales' product (% of BU's total sales, 2014)	Main competitor and its product	Characteristic 1	Comparative 1	Characteristic 2	Comparative 2	Characteristic 3	Comparative 3
Plastering mortars	Redur Exterior		MH19 (Fassabortolo)	**Water vapor permeability**	◑	**Adhesion strength over ceramic tiles**	◕	**Compressive strength (28 days)**	●
Thermal and acoustic insulation	ISODUR		weber.therm aislone	**Thermal conductivity**	◔	**Adhesion strength over ceramic tiles**	◕	**Compressive strength (28 days)**	●
Current screed	Betonilha de regularização		ARP16 (Cimpor)	**Compressive strength**	◔	**Flexural strength**	◑	**Consumption**	◑
Current cementitious tile adhesives	Adhere Clássico	**Confidential**	weber.col. classic	**Tensile strength**	◑	**Adhesion after immersion in water**	◑	**Consumption**	◑
Special cementitious tile adhesives	Adhere Multiflex		weber.col. flex XL	**Tensile strength**	◑	**Sliding**	◑	**Transverse deformation**	◑
Microcement	SecilTEK MC 01		Microcrete	**Adhesion to concrete (28 days)**	n.a.	**Application thickness**	◑	**Drying time before traffic**	◑
Special screed	ecoCORK		ST 444 (Fassabortolo)	**Compressive strength**	n.a.	**Thermal conductivity**	n.a.	**Density**	n.a.
Waterproofing	SecilTEK HidroSTOP FLEX		weber.tec 824	Unable to set quantifiable criteria					

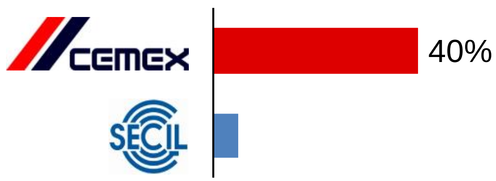
Source: SecilArgamassas and Secil/NovaSBE team Note: BU: Business Unit Information based on fact sheets of competitors' products. Technical characteristics defined with the help of PTEC and the validation of Eng. Dina Frade, having all of them the same importance weight (33.3%) when the final client choose the product. N.a. – not applicable

Secil may have the opportunity to expand the use of value-added ready-mix concrete

7 Ready-mix concrete: International benchmark of value-added products

Growth opportunities for Secil in value-added products

Weight of value-added products' sales (% of total value, 2013)



Weight of value-added products' volume (% of total value, 2014)

Differences for international players are at commercial and non-technical levels

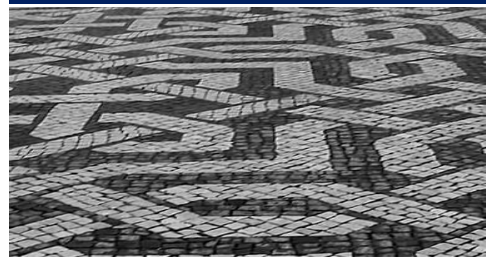
Cemex's value-added products	Secil's value-added products
Architectural and Decorative Concrete	UniDecór® / UniBranco® UniColorido®
Fibre-reinforced Concrete	UniFibra®
Fluid-fill Concrete	UniBac® Fill
Pervious Concrete	UniDren®
Rapid-setting Concrete	Betão Acelerador / Betão Acelerador Fibra
Roller-compacted Concrete	Gravecimento
Self-compacting Concrete	UniBac®

- Secil may not be able to reach differentiating customers due to inefficient capture of value-added products' value (pricing with focus on the market and not on production costs)
- The difference of Secil's sales on value-added products comparing with top international players is due to several dimensions:
  - Marketing/Communication;
  - Product availability;
  - Release;
  - Market;
  - Price

Source: Cemex's annual report, 2013; Lafarge's document: "2012 Investor & Analyst Day" and Secil/NovaSBE team

Secil can offer potential applications where the value-added concrete can replace other building materials that are conventionally used

8 Ready-mix concrete: Examples of potential applications

Roads and tunnels	Walls	Floors	Swimming pools
			
Most roads in Portugal are made by tar, which can be made of concrete **Opportunities:** Increased resistance and lower maintenance costs comparing with the tar; fire resistance.	Concrete offers many solutions in the construction of walls relative to the structure and the finish aspect. It can be used in new construction and in buildings' rebuilding **Opportunities:** Increased durability, resistance and impermeability; lower costs in labor and maintenance	The typical Portuguese pavement can be replaced with decorative concrete or concrete with high performance for possible coating **Opportunities:** Lower maintenance costs due to the stone pavement and floor with comfort and safety	The pools are made of concrete in the structure and finish aspect **Opportunities:** Durability, resistance and comfort
Secil's value-added product: Concrete with increased levels of flexural strength	**Secil's value-added product:** UniBranco®; UniProj® or UniColorido®	**Secil's value-added product:** UniDecór® and/or UniFibra®	**Secil's value-added product:** UniProj® or UniColorido®

Source: Unibetão and Secil/NovaSBE team

Secil can offer new concrete tiles formats and value-added tiles as well as expand the range of accessories to match the competition

9 Tiles: Product line extension

Concrete tile range comparing with the clay tile range[1]

	ARGIBETÃO	TELHAS COBERT uralita	CS
Formats	1	9	9
Ranges	3	9	9
Colours[2]	5 per range	5 per range	7 per range
Accessories[2]	21 per range	20 per range	47 per range
Other components[2]	3 per range	19 per range	7 per range

Opportunities

	Investment (€/ton)	Potential Partners
New formats	**Confidential**	Partner A
Opportunity 2	*Scanning*	Partner B
Integrated solution	*Scanning*	n.a.
Accessories	*Scanning*	Partner C Partner D

- Secil can invest in new molds in order to manufacture new concrete tiles formats as well as to invest in non-cementitious material (e.g., asphalt waterproofing sheet, self adhesive insulation sheet, etc.) to extend their range products and to match the range of competition
- The need to extend the range of concrete tiles as well as the range of accessories is partially proven by the internal perception of Argibetão

Source: Argibetão, catalogs of each player and team Secil/NovaSBE Note: n.a.: not applicable; CDAC: Centro de Desenvolvimento de Aplicações de Cimento 1- Considered market-leading businesses in clay tiles, both with xxx% of market share 2- Data, on average, to facilitate comparative analysis 3- Each mold costs €yyy and estimated zzz molds as needed

Secil can improve its promotion with optimized strategies for various media

Promotion: Key growth opportunities

	Proposed improvements
Training applicators	1 Introducing **certified training model for applicators** responding to their specific training needs Create **network of certified applicators** to cover Secil's needs and ensure application quality and consistency across the geographical area
Catalogs	2 Develop **three types of catalogs** to meet the needs of every type of audience in its distribution channel Expand **distribution of catalogs** reproducing the competitors' strategy to increase exposure of different brand products to customers
Demonstrations	3 Increase **demonstration actions and clarification at the retailer** in order to endow some technical domain and reliability in the various ranges of products Secil Develop more **showrooms** as a way to boost the sale of products in the traditional retail 4 Increase **availability of samples and resize** them alike competitors to facilitate decision makers' contact with Secil products
Digital promotion	5 Extend the **presence on social networks** like the great players of cement for dissemination of new products, designs of excellence, training and brand events

Source: Secil/NovaSBE Team

Secil can improve its training model and create a network of certified applicators to ensure quality in application

1 Training of applicators: Training model

Market diagnosis

Needs identified

- Enlargement frequency and types of training offered to complement the product range
- Provision of certified training to ensure quality and consistency in the application
- Creation of applicators network for national support of Secil's needs

Comparação de modelo de formação

Dimension	Secil	Weber
Types of specific training	• Thermal insulation ETICS • Thermal Insulation ISODUR • Microcement	• ETICS systems • Tile fixing mortars and Plastered Ceramics • Decorative finishes • Concrete Repair and Assembly • Humidity treatment • Regularization / Floor leveling • Lightweight fillers Leca
Average number of training / year	xxx[1]	24[2] [only large retailer]
Official certification	✗	✓
# of applicators registered	yyy	>33[3]
Network of applicators	✗	✓

Source: Secil/NovaSBE Team

Note: 1- Only concerning to SecilArgamassas in 2014 2- Estimated through the events promoted on Facebook in 2015 3- Only regarding tiles

Three types of catalogs tailored to decision makers and also to its distribution channel are proposed to approach more efficiently each one

2 Catalogs: Proposals

Catalog	Goals	Template exists in Secil	Decision maker	Channel	# of copies	Unit cost of print (estimate)	Total cost (estimate)
Technical	• Dissemination of designs of excellence • Focus on innovative products • Further the technical language	✓	**Architect** **Engineer**	**Commercial (Secil)**		xxx €[1]	yyy €
Generalist	• Visual and focused on application • Simple language • Easy handling	✗	**Contractor** **Applicator**	**Commercial (Secil)** **Traditional retail**		xxx €[2]	yyy €
Solutions	• Brochures divided by type of construction • Emphasize the advantages of the solutions	✓	**Construction owner**	**Large retail** **Traditional retail**		xxx €[1]	yyy €

- The three catalogs imply an **additional investment of nnn euros** and would enable to **cover each decision-maker** with solutions tailored to their needs
- For a total print run of **www copies**, Secil invest approximately **zzz euros**
- Existence of **specific solutions** for **rehabilitation** brochure

Source: PTEC, SecilArgamassas and Secil / NovaSBE team Note: 1 - The development and production of catalogs is a sunk cost included in the communication agency's fees working with Secil (the development of the latest catalog did not cause an increase in base fees); 2 - Budget based on Weber's catalog

Secil's presence in retailers can be improved following best practices of competitors in training, posters / Advertising and showrooms

3 Demonstrations: Areas of improvement in the traditional retail

Area of intervention: Demonstration and Clarification actions

Why?
- Competitors more present at retailers in terms **of training and launch events** for new products

How to implement?
- **Increase frequency of direct actions:**
  - Training
  - Product launch events in each region's largest retailer

Example:

Area of intervention: Posters / Advertising

Why?
- Weber with **welcome signs** on retailer
- Competitors advertise the brand through **tarps in trucks**
- Competitors advertise on **billboards** outside urban centers

How to implement?
- **Use available means** to publicize the brand
  - Retailers
  - Trucks
  - Focus on low cost or costless advertising

Example:

Area of intervention: Showrooms

Why?
- Secil is present in xx retailers
- **Positive feed**back from retailers due to increased sales incentives
- Residual maintenance costs
- Allows for client's **direct contact** with products/solutions

How to implement?
- The process of creative development, production and assembly is currently a **subcontracted service**[1]

Example:

Source: Secil/NovaSBE Team

Note: 1 – There is a one time cost estimated between xxx€ and yyy€ for each showroom

Secil can resize the mortar samples and adjust its content in order to facilitate decision makers contact with the products

4 Demonstrations: Comparison of the sample in a thermal insulation product

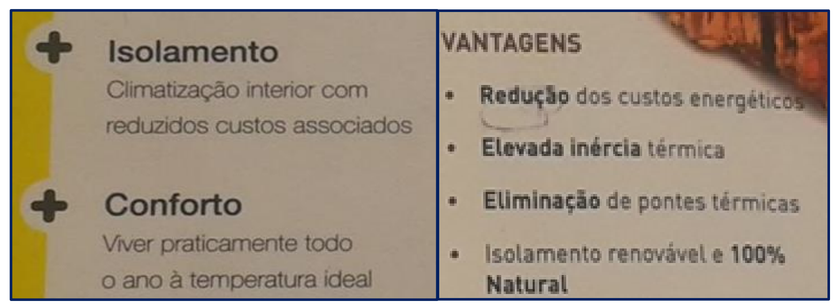
Comparision	Secil[1]	Weber[1]
Size	Bigger	Smaller
Availability in the retail	Less available	More available
Handling	More complex	Simpler
Language	Technical	General
Type of information	Extensive	Direct

- Resize sample
- Expand availability of existing samples
- Render sample more user friendly (in terms of language, size and handling)
- Simplify content and communication

Size comparison

Handling comparison

Language and information comparison



Source: Secil/NovaSBE Team

Note: 1 – For this comparison we used the SecilVit Cork products and Weber Therm Mineral

Secil can continue to invest in digital promotion for dissemination of new products, events, training and design of constructions

5 Digital promotion: Social networks presence

	Social Networks			Language	Promoted Content			
	Facebook	YouTube	Twitter	Several languages	Events	Training	Products	Design
Secil	✗	(✓)	✗	✓	✗	✗	✓	✗
Cimpor	✗	✗	✓	✗	(✓)	✗	✗	✗
Sika	✓	✓	✓	✓	✓	(✓)	✓	✓
Kerakoll	✓	✓	✓	✓	✓	✓	✓	✓
Weber	✓	✓	✓	✓	✓	✓	✓	✗
Holcim	✓	✓	✓	✓	✓	✓	✓	✓
Cemex	✓	✓	✓	✓	✓	(✓)	(✓)	✓
Heidelberg	✗	(✓)	✓	✓	(✓)	✗	✓	✗
Italcementi	✓	✓	✓	✓	✓	✗	✓	✓
Lafarge	✗	✓	✓	✓	✓	✗	(✓)	✓
Vicat	✗	✓	✗	✗	✗	✗	✓	✓

Legend:
✓ *Active presence*
(✓) *Not very active presence*
✗ *Not present*

- International players are focused on the dissemination of design of constructions and brand events
- International players generally do not disclose training
- Secil is present only on YouTube with SecilArgamassas account

Source: Secil/NovaSBE Team

There are different social networking platforms with a flexible format focused on text, image, or video that Secil could regularly use

5 Digital promotion: Formats for digital promotion

1. Diera: Product catalog

2. Holcim: Design of constructions

Using these network platforms will allow an updated, closer and more personalized relationship with the end client

3. Sika: Waterproofing solution

4. Weber: Training action

5. Cemex: Corporate event

Source: Secil/NovaSBE Team

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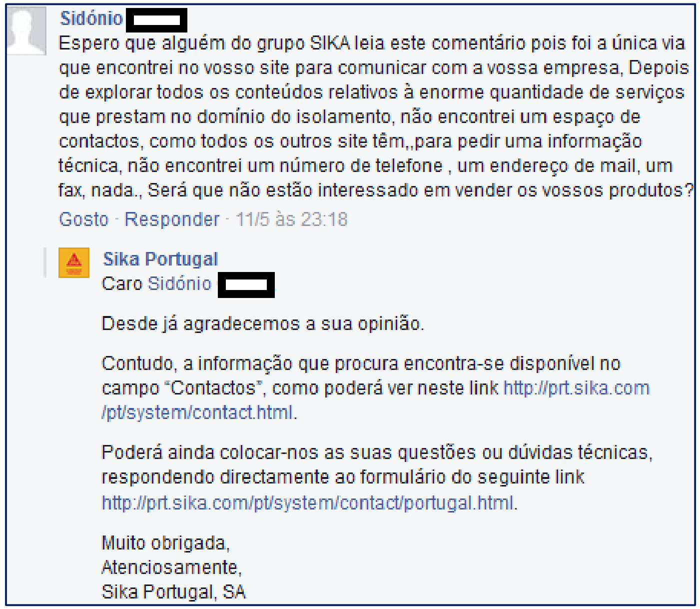
The promotion on social networks requires someone responsible for managing the content and dealing with users/customers

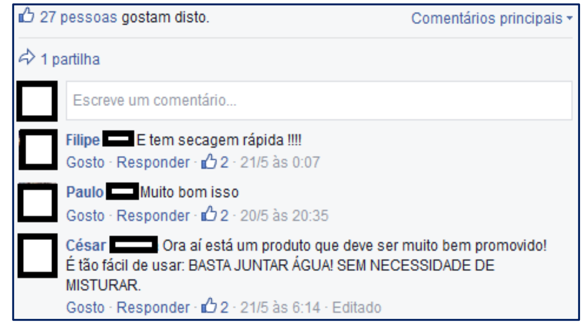
5 Digital promotion: Content management on social networks

1. Cemex: Corporate communications

2. Sika: Complaint management



3. Weber: Product promotion



- Overall, only **positive** comments appear on the companies analysed
- Can not safely say that the **comments, shares, and likes are organic** and come from customers/users
- Customers/users and competitors can use social networks as a **means for complaints**
- It is necessary to **manage complaints** and negative comments **immediately and constantly**
- The management of complaints and negative feedback can have **positive effects due to the close interaction** and clarification done with the client / user

Source: Secil/NovaSBE Team
Note: All examples shown are referred to May 2015

1. Understanding of the situation, objectives and methodology
2. Market research
3. Market segmentation and value propositions
4. Product and promotion management
5. **Distribution and sales force management**

Direct sale and retail utilization will be according to the initial segmentation in order to target the market with a more effective approach

Direct sales vs Retail

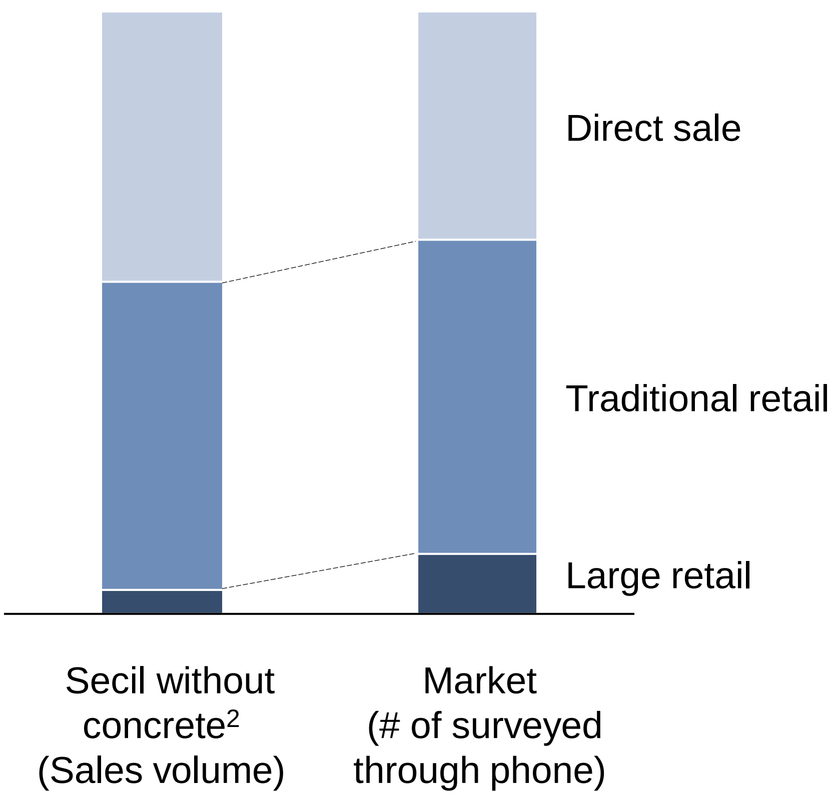
	Direct sale	Traditional retail	Large retail
Advantage	✓ Be sure client buys Secil ✓ Be sure that there is an attempt to sell all Secil portfolio ✓ Higher proximity to the client	✓ More points of contact with the end customer ✓ Makes logistics easier ✓ Less use of Secil resources	✓ Increase visibility ✓ More points of contact with the end customer
Disadvantage	✘ Conflict with retail network (compete against clients)	✘ Sell other brand's products ✘ Possibility to change for other brand in the store	✘ Reduced margins ✘ Conflict with traditional retail network ✘ Traditional retail disadvantages
	Channel to use for big contractors and big constructions[1]	**Channel to use for small and middle contractors[1]**	**Chanel to use to increase visibility and for the do it yourself segment**

Source: Secil/NovaSBE team
Note: 1- Can depend on segment

There are differences between Secil and the market in the usage degree of the distribution channels

Distribution channels: Secil vs Market

Used[1] distribution channels



- There is a **difference between** the distribution channels used by Secil and the ones used by the market
- Large retail seems to be the channel where Secil **would have to grow** if it would make sense to match the market
- Mortars are the **only sold product** by Secil in the large retail
- Through the phone surveys it was concluded that the large retail **has a relevant weight** for the purchase of materials while in Secil it has a **residual weight**

Source: BUs and Secil/NovaSBE team

Note: 1- Secil values according to sales, market values acquired through phone survey 2- Concrete does not exist in the large and traditional retail

Secil can improve its presence and manage more efficiently its distribution channels

Distribution channels: Key growth opportunities

Improvements proposal

Direct sale

1. Use **exclusive points of sale** of each product to sell other Secil's portfolio products
2. Establish a **unique phone number** to improve client´s **first contact**
3. Use the **online channel** as an efficient sales channel of several Secil solutions to make client's sales easier

Traditional retail

4. **Improve** the actual Secil **retail network** by being present with all Secil products and reinforce Secil presence in a larger number of retailers nationally
5. Create **partnerships** with retailers in order to give them access to sell all Secil construction materials

Large retail

6. Enter in the **large retail** to increase visibility and keep up with the competitors

Source: Secil/NovaSBE team

Secil can use its internal points of sale to facilitate logistics and to become closer to clients

1 Direct sale: Internal points of sale synergies

# Points of sale		Tiles	Mortars	Aggregates	Concrete
Argibetão factories	confidencial	✓	O	O	
SecilArgamassas factories		O	✓	O	
SecilBritas quarries				✓	
Unibetão concrete centrals		O	O	O	✓
Cement[1] warehouses		O	O	O	

Secil points of sale	Tiles	Mortars	Aggregates	Concrete
Current	confidencial			
Possible[1]				
	+x	+y	+z	

- Secil can use **specific products points of sale** to sell other products from its portfolio
- A client would be able to satisfy his needs in a **single point of sale**
- It is necessary **to evaluate if it is viable** to make the material available in the point of sale
- There are 5 **relevant criteria** to be studied: market needs; transport costs; room; number of workers and point of sale[2] conditions
- With this measure Secil can **increase its presence** in the market by increasing its points of sale

Legend: ✓ *Currently present warehouses* O *Expansion opportunities* ■ *There is no opportunity*

Source: BUs and Secil/NovaSBE team 1- Make available all materials in Secil's warehouses would only be in the long run and would be a strategic decision due to the fact that some cement clients are also competitors in other materials except aggregates 2- For example safety or covered warehouses

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Secil can improve the first contact with the client by creating a unified phone network to offer an integrated solution

2 Direct sale: Mystery client summary matrix

	Which products were ordered				
Contacted business unit	**Mortars**	**Aggregates**	**Concrete**	**Tiles**	**Answered calls(%)**
Secil Argamassas	🟡	🔴	🟡	🔴	100%
SecilBritas	🟡	🟢	🟡	🟡 🔴	100%
Unibetão	🟡 🔴	🟡	🟡	🔴	36%
Argibetão	🟡	🟡	🟡	🟢	100%
Cement warehouse	🟡	🟡	🟡	🟡	67%
Admin. services	🟡	🟡	🟡	🟡	75%

- Exists several gaps concerning the first contact with the client
- Only two times the problem was solved

Unique number (short run)	**Unified phone network** (middle/long run)
The client would call this number and would have the option to be **forwarded** to each commercial	There would be a unified phone network where the client **could ask about all products**

Legend:
- 🟢 Dealt with the problem
- 🟡 Gave commercial/BU/headquarters contact
- 🔴 Knows but does not have contact/Does not know the product/BU

Source: Secil/NovaSBE team Notes: There were conducted 29 mystery clients, 4 for the administrative services, 14 for Unibetão, 2 for SecilArgamassas, 3 for Secilbritas, 3 for Argibetão and 3 for PTcimento

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Secil can learn from international players how to structure the online channel in order to have an effective sales channel to its clients

3 Direct sale: Buying materials process

4 steps to buy 1 product
5 steps or more to buy several products

1 **Go to website**

2 **Call the headquarters**

Ask construction materials

3 **Call the BU**

4 **Call the commercial**

Ask materials from another BU

5 **Call other material BU**

5/6 **Call other material commercials**

Cemex Spain
(website)

1 commercial agent
1 point of sale
All products
2 steps to buy several products

Cemex UK
(website)

Online orders
Central phone of service
Sales locations available in the internet
1/2 steps to buy several products

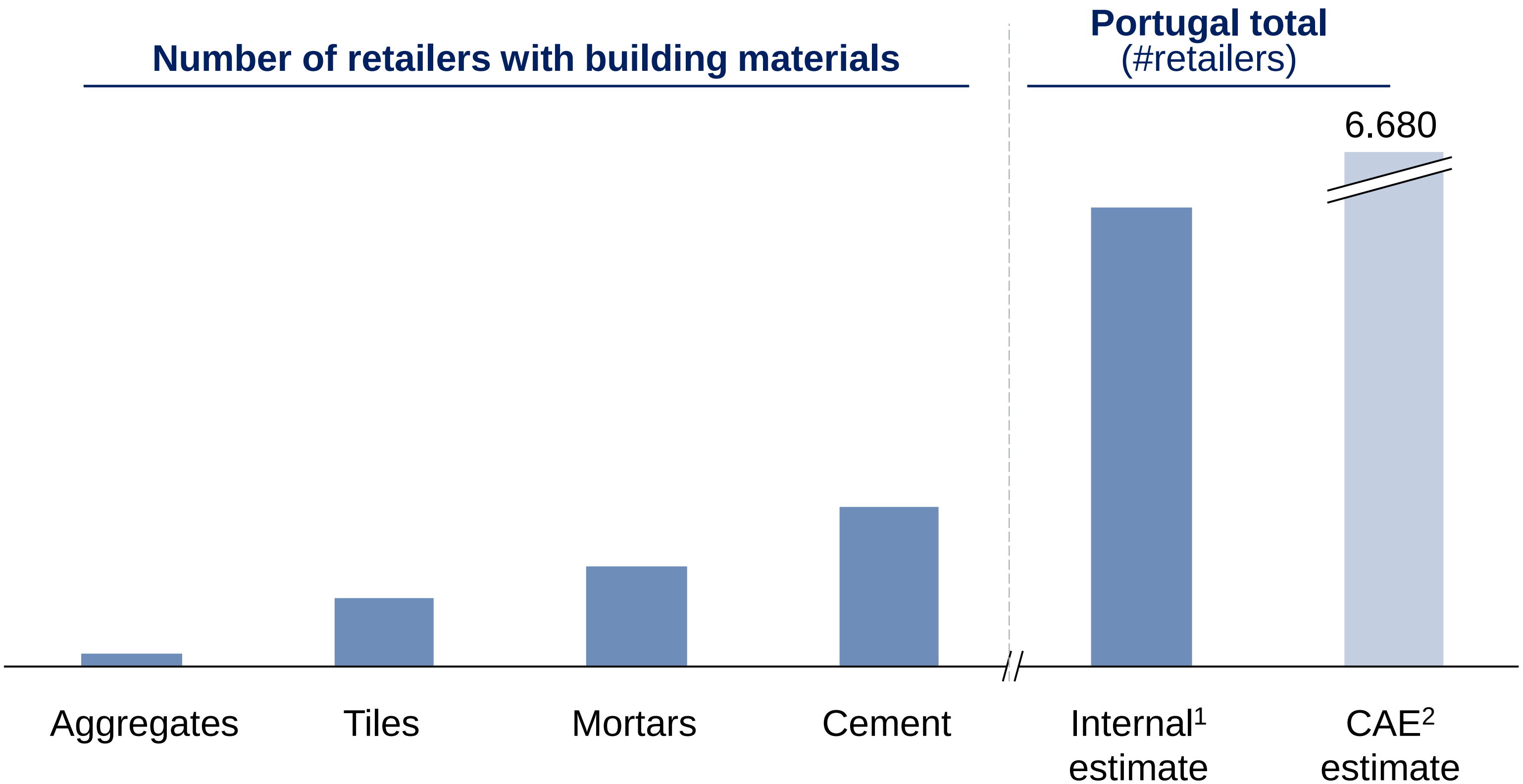
Online order channel

- This is a direct sale channel to which only **big contractors and retailers** would have access
- In the **short run** the client area would be **restrict** to the products of the BUs through which they were **registered**
- In the middle run they would have access to **all products**
- Like it is done in the cement business there would have to be a **previous registration** where Secil **would approve the client**

Source: Secil/NovaSBE team

Secil can increase its current retail network by being present with all products in the retailers

4 Traditional retail: Number of retailers with building materials

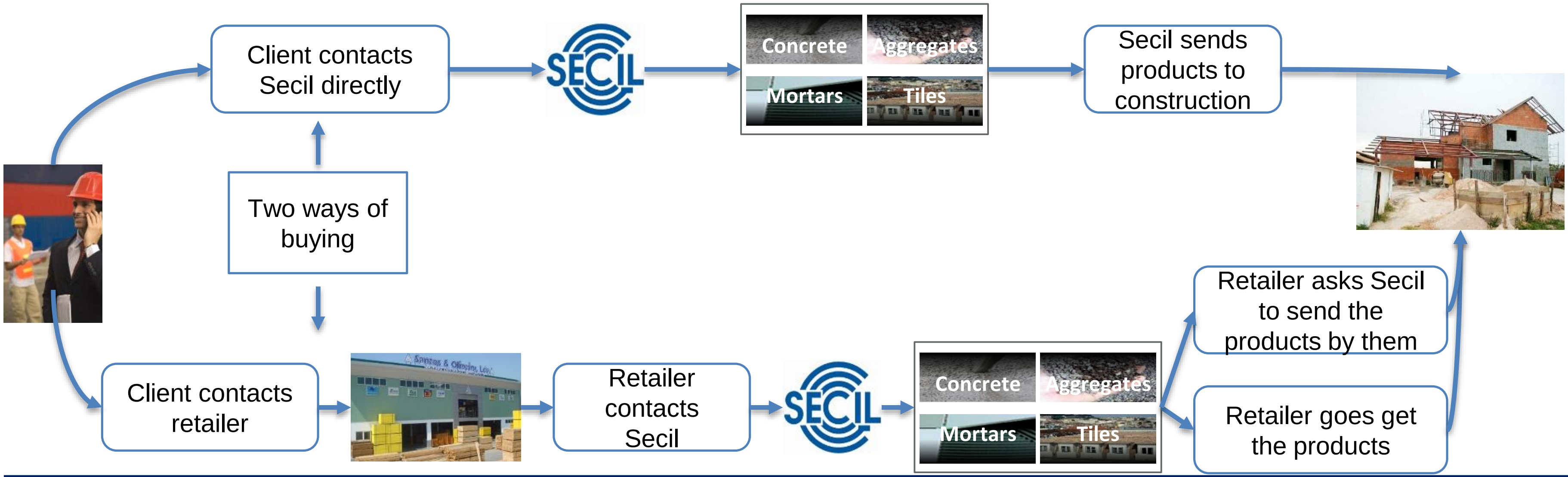


- Secil has the opportunity of **increasing its presence** in retail
- Being present in more retailers increases the number of clients that have access to Secil products and increases **brand visibility**

Source: BUs and Secil/NovaSBE team
Notes: 1- with some size 2- CAE – classificação de actividades económicas

Secil can create partnerships with retailers in order to allow the sale of products not available in stock

5 Traditional retail: Buying process proposal[1]



- Through the creation of a **partnership system** with the retailers, they could sell all Secil's products even those **not available in stock**
- The **retailer would invoice the sale** and would call Secil to arrange the product[1] delivery
- Secil **invoices the retailer**
- Through this retailers would have more **incentives** to sell Secil's products
- This process would also **make the access** to all Secil's products easier as they would be **available** to buy in all those retailers
- Clients would also benefit from this system as they could buy **every material in just one location**
- This process would give the chance to enter in retail with **concrete and aggregates**

Source: Secil/NovaSBE team 1- In the short run BU can only accept to do business with their clients, in the long run the retailers would be clients of all BU 2- This process would be different depending on the payment conditions given to each retailer

Secil can increase its mortars' presence in the large retailers

6 Large retail: Mortars' presence

Top 4 Big large retailers (Sales Volume 2014 M€)		Number of mortars[1] items	Percentage of mortars items from Secil (Website)	Percentage of mortars items from the biggest player (Website)	Most representative brand
Aki	270	143	0%	23%	Rubson
Leroy Merlin	134	118	3%	64%	Weber
Bricomarché	75	19	0%	42%	Diera
MaxMat	70	39	0%	100%	MaxMat[2]

- Secil has a **residual presence** in the large retail
- The **main competitors** have a strong presence in the large retail
- Being present in the large retail allows a **bigger visibility** of the brand[3]
- It is necessary to evaluate the **tradeoff** between presence/cost associated and channel conflicts with the retailers

Source: Secil/NovaSBE team Note: 1- Aki, Leroy Merlin and Bricomarché information source website; MaxMat information source catalogue; 2- Own brand MaxMat; 3- Conclusion taken from the conducted field interviews

Secil’s sales force can be restructured to make prescription, sale and technical support more efficient

Sales force: Key growth opportunities

	Key findings
Capacity of visits	1 Secil’s materials have together **xxx commercials** that can make about **yyy visits** to the various participants per year. 2 The visits of the sales force differ for different decision makers/stakeholders and for Secil’s clients and non Secil’s clients.
Structure and commercial allocation	3 Secil can divide its sales force roles in **prescription**, **sales** and **technical support** to better respond to market needs. 4 The creation of the **product manager** figure is important to **support *PTEC* and commercials**. 5 According to the different needs of the decision-makers/stakeholders and number of visits that can be made per year, it is recommended the allocation of **aaa people to the PTEC**, **bbb product managers and ccc commercials**.
Commercial strategy	6 Secil’s sales force should address architects, contractors and applicators with different strategies to provide a better service.
Planning	7 Secil can enhance its commercial strategy with a **unified database** and **better planning.**

Source: Secil/NovaSBE team

Currently, Secil's materials have yyy people dedicated to the commercial area

1 Capacity of visits: Number of persons in the commercial area

	SecilBritas	SecilArgamassas	Unibetão	Argibetão
BU				
Sales Force				
Total	XXX	XXX	XXX	XXX

- Business Unit Director
- Commercial
- Regional Director
- Commercial Director
- Commission agent

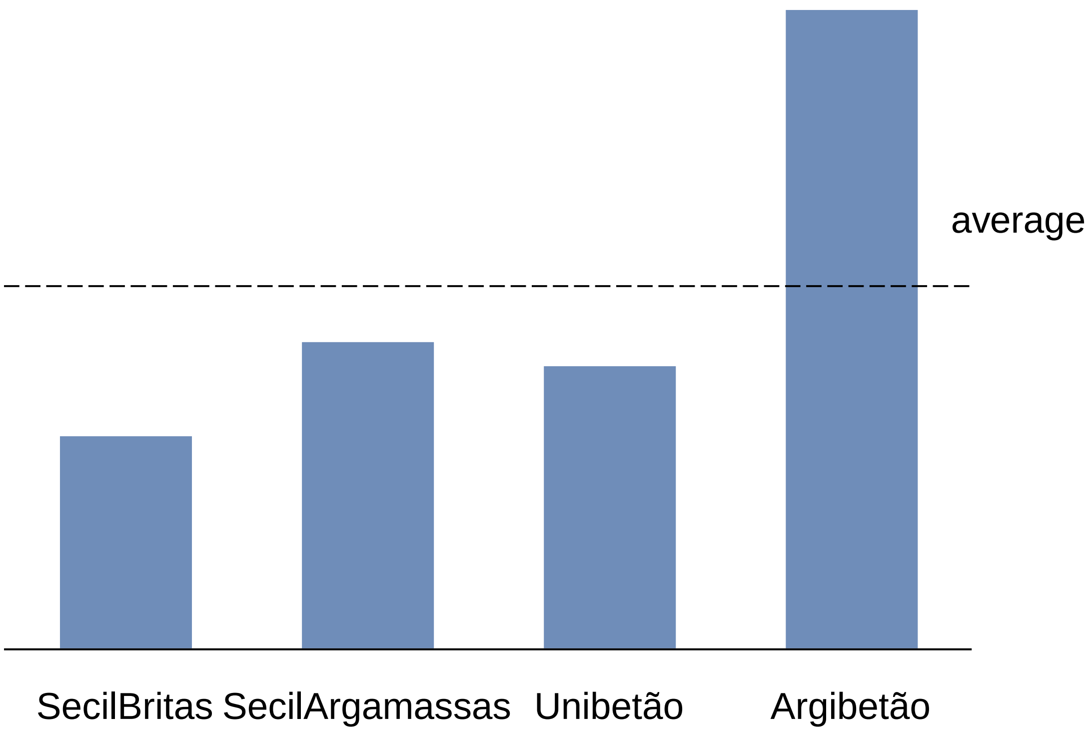
- Secil has yyy **people dedicated to the commercial area** of which **nnn are commercials**

Source: Secil/NovaSBE team

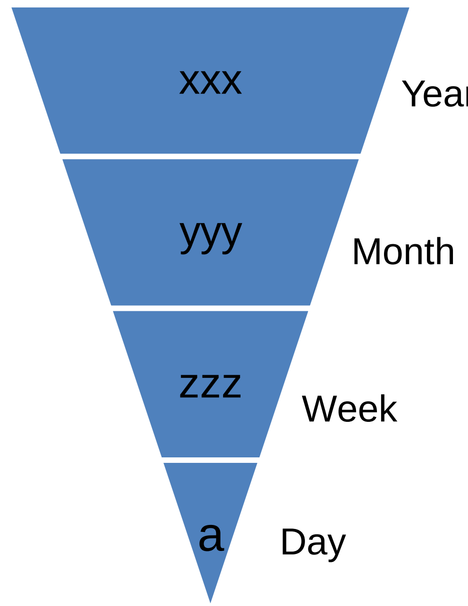
Secil’s sales force has the capacity to make about ccc visits per year

1 Capacity of visits: Number of persons in the commercial area

Current number of visits of a commercial per week



- On average, one Secil’s commercial can do:



- **Secil’s commercials (bbb)** can make on average **ccc visits per year**

Source: BUs, Sales Force registry, and Secil/NovaSBE team

Secil's sales force allows to cover different stakeholders/decision makers at each stage of the construction

2 Visits capacity: Planning of proactive visits

Stage	Intervenients	Unit of measure	# estimated in Portugal	# visits/year per stakeholder	Weighting[1]
Building idea	Construction owner (sporadically)			confidencial	confidencial
Financing	Bank (for further consideration)	1 balcony	4.253		
Architectural/ engineering project	Architect/Engineer	1 architectural company	3.550		
Licensing	Construction owner	1 license	6.771		
Construction	Contractor	1 company	44.730		
	Applicator	1 applicator	1.500		
	Retailer	1 retailer	1.500		
	Large retailer	1 large retailer	109		

Source: Secil/NovaSBE team; *INE*; websites AKI, Brico Depôt, Leroy Merlin, Bricomarche, Maxmat, Izibuild; *APFAC*; 1- It was assumed that: 30% of architects/engineers, applicators and large retailer are clients; 40% of applicators are clients and 2% are large, 20% are medium and 78% are small; 525 retailers are clients (cement proxy)

The sales force can be divided into 3 different functions: prescription, sales and technical support

3 Structure and commercial allocation: Roles

	Objective	Role
1. PTEC[1]	**Promote**	• Contact architects • Promote Secil's solutions • Support prescription • Investigate possible projects among architects
2. Commercials	**Generate sales**	• Manage customers through channels • Offer solutions considering type of construction
3. Product Manager	**Provide technical support and training**	• Support PTEC and Commercials • Training / workshops • Presentations at universities, fairs and other events • Applications development • Preparation of the documentation about the product

Source: Secil/NovaSBE Team
Note: PTEC- Promoção Técnica Comercial

It is proposed the creation of the product manager figure

4 Structure and commercial allocation: Product manager's characteristics

Product Manager

Characteristics

- National coverage
- **High technical product knowledge** and understanding of the market trends
- Important to **train and motivate commercials**
- Responsible for **training other product managers** and for **external training**
- **Responsible for the financial analysis** of the product
- Transmits **sales targets** to commercials
- **Autonomy to make quick changes** to the marketing of products
- **Each BU must have at least one product manager** (BU may delegate better and have a greater role in management)
- Best suited for products with greater **challenges in terms of sales**

Source: Secil/NovaSBE Team

Based on the needs of the different stakeholders/decision makers it is possible to define a first estimate of commercial allocation

5 Structure and commercial allocation: Allocation proposal

Preliminary

Who/What to visit	# visits/year[1]	Kind of need (%)			# employees			
		PTEC	PM[2]	Commercial	PTEC	PM[2]	Commercial	
Architect/ Engineer		80%	20%	-			-	
Constructions		-	-	100%	-	-		
Contractor		-	20%	80%	-			
Applicator		-	80%	20%	-			
Retailer		-	30%	70%	-			
Large Retailer		-	25%	75%	-			
				Total	xxx	yyy	zzz	aaa

Source: Secil/NovaSBE Team

Note: 1-It was assumed that the visits take the same time and that each commercial can make 660 visits per year 2- Product Manager

PTEC may be responsible to promote and help prescription among architects while the PM[1] can give all the necessary technical support

6 Commercial strategy: Architects

Type of action	Goal	Potential tools to implement	Who implements
Promotion	• Stimulate demand for cementitious materials / Secil • Promotion of Secil's solutions	• Visit architecture offices • Delivery catalogs and samples • Providing contacts • Disclosure of innovative solutions through samples and digital promotion • Presentation of the technical and aesthetic gains of PVA's • Clarification of general questions	
Prescription	• Put Secil's brand whenever possible in the specifications and influence the prescription of materials with specific Secil's properties	• Fill specifications and bill of quantities through standardized minute for each solution	
Technical Support	• Differentiate Secil with the best service and technical support	• Workshops about innovative products and solutions • Clarifying technical issues	

Source: Secil/NovaSBE Team
Note: 1-Product Manager

Secil's commercials could have a strategy aimed at contractors by construction stage; the product manager appears as necessary

6 Commercial strategy: Contractors

Type of action	Goal	Potential tools to implement	Who implements
Prospecting	Market monitoring and promotion of Secil's solutions	• Visit the construction companies' purchasing departments[1] • Organization of meetings with construction directors • Offer samples and catalogs • Visit the works • Promotion of cross selling discounts	
Sales	Be the first brand to come unto the construction and sell Secil's solutions	• Visit the construction early on for identification of needs • Presentation of Secil's solutions • Promotion of Secil's solution guarantees • Alternative materials identification (countertypes[2]) • Suggestion of Secil's certified applicators	
Monitoring	Provide the best service and guarantee Secil´s quality	• Follow-up after-sale: check the materials and the application; clarification of doubts • Clarifications and more technical support	

Source: Secil/NovaSBE Team Note: 1- Strategy directed at companies with dimension to possess purchasing departments; 2-Equivalent Secil's materials in the case other brands are in the specifications or in the cases no brands are listed

The management of the relations with applicators begins with training and ends with the assurance of the quality of the work

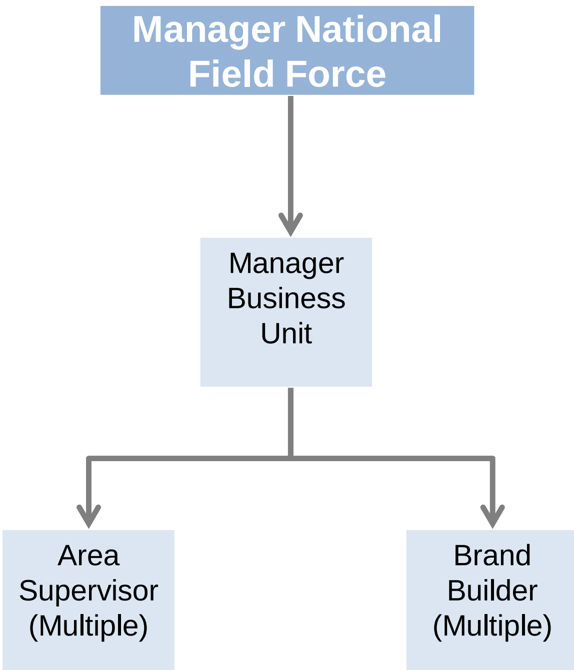
6 Commercial strategy: Applicators

Type of action	Goal	Potential tools to implement	Who implements
Certified training	• Create a network of applicators	• Internal technical training	
Suggestion of applicators	• Strengthen the partnership with applicators and foster loyalty	• Suggest Secil's applicators to contractors • Forward applicators to the retailers	
Monitoring	• Ensure the quality of Secil's products in the construction sites	• Follow-up the construction • Application assessment	

Source: Secil/NovaSBE Team

A Philip Morris International has its sales force organized efficiently and supported by new technologies

7 Planning: Benchmark Philip Morris International



- The Brand Builders are divided by territory, having freedom over the strategy to implement on its territory, but having to do presentations to the Business Unit Managers whenever necessary
- All the information is registered on the platform existing little interaction between the Brand Builders and their supervisors
- The platform optimizes routes and adjust visits planning in real time
- Planning is done at least two weeks in advance
- For any event arising as chance to sell more (*e.g.* summer festival) it is done a business case and a presentation to the supervisor to assess whether it will be a profitable move
- The salary of Brand Builders is only fixed

Source: Secil/NovaSBE Team

Secil can enhance its commercial strategy using a unified database and using data to improve planning

7 Planning: Sales force support

- By creating a **unified database**, the commercials would have an **updated access of the visits to do**. The database would have as source the records in the Sales Force and information provided by local councils
- In this way the **sales force would be more efficient and organised** in advance with a visits schedule to fulfill
- This system would also allow the **allocation of a new approved license** to a particular commercial, helping the presence of Secil in an early stage of the construction

Source: Secil/NovaSBE Team

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At a glance Secil has opportunities in various business levers

Summary of the value propositions

Legend: Covered in this document

	Elements to manage	Value propositions	Support elements
A **Sales Strategy** • Customer segmentation according to needs/ applications/ dimension • Definition of value propositions to implement	**B** Product	Increase the range of products to match or differentiate from the competition	Commercial Organization & Marketing
	C Distribution Channels	Sell all Secil's products in the places where Secil is present. Enhance the distribution network and use direct sales to large customers	Talent and performance management
	D Promotion	Provide training for applicators and increase the brand visibility with better contact with decision makers and increasing presence in social networks	Systems analysis and information
	E Sales Force	Unify sales force to sell all Secil products and create product managers for specific products. Have specific teams for prescription, sale and technical support	
	Price		
	Logistics		

Source: Secil/NovaSBE Team

Note: Based in "Eight key levers and four enablers of World Class Marketing & Sales"

Launching new products: Creating an effective process

Work Project

Under the supervision of Professor Constança Casquinho

António Ortigão Ramos nº1920
Catrin Staiss nº1567

NOVA School of Business & Economics

Shaping powerful minds

June 18, 2015

Abstract

The master's thesis aims to present the final conclusions developed by NovaSBE team over 14 weeks working on a consultancy project at Secil.

A simple and effective framework to launch new products was set up using various tools. The process comprised five main stages: Brainstorming of ideas and BUs allocation; Product evaluation / idea (prioritise based on their potential); Product development; Business Plan; Product launch and lastly Performance/further evaluation after a year of the product life.

Agenda

1. Objectives and methodology
2. Necessity/Opportunity to develop VAPs and requirements for the success of a product innovation
3. Process proposed for Secil, Tools and Governance

1 **Objectives and methodology**

2 Necessity/Opportunity to develop VAPs and requirements for the success of a product innovation

3 Process proposed for Secil, Tools and Governance

The project seeks to define effective methods that evaluate potential;, develop; launch; and assess the results of new products

Objectives and deliverables of the project Launching new products

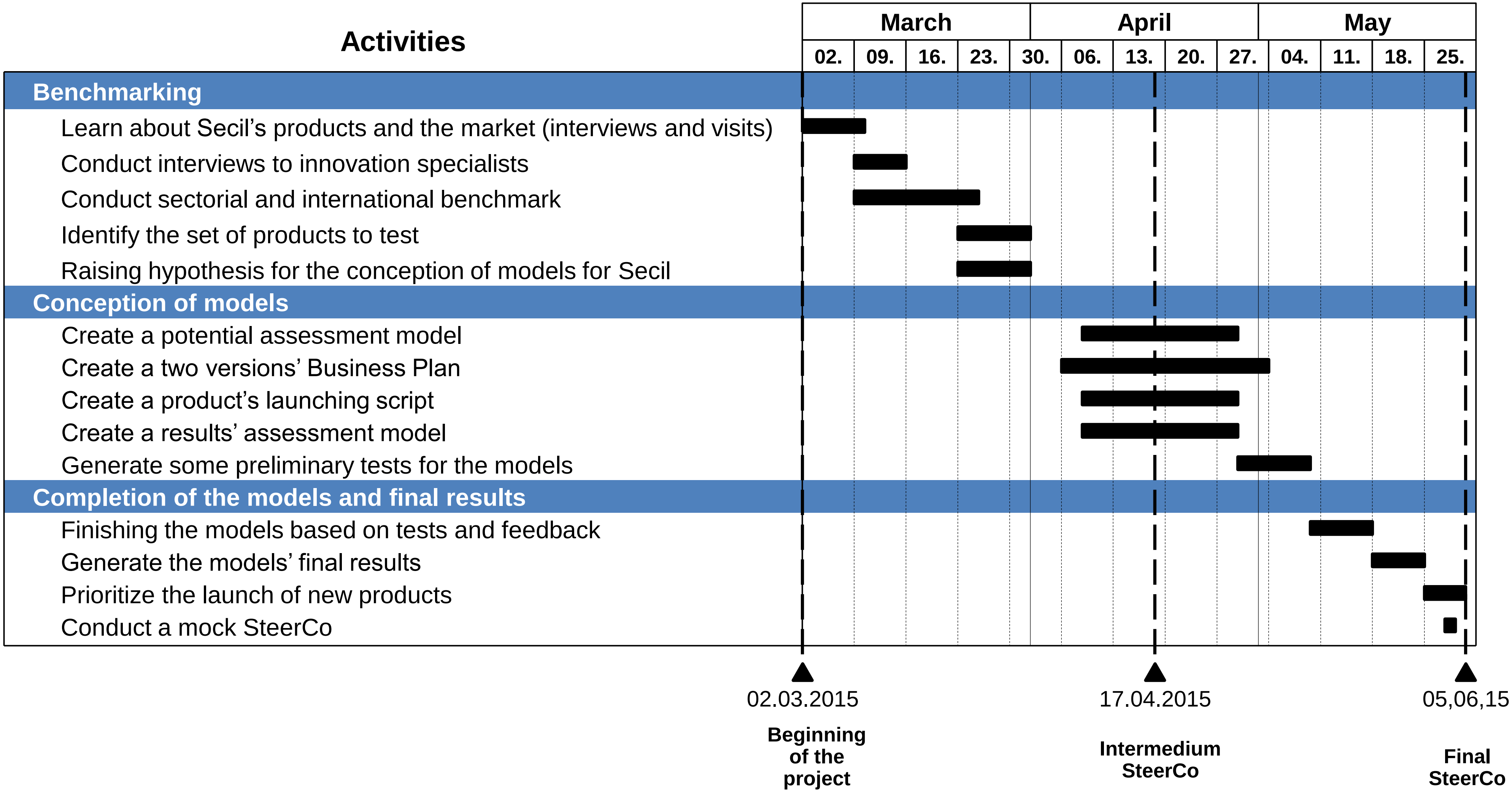
Launching new products

Objectives	**Assess the product's potential**	**Develop the Business Plan**	**Define the product's launching script**	**Define the product's performance evaluation mechanism**	
Main deliverables	1 Benchmark of product's evaluation models	4 Benchmark of business plans	7 Benchmark of launching processes	10 Benchmark of assessment mechanism	1st stage
	2 Defining the product's evaluation models[1]	5 Defining the variables for both Business Plans[1]	8 Defining the launching scripts and processes[1]	11 Defining the assessment mechanisms[1]	2nd stage
	3 Evaluation of the main products in the actual pipeline	6 Development of Business Plans for products in the pipeline	9 Planning product launches in the immediate	12 Evaluation of the main products already launched	3rd stage

1 – With preliminary tests on several products

This project was developed with several tools supporting innovation, in parallel with benchmarking, model's conception and testing

Calendar of the "Launching new products" project



1 Objectives and methodology

2 **Necessity/Opportunity to develop VAPs and requirements for the success of a product innovation**

3 Process proposed for Secil, Tools and Governance

Through Benchmark is notorious the potential and necessity to develop VAPs and the requirements for the success of new products

Launching new products: Main conclusions of the document

Necessity/ Opportunity to develop VAPs

- The benchmark analysis shows a potential to increase the percentage of VAPs
- The VAPs show higher profitability compared to those of the normal products
- Mortars is the BU that stands out, showing more innovation between 2011 and 2014- mainly market pull. This is reflected on their EBITDA margins which rose from 2011 to 2014
- Key people interviews at Secil showed ambition in increasing the weight of the VAPs and their importance

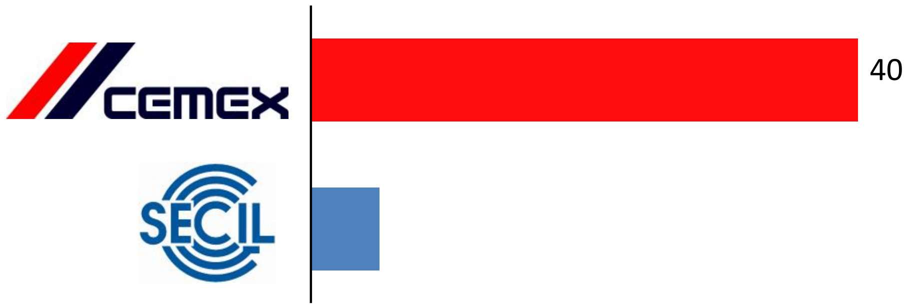
Requirements for the success of a product innovation

- There are difficulties when launching new products that need to be taken into account
- The development of new markets, through Technology Push innovations, allows a higher ROI
- The involvement of the leadership in the innovative process is critical to ensure its success
- The creation of the process to launch new products at Secil should be simple

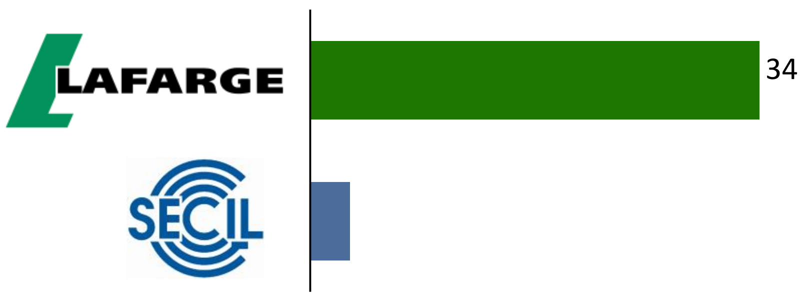
The benchmark in the concrete business seems to suggest that Secil has an opportunity to capture more value through innovation

International concrete benchmark

The weight in sales of the VAPs
(% of the total value, 2013)



The weight in volume of the VAPs
(% of the total volume, 2014)



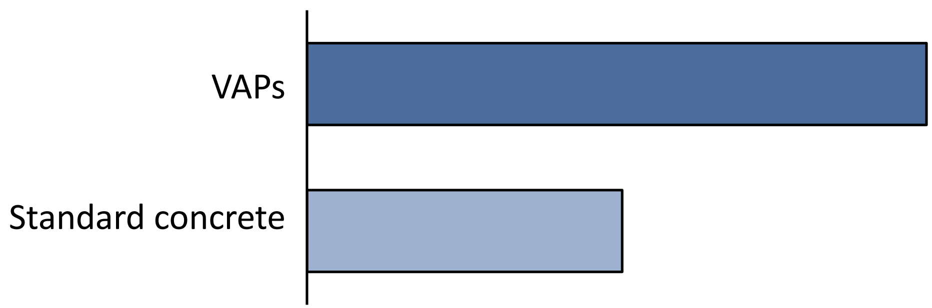
- Comparing with international players, there seems to be potential to increase the Value Added Products
- An increase in the weight of the VAPs in Secil's sales will increase the margin capturing more Eur/Unit

VAPs: Value Added Products: potential to have a higher margin than regular concrete

Value Added Products have a higher profitability comparing to the other products in the concrete business

Profitability of the VAPs in Secil's concrete business

Concrete EBITDA margin
(% of the selling price, Dec 2014)

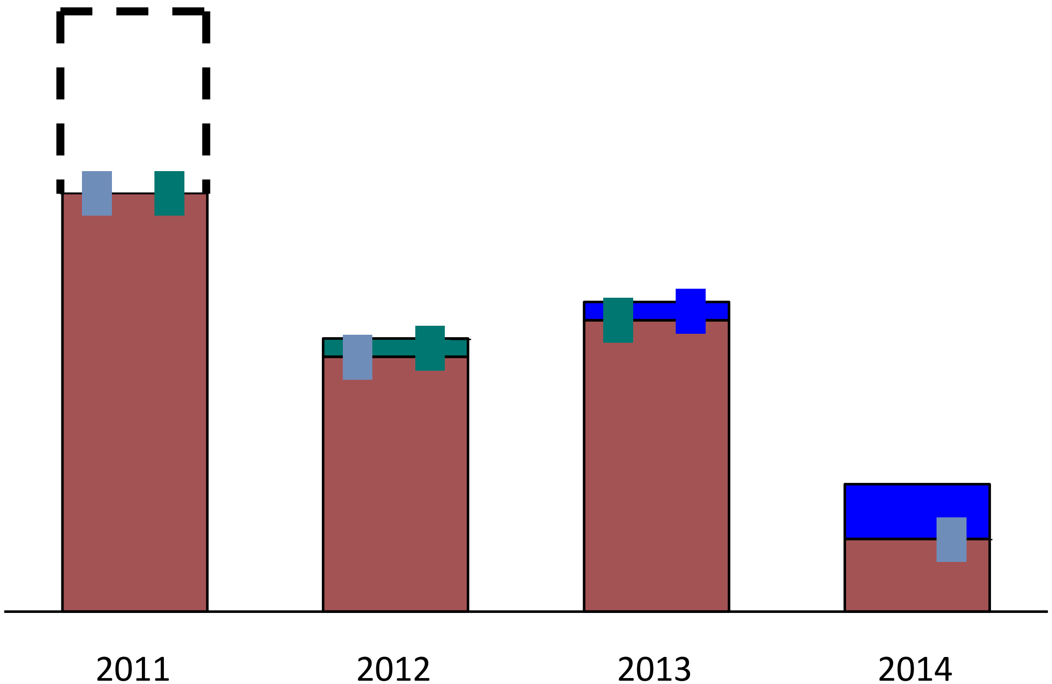


- In the concrete, it's clear that the margin is significantly higher in VAPs
- Despite a bigger investment in VAPs and the their sales' increase, these represent a small part of the total concrete sales yet
- A bigger focus in VAPs should increase the profitability, not only in the concrete but also for all the other construction materials Secil is currently selling

Source: Report VAP Dez 2014

In the last few years, Secil has been having different launch rates across the different Business Units

Number of products launched by Secil (by BU, 2011-2014)

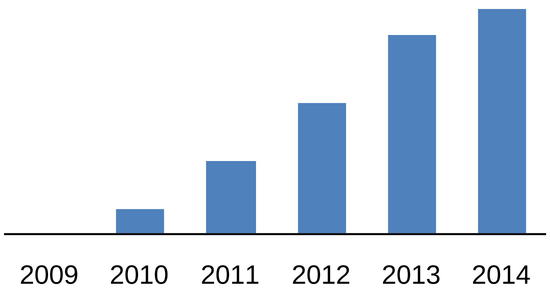


- In terms of product innovation, the mortars business unit was the leader
- The sales of the mortars business unit have followed the market's trend (Market Pull)
- The strategy of launching new VAPs initiated by mortars in 2011 raised the average price in 25% between 2011 and 2013

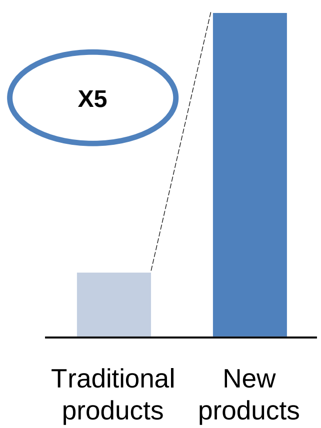
The increase of new products in the mortar sector allowed it to compensate a worst performance period of the traditional products

Weight of innovation in the mortar business

Revenues of new products
(% of revenues, 2009 to 2014)



Average price
(€/ton, 2008 to 2014)



Weight of the new products in the EBITDA
(% of the EBITDA, 2012 to 2014)

- The new products introduced in the last few years represent more than a third of the total billing for the mortars business unit
- The average price of the new products is approximately 5 times higher compared to traditional products
- In 2014, the weight of the new products in the EBITDA was 88%, having a weight in the total billing of 34%, meaning they were essentially added value products
- The new products have allowed the increase of mortars' profitability

VAP: Cost per ton higher than Y €

There is the perception of potential for the development of new products and the VAPs are essential to make the company more profitable

Quotes from the group members (BUDs)

”There is much to explore in the Value Added concretes: white concrete, colored, deactivated, (…)”

“There are many possible different molds and products in the prefab business”

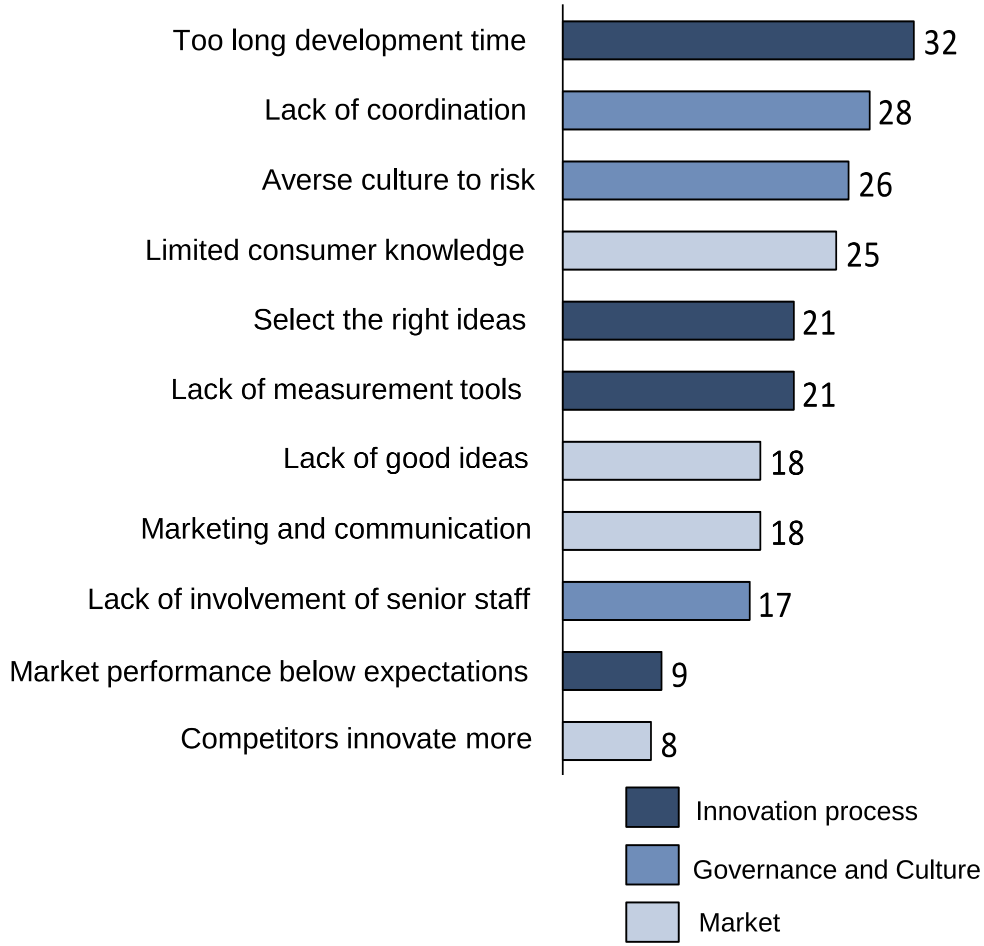
“There is a high annual investment in the R&D of new products (innovative, technologically more developed, higher durability, sustainability and performance in construction”

“It is possible to add value to the stone and export more of it to Europe”

Source: interviews to the different BUs

Difficulties that need to be taken into account when launching new products

Weight of the obstacles to innovation[1]



Requirements for an effective launching model of new products

1. Create a **simple and effective process**
2. Set effective tools **to assess potential, launch and measure results** for new products
3. Assess and **understand the internal conditions** necessary for the project
4. Create a **communication** mechanism
5. **Assign responsibilities** and decision maker/ guardian who will monitor the entire process
6. Contribute to **increase Secil's profitability through the sale of VAPs** more efficiently

Source: NovaSBE
1-"The World most innovative Companies", Business Week, April 24, 2006 , Sample: 1070 executives in 63 countries

Benchmarking identified advantages for market analysis, Governance and best practices for the launching process

Benchmark Summary

Market	• Having a good understanding of the market enables ROFF to stand out and to differentiate them from the competition when it comes to innovation
Governance and Culture	• The success of innovation is closely linked with the commitment and involvement of leadership throughout the process • It is important to have a committee that integrates various departments and people with different functions during the process
Launching Process	• According to Kotler, the New Product Development process involves several stages until its release • The NPD process in the pharmaceutical industry typically have all steps established and standardized for the product launch

A good understanding of the market enables ROFF to stand out and differentiate from competitors when it comes to innovation

How to create value by understanding the market / market segmentation

ROFF

Understanding the Market

How

Why

Inputs for the development of supply (ROFF)

A) **Guidelines of the market** and costumer base, known by the sales force activity (Commercial, Customer Service Managers) conducted by the Commercial Department in proximity to the Directors

B) **Guidelines/market needs known by partners/suppliers**

A) **Guidelines or new needs of ROFF's customer base, known by Project Managers**

Doing Market Segmentation allows to:

1) **Better analysis of the market:**
- Better understanding of consumer characteristics
- Better respond to changing consumer needs/desires

2) **Effective competitive analysis**
- Better understanding of competitors "targeting markets"
- Clearer decisions about which target customers in order to gain competitive advantage

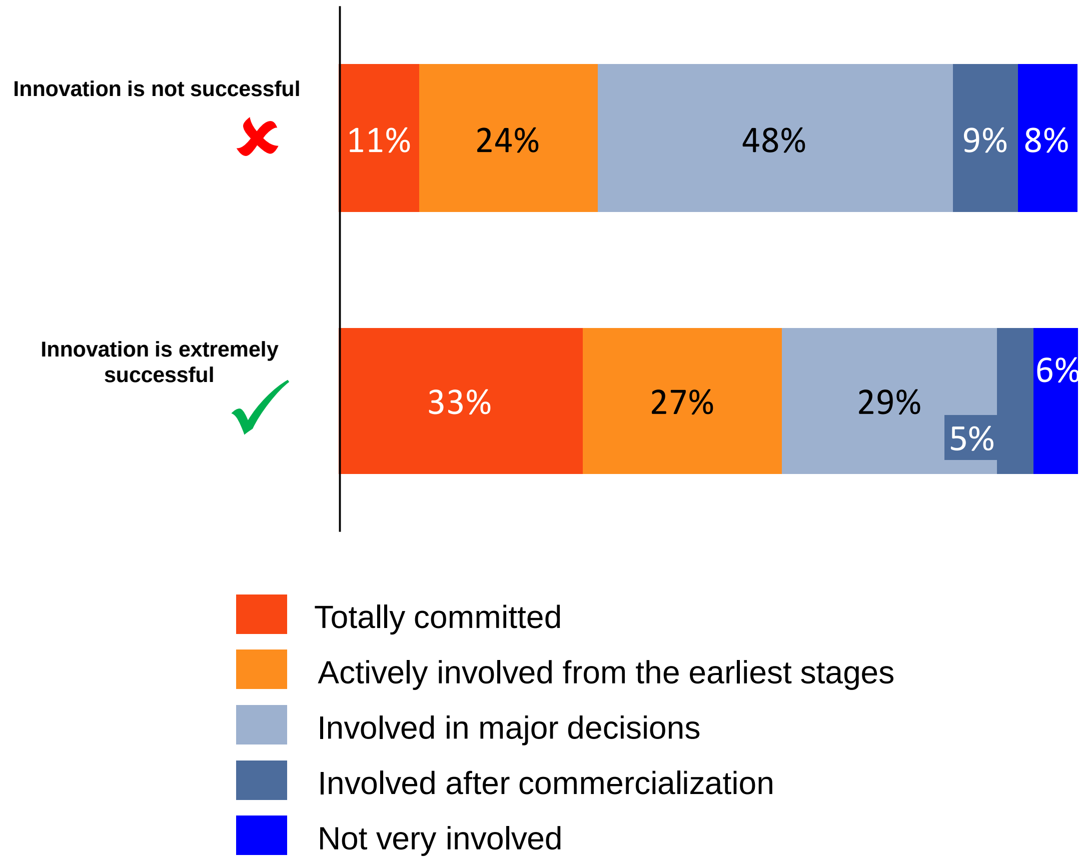
3) **Better allocation of resources**
- Better use of human and financial capital

Source: Market Selection for Technology Transfer, professor Luís Lages (Innovation Management)
Interview with the responsible for the ROFF service innovations

The success of innovation is closely linked with the commitment and involvement of leadership throughout the process

Committed leadership is the biggest indicator for successful innovation

Success factors in innovation



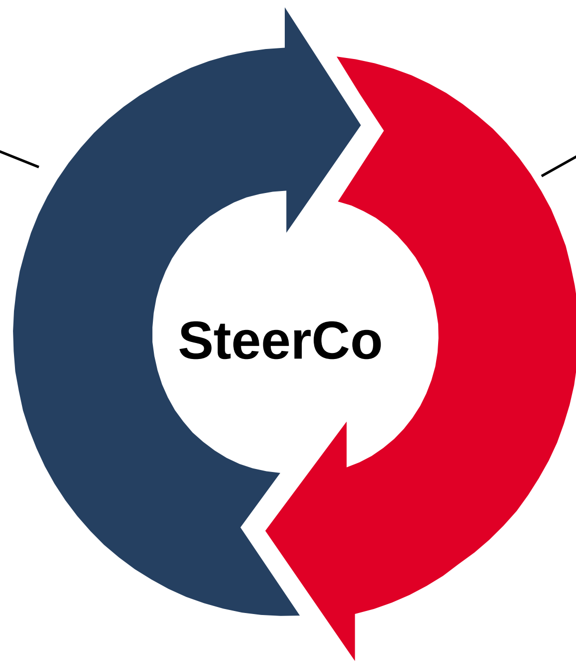
- When innovation was extremely successful, 60% of executives have found full responsibility and active participation at the earliest stages of the innovation process
- It is necessary to ensure the involvement of leadership for the success of the innovation process
- The most innovative projects (disruptive ones) require the Steering Committee to monitor closely, pay more attention and spend more time

Source: The eight essentials of innovation performance, McKinsey
Percentage, N=984 global executives involved in big innovations

A committee with various departments and people with different functions can bring several advantages

Advantages

- Allows the entire process to be **closely monitored by an interested party**
- The fact that having members of various departments allows that **all factors are taken into account/consideration**
- **Different inputs and problems** of each department **will be taken into account**
- It allows for better **coordination of the work under a Leader**



Risk Mitigation

- The process **can go wrong with no charge**
- Some important steps can be ignored
- **Lack of mutual support** between teams
- **Ignore the skills, abilities and different inputs** of team members
- **Lack of orientation can lead to lack of team commitment**

Source: The eight essentials of innovation performance, McKinsey

Kotler proposes a New Product Development process with three distinct phases until the product launch

Theoretical model of NPD

Generating Ideas → Selection of Ideas → Strategic positioning of the product → Business Analysis → Develop-ment and Market testing → Commercia-lization

1 Product evaluation / idea

2 Product Development

3 Product launch

Main requirements

1 Product evaluation / idea

A. Identify consumer's needs (logical source to seek new product ideas)
B. Examining products of competitors

2 Product Development

A. The company's ability to produce the product
B. Consider the competitive viability on the market
C. Check for long-term potential return, if it is according to business policy
D. Sales estimate
E. Cost estimation and profit: allows administrators to design and evaluate the results of the investment and the production process in the short and long term
F. Set a basic strategy: cost and differentiation

3 Product launch

A. Formalisation of the material and its production process
B. Formalizing the strategic positioning
C. It is necessary to identify: media/communication channels and target markets

Source: Dickson 1997, Kotler (1994), Park e Zaltman (1987)

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The process of launching new products in the pharmaceutical industry, typically has all defined and standardized steps

Steps in the overall process of launching products at Pfizer

Pipeline of projects → Develop-ment of products → Tests → MKTG Pre-release of → Regulatory Pre-release → Product launch → Evaluation of patented product

Thera peutic area

1 Product evaluation / idea

A. Future strategic vision (10 years)
B. Inputs from various Bus and MKTG
C. Business Plan
D. List of priority products to develop

2 Product Development

A. More involvement of Marketing, as the product is gaining "moment"
B. Involvement of opinion leaders
C. Greater volume of studies to support marketing actions
D. More accurate financial and business planning

Appr oval (FDA)

3 Product launch

A. Preparation/training of the sales force
B. Budgets are refined and goals are defined
C. Production chain is prepared

Prod uct launc h

4 Performance / Further evaluation

A. Intense exploration of the product during the patent
B. Strong investment in the early years
C. Strategy "cash cow" after 4-5 years of the product in the market

Main characteristics

Source: Interview with ex responsible from the MKTG department of Pfizer

The development of a product can be classified according to the two dimensions of innovation source : Technology Push and Market Pull and differ from each other

Detail by source of innovation

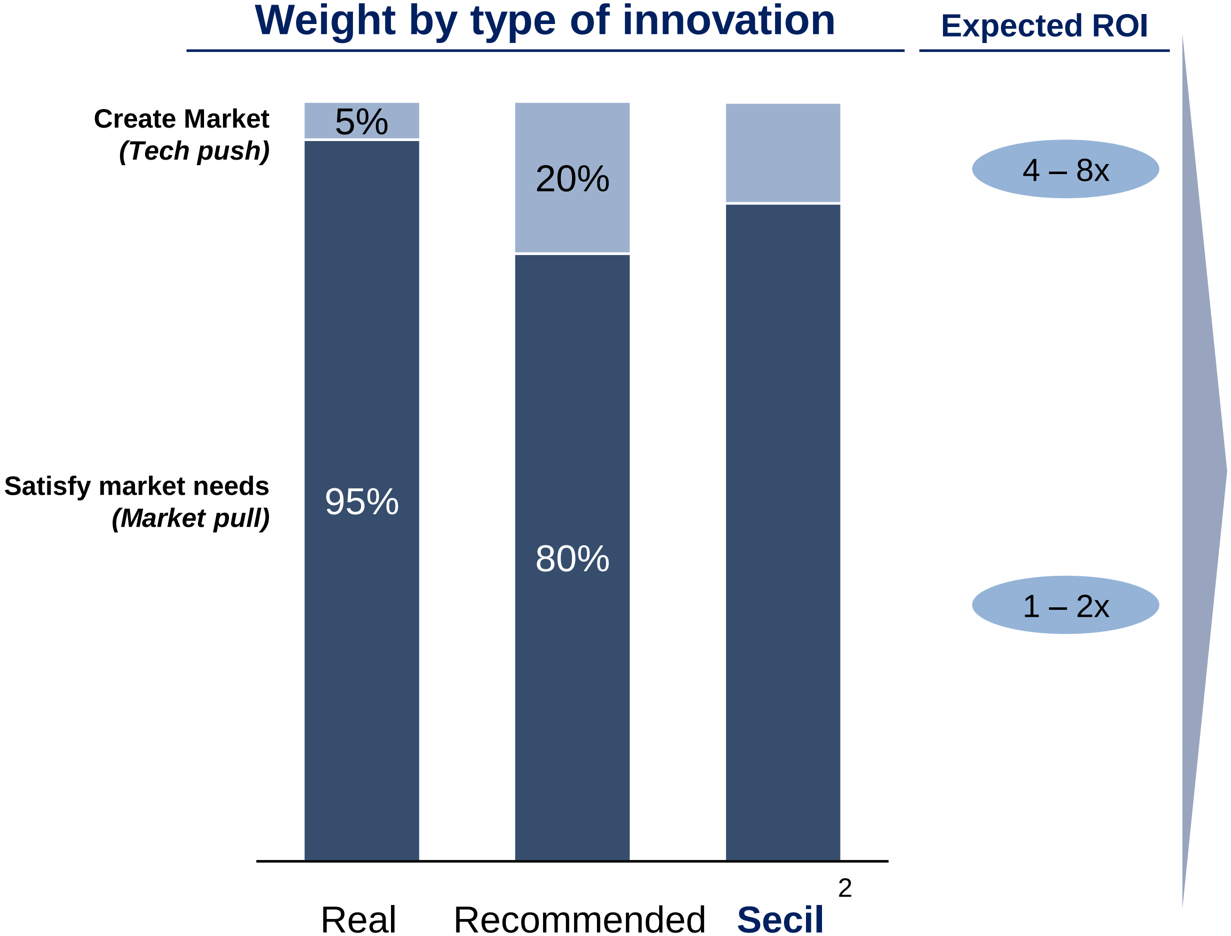
		Create Market *(Technology push)*	Satisfy market needs (*Market pull*)
Process of innovation	**Technology uncertainty**	High	Reduced
	Expenses with R&D	High – higher investment	Reduced – lower investment
	R&D duration	Long, because of the lack of knowledge to develop the product	Short, because of the high experience to develop the product
	Kind of innovative process	Trial and error / learning	Structured
Market	**Type of market research**	Qualitative (normally a specific market niche)	Quantitative (normally a regular market)
	Operational and commercial Risk	High because of the lack of knowledge about the product	Reduced because the product is already known
	Customer integration with R&D	Difficult	Easy
Governance	**Need for monitoring**	Closer and more dedicated monitoring	Less time needed

Source: Gerpott (2005) com Brem e Voigt (2007)
The eight essentials of innovation performance, McKinsey

The two dimensions of innovation sources are important but the return on investment is different regarding the two types

Portfolio of Investment

Weight by type of innovation



- According to the study by McKinsey (Dec 2014) ideally companies should **devote 20% of their business to Tech push and 80% to Market Pull innovation**
- **Over 80% of successful innovators have a well-understood portfolio** management process to evaluate and prioritize projects
- **Readjust the portfolio can increase the return on investment up to 20%**, with a marginal increase in risk
- According to Secil – **Tech push innovations pertain only to *mortars*** with almost one third of the innovations being Tech push (2011-2014)
- **Tech push innovations are extremely uncertain but, if successful, are more profitable** than the ones coming from Market pull

Source: The eight essentials of innovation performance, McKinsey; 1- Sample: companies of retail, media and technology
2 –Innovations were identified at Secil (between 2011 and 2014) and there was only Tech push innovations at SecilArgamassas

The creation of the process for launching new products at Secil should be simple

Which should be

- A **simple model, easy to apply to all the Business Units**, in order to help them for better planning to launch the product and integrate all the units and laboratories (involved people) in the process
- One method to **help understand market trends** (in order to better serve the customer according to their needs) and anticipate innovative ideas from competitors
- **A complete process**, stating what should be done **by whom** in each moment

Process of launching new products

Which should not be

- A "**straitjacket**"
- One way **to restrict innovation**
- One way to **isolate the people involved** in the process
- A process that leads to planning **for a new product without "connection" with reality and market needs**
- Just another form of **bureaucracy**

1 Objectives and methodology

2 Necessity/Opportunity to develop VAPs and requirements for the success of a product innovation

3 **Process proposed for Secil, Tools and Governance**

The process developed for Secil ensures the effectiveness of new products launches, using user-friendly tools for each stages

Launching new products: Main conclusions of the document

General process of launching new products and objectives	• The general process proposed for Secil ensures the effectiveness of new product launches. The proposed model has the objective of being simple and effective ; comprising five stages
Tools used in each stage of the general process	• User-friendly tools have been developed for each of the stages of the process of launching new products • The tools were tested/used by those involved in the innovation process to test its effectiveness
Tools explanation for the different stages of the process	• Each tool is individually described and the head is determined to facilitate the process and ensure everything and everyone are coordinated
Exceptions to the general process of launching new products	• There are some exceptions for our general launching process developed for Secil. The solution for these exceptions was thought to tie loose ends
Format and composition of the Steering Committee	• It is important to have a SteerCo meeting during the process for decision-making • Having committed people involved in the process will ensure the effectiveness of the launching model proposed for Secil and its follow up
Governance	• Having a well defined and structured Governance for the process of launching new products is essential to ensure its success throughout model by ensuring that no task is left undone

The general process proposed for Secil ensures the effectiveness of new product launches

General process of launching new products

Set idea

SteerCo

SteerCo

Idea/ Techno- logy

	1 *Brainstorming* ideas and allocation to BUs	2 Product evaluation / idea	3 Product Development	4 Product launch	5 Performance/ further evaluation
Objectives	Brainstorming/ discussion for possible applications of the technology and production limitations	The aim is to prioritize the products based on their potential, evaluating new products in terms of profitability and feasibility	After completing the Business Plan for better understanding of the market, product, promotion and financial analysis – available in two versions	2Main activities and tasks to ensure an effective launch, allowing to plan the actions and to schedule them naming the respective responsible	Performance evaluation – after one year after product launch – analyzing the data provided in the Business Plan

Source of innovation

Steering Committee

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Tools were created for each stage of the overall process of launching new products

Tools for the overall process

Set idea

SteerCo

SteerCo

Idea/ Techno-logy

1 ***Brainstorming*** **ideas and allocation to BUs**

2 **Product evaluation / idea**

3 **Product Development**

4 **Product launch**

5 **Performance/ further evaluation**

Tools

A. Technology Presentation

Description of the technology to answer to questions such as: what? What for? Highlighting the technical features and key benefits

B. Prioritization Model

Matrix: evaluates profitability and feasibility, with selected variables, weighted in % and specific ratings to prioritize the ideas/products to develop

C1. Business Plan and Financial Analysis

For the analysis of more complex products or new ranges financially

C2. Simplified Business Plan

For products with reduced financial expression or are mere range of extensions

D. Check-list and action plan

Verify that the actions have already been implemented and plan them according to the launching date, identifying the responsible

E1/E2. Post Launch Financial Analysis

With the “real” scenario (after a year of life of the product) comparing actual data with the forecast in the business plan, giving the reasons for the deviations (positive and negative ones)

0. Development Plan: List of projects in the innovation pipeline updated regularly (3 in 3 months) and distributed to all people involved

The development plan is a list of projects in the innovation pipeline updated regularly to keep track of the phase each product is going through

Development Plan

1. ***Brainstorming* ideas and allocation to BUs**
2. **Product evaluation / idea**
3. **Product Development**
4. **Product launch**
5. **Performance/ further evaluation**

Tool — **Development Plan**

Description — List of projects in the innovation pipeline updated regularly (3 in 3 months) and distributed to all people involved to make everyone aware of the phases each product is going through and should be presented in the beginning of every SteerCo

Responsible — Each Business Unit should fill it with their products in the pipeline and send it to GQAS to compile them together

Description of the technology highlighting the technical features, key benefits, main advantages but also possible limitations

Technology Presentation

1	2	3	4	5
***Brainstorming* ideas and allocation to BUs**	**Product evaluation / idea**	**Product Development**	**Product launch**	**Performance/ further evaluation**

Tool

Technology Presentation

Description

Description of the technology to answer to questions such as: what? What for? Highlighting the technical features and key benefits to be used in the brainstorming meeting to discuss possible applications of the technology and production limitations, assigning a responsible BU to conduct the process or if none of them can produce/sell it, assign it to the DEVL department

Responsible

CDAC
Business Unit

Note: CDAC- Centro de desenvilvimento de aplicações de cimento

The prioritization model helps decision makers to prioritize each product before development in terms of profitability and feasibility

Prioritization model

1. ***Brainstorming* ideas and allocation to BUs**
2. **Product evaluation / idea**
3. **Product Development**
4. **Product launch**
5. **Performance/ further evaluation**

Tool

Prioritization model

Description

Analysis of the ideas for new products to launch – in which the essential is to prioritize the products based on their potential: Assess the business potential of the new product in terms of profitability and feasibility.
It is a way to order the main variables to assist the decision making process.
The output is a matrix that allows an easy simultaneous viewing of several products

Responsible

Business Unit

The Business Plan will provide a better understanding of the market, product, promotion and financial analysis and is available in two versions

Business Plan

1 ***Brainstorming* ideas and allocation to BUs**

2 **Product evaluation / idea**

3 **Product Development**

4 **Product launch**

5 **Performance/ further evaluation**

Tool

Business Plan / Simplified Business Plan

Description

In the complete version (Business Plan + Financial Analysis), for more financially complex products or new ranges
In the **simplified version**, for products with reduced financial expression or that are mere range extensions or package changes

Responsible

Business Unit with the support of CDAC (for the technical performance of the product)

The checklist helps to verify which actions have already been implemented and plan them according to the launching date identifying a responsible

Check-list and Action Plan

1. ***Brainstorming* ideas and allocation to BUs**
2. **Product evaluation / idea**
3. **Product Development**
4. **Product launch**
5. **Performance/ further evaluation**

Tool

Check-list + Action Plan

Description

The tool is to be used in the pre-launch phase.
It contains the main questions and tasks to ensure an effective launch, in a simple to fill format, allowing to plan and schedule, according to the launching date, the actions and identify the responsible in a simple way

Responsible

Business Unit

This analysis will compare the forecasted values with the real values allowing to identify the problems and correct them

Post Financial Analysis

1 ***Brainstorming* ideas and allocation to BUs**

2 **Product evaluation / idea**

3 **Product Development**

4 **Product launch**

5 **Performance/ further evaluation**

Tool

Post Launch Financial Analysis

Description

Post launch performance evaluation – with the real scenario (after each life year of the product), comparing values with the pessimist/forecasted and optimist scenario, indicating the justifications and observations in case they apply

Responsible

The responsible who filled the Financial Analysis of the Business Plan in the complete version or the template for the Simplified Business Plan, in the product development phase of the product

However there are some exceptions to our general process for which solutions have been found and here exposed

Exceptions to the general process of launching new products

Exceptions	Solutions
BU has an idea of a product/technology to another BU	Present the idea at the Brainstorming meetings or communicate the idea directly to other BU
Brainstorming meetings give rise to an idea for all the BUs	Transversal solution that makes all the BUs to think about the product together: All the Bus but one responsible for coordinating the process
From the Brainstorming meetings doesn't come out an idea that a BU can produce / sell internally	DEVL responsible for the idea and to follow it through the appropriate model, evaluating the idea on the potential business model. It can go from creating a Start-up to selling to third parties

Creating a multidisciplinary SteerCo that will allow closer monitoring of the process and important for the decision-making process

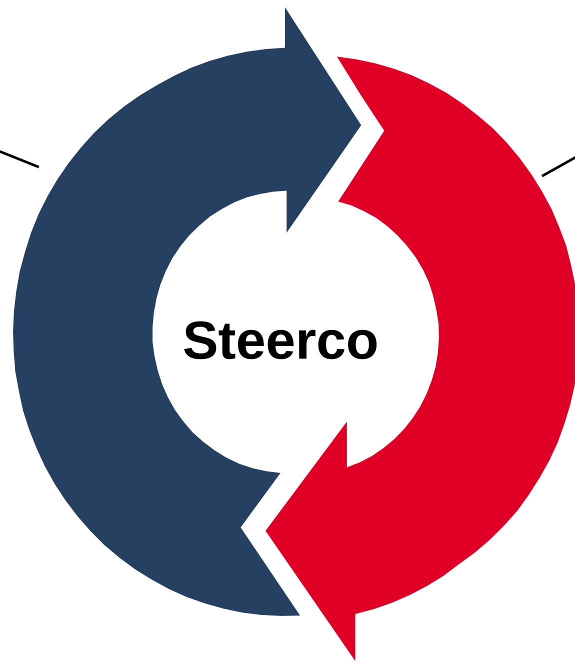
Mission

Decisions to be taken in the SteerCo:

A) *Develop or not the product (internally or externally)*

B) *Launching or not the product*

- **Meetings 3 in 3 months**
- **Exceptions:** products with less financial expressions, mere expressions/range extensions do not need to wait for the SteerCo to make the decision (develop/launch)
- **Estimated quarterly meeting:** 90 minutes



Composition

- One member of EC
- *PTEC*
- *CDAC*
- *DEVL*
- Communication
- *GQAS*
- At least one member of each BU:
  - Mortars
  - Concrete
  - Aggregates
  - Cement
  - Precast

The presentation during the Brainstorming meeting of the technology is essential to find possible applications and a head for the process

Governance – Technology presentation

CDAC

- Fills the **technology presentation template**
- Presents the technology in the **brainstorming meeting**
- Leads the brainstorming meeting

BUs

- **Fills the technology presentation** template in case they want to submit any ideas they have
- They **discuss possible applications of new technologies** and who can be responsible for the process/product

PTEC/DEVL

- They are **present in the brainstorming meeting** to discuss possible applications of new technologies and give information about what the market wants
- Responsible for filling **business valuation model** (DEVL)

The prioritisation model has to be completed by the respective Business Unit to assess the potential of the product

Governance – Evaluation / Prioritization of new products

CDAC

- Give input to the BUs for the filling of the prioritization model in the **section of R&D**

BUs

- **Elaborate the model of prioritization:** gather information for profitability / feasibility of the product

PTEC/DEVL

- **They bring new ideas from customers** (especially large/institutional) and promote links with other areas
- **Support the prioritization model:** collect information about the idea (they have great knowledge of the market and customer needs)

The development comprises the technical part of the product and the commercial part through the Business Plan

Governance – Development

CDAC

- **Performs the technical part:** get/allocate resources; develop prototype
- **Help/give input to the Business Plan,** namely the technical performance of the product

BUs

- **Fills the business plan**: commercial and production section and the Financial Analysis

PTEC/DEVL

- **Support/help the BUs** filling the commercial part of the business plan (*PTEC*) and financials (*DEVL*)

To ensure the effectiveness of the product introduction in the market, it is essential to check, plan and implement actions before and after launch

Governance – Product launch

CDAC

- **Technical support for each product** (training on features and usefulness of the product)
- **Support for the check-list**

BUs

- **Complete the check-list and action plan**
- **Execute action plan tasks**
- Provide training to commercial operators, and technical support

PTEC/DEVL

- **BUs support in the relationship with customers** (mostly institutional)
- **Execute action plan functions** (of commercial activities)

In order to monitor the performance of the product introduction in the market, it is important to compare the financial data provided to the real

Governance – Further evaluation

CDAC

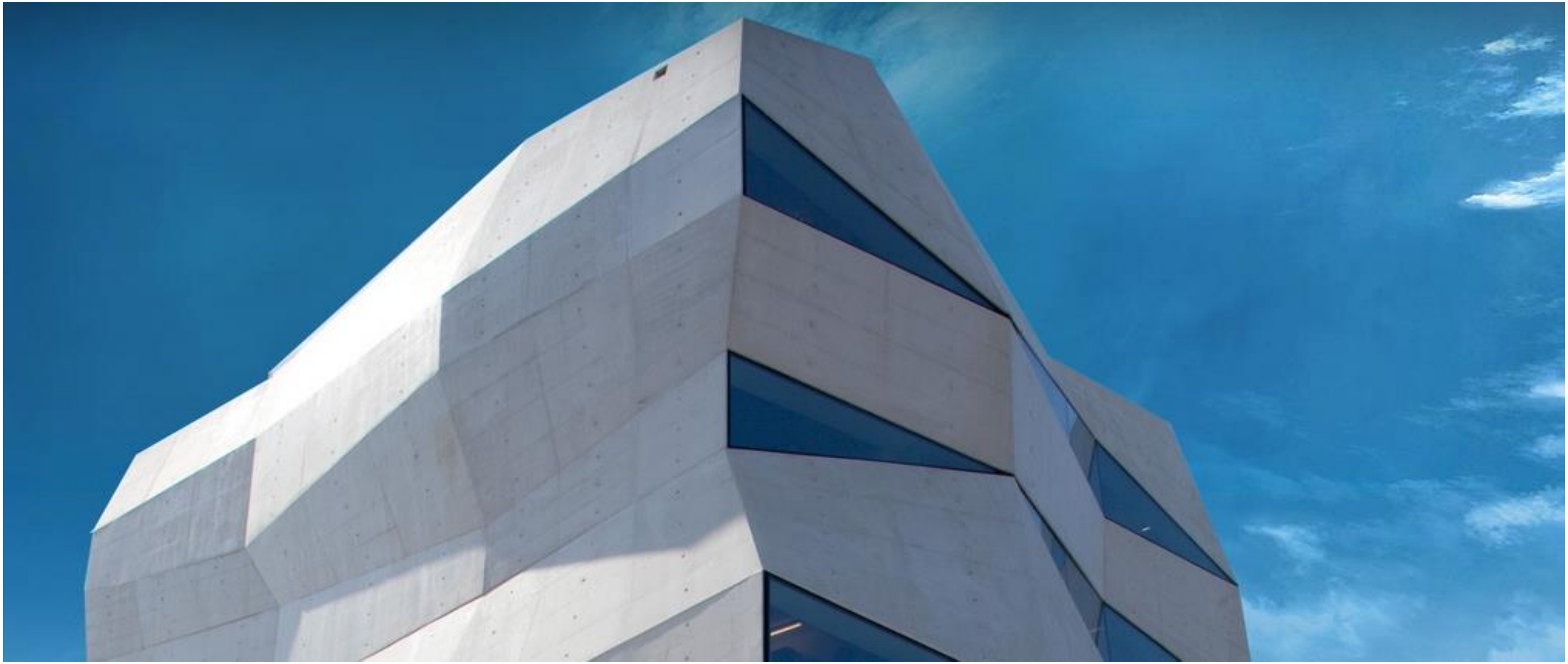
- **Receive feedback from the BUs and adjust the product or application**
- **Can lead to a new development** (new features, etc.)

BUs

- Compare forecasts of the Business Plan with actual data **by filling out the Post Launch Financial Analysis tool**
- Give feedback to CDAC in case of **adjustments to the product**

PTEC/DEVL

- **BUs support:** getting feedback from customers (architects, town halls, etc.)



NOVA School of Business & Economics

Shaping powerful minds

Self-assessment

Individual Belbin results and key learnings

June 18, 2015

By matching Belbin's results with my personality the role that most defines me is the President whereas Prospector is the one that fits me less

Project learnings: Belbin results

AOR

+ Top 3 Roles

- President
- Team Worker
- Intellectual

My top 3 psychological roles describe me as a person who can coordinate people and is a good communicator who works well in teams. By taking advantage of being in a team, I can potentiate my work and take the maximum value out of it. These characteristics fit in both the President and the Team worker roles. Moreover, I think I am also a very creative person who enjoys solving problems taking advantage of my good problem solving skills and method. I always apply a very critical thinking to new ideas and problems. These characteristics fit perfectly in the Intellectual role. During the project I was able to experience these roles in different stages, specially as project manager, improving them and always being tested to provide the best of me.

– Bottom 3 Roles

- Operational
- Finisher
- Prospector

On the other hand, I am not the right person to look when it comes to details, therefore the role of finisher is not the right one for me. Prospector is also a role that doesn't suit me well since I am not very strong at diplomacy. The role I developed the most during this project was the Operational one because even though it is one of my weaknesses, getting the job done after having the ideas was important so I worked hard and made an effort to get things done and pass the ideas from the abstract to the concrete.

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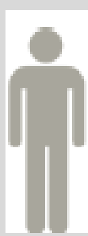
By learning about myself and my capabilities, this real life consulting project helped me developing as an individual as well as a professional

Project learnings: Key learnings

AOR

Project Key Learnings

As an individual	As a professional
Fight stress: Don’t brake under pressure	Syndication: Listening to your client and making sure you two are aligned is crucial to the success of the project
Respect other’s opinions: Don’t be afraid of negative feedback	Being able to receive critics and modify behaviors is essential to develop as a professional
Communication: passing the right message, but also listen to it, is very important to succeed	Following schedules and complying with deadlines



By matching Belbin's results with my personality the role that most defines me is the teamworker whereas intellectual is the one that fits me less

Project learnings: Belbin results

BA

+ Top 3 Roles

- Teamwork
- Finisher
- Operational

My Belbin's top 3 results matched some of my roles within the team along this project.

Being a **teamworker** it comes natural to me the promotion of unity within the team and the support of colleagues in need.

As a **finisher**, I enjoyed paying **attention to details** in the documents and maintained a high degree of concentration **under stressful situations** and tight deadlines.

During the project I worked mostly as an **operational** since I prefer a hands-on approach and it suits me well **putting into practice** the team's strategy and abstract ideas.

Considering the bottom 3 results, the role of **prospector** was the skill that I developed the most, specially **during the project manager role**.

Making the **connection between the team and the client** by obtaining information and **external resources** was something out of my comfort zone.

The roles of **strategist** and **intellectual** are linked in having **skills oriented to problem solving**, which is essential in a consultant. These are the roles that least reflect my character within the team.

I recognize that generating coherence out of the team's ideas through **strategic goals**, and also the **capacity to redefine problems and procedures**, is something that I must **continue to develop.**

– Bottom 3 Roles

- Strategist
- Intelectual
- Prospector

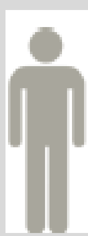
By acknowledging my weaknesses and strengths this project brought me professional and personal growth

Project learnings: Key learnings

BA

Project Key Learnings

As an individual	As a professional
Being **flexible** and willing to make concessions	Understanding what is the **role of a consultant**
Balance different **working methods** within a team	Importance of **syndication**: involving the client during the making of documents to successfully deliver the objectives
Managing pressure	**Pareto principle**: 80% of the findings (output) comes from 20% of the time spent, (input) so we need to identify what is relevant



By matching Belbin's results with my personality the role that best defines me is that of President whereas the least suitable is that of Finisher

Project learnings: Belbin results

CS

+ Top 3 Roles

President

Team Worker

Operational

The top 3 psychological roles that reflect my role within the team adequately are:

President-throughout the entire work I demonstrated self-discipline. In the role of project manager I was able to coordinate my team members; be an effective communicator; clarify objectives and define a business agenda by establishing priorities, which is not always easy.

A **Team Worker-** given that I was ready to help other colleagues. Stressful situations can be challenging, so helping my team members remain focused on the project objectives and keeping them motivated will definitely promote unity and harmony within the group.

The main characteristic of an **Operational** is to put into practice the team's project, by creating an organizational frame, which is efficient and effective. Our work method was methodical and efficient.

The least identifiable with my character are:

A **Prospector**- despite working well under pressure and being good at improvising I get easily demotivated with routine and "paper work", particularly when working under constant pressure.

I am not always instrumental and task-centered, thus not being a good **Strategist.**

A **Finisher** is required to pay special attention to the tinniest details and check for mistakes. Despite being organised, I have to improve my ability to focus on detail.

– Bottom 3 Roles

Prospector

Strategist

Finisher

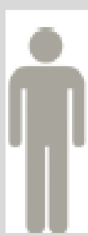
By learning about myself and my capabilities, this real life consulting project has helped me develop as an individual as well as a professional

Project learnings: Key learnings

CS

Project Key Learnings

As an individual	As a professional
Leadership skills: promote unity and harmony within the group	Working under **tight schedules** and with **demanding clients**
Working in teams: different ways of thinking, personalities and working methods	**Syndication**: managing successfully the relationship with the client and with all people involved
Communication: passing the right message and getting all parties involved is extremely important for success	**Manage criticism** when the work did not meet expectations



I contributed for the project applying the top roles from Belbin's results and it also gave me the possibility to improve in the bottom roles

Project learnings: Belbin results

FF

+ Top 3 Roles

- Teamwork
- President
- Prospector

Then top 3 characteritics show what I brought to the team during the project

Being a **Teamworker** helped me to manage conflicts in the best way, make sure everyone was integrated in the group by promoting unity and most importantly make sure everyone's opinion was listened and taken into account. I also helped my colleagues whenever they needed

Coordinate the team is also a role that I performed by clarifying what needed to be done, defining a business agenda and establishing the main objectives attributed to the team's members in order to make sure everyone was comfortable so the role of **President** was a good contribution for the project

The **Prospector** role was also fundamental for the project as my relation with the client was really good being able to get all the needed help and information

– Bottom 3 Roles

- Strategist
- Finisher
- Intellectual

Strategist is the profile I developed the most during the project as I was able the give form to the group's ideas which ended up to be valid recommendations to the project

Finisher is the profile I relate the least with because it is not natural for me to be stuck in every detail and quality check. I am more keen on the problem solving

In the beginning of the project I did not see myself as the creative type but it made me to make an effort in the **Intellectual** profile as I was needed to contribute with creative ideas

By facing all types of unexpected and new situations this experience made grow as an individual and as a professional

Project learnings: Key learnings

FF

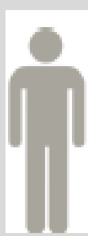
Project Key Learnings

As an individual

Leadership skills: How to unite a team in the best way to achieve the end goal

Deal with stress: How to have a positive reaction instead of being demotivating when stressful situations appeared

Conflict management: How to manage the team's expectations and conflicts to keep everyone motivated



As a professional

Problem solving: How to structure and solve the needed problems in an efficient way

Syndication: How to deal and manage the client's and every people's involved in the project expectations

Client relationship: How to create a good relationship with the client

By matching Belbin's results with my personality the role that most defines me is the Strategist whereas Intellectual is the one that fits me less

Project learnings: Belbin results

MC

+ Top 3 Roles

Strategist

Monitor

Prospector

The top 3 perfectly reflects my role within the team. Throughout the project I was able to put my leadership skills in practice. In fact, the time I was the project manager was very enthusiastic to me so I really identify myself as a **Strategist** and a very task-centred person.

I enjoy to put my critical and analytical judgement in practice so the role of **Monitor** was very useful when the group asked for feedback and to evaluate alternative ideas.

Being a **Prospector** was very helpful during the project given the importance of collecting data. The interaction with the client was one of the things I loved the most.

– Bottom 3 Roles

Operational

Finisher

Intellectual

I am not the methodical type of person, I like to describe myself as very flexible. I realize that I have to work on my **Operational** capabilities in order to be more organized.

The **Finisher** is the role which I least reflect my character within the team. In a consulting project the quality check is critical but the eye for detail is not something that comes naturally to me.

The role I developed the most was my **Intellectual** behaviour. In consulting the problem solving is a very interesting part which I was able to improve while developing and discussing ideas with the team.

By learning about myself and my capabilities, this real life consulting project helped me developing as an individual as well as a professional

Project learnings: Key learnings

MC

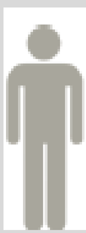
Project Key Learnings

As an individual

Teamwork: Working on a group of 5 people is not always easy

Time management: Being a consultant can be though in terms of schedules

Proactivity: important to anticipate questions and to foster efficiency



As a professional

Communication and powerpoint skills: 3 big presentations and 6 operational committees

Balance different points of view and opinions

Working with **excellent professionals** in a very **interesting industry**

By matching Belbin's results with my personality the role that most defines me is the President whereas Intellectual is the one that fits me less

Project learnings: Belbin results

ML

+ Top 3 Roles

- **President**
- **Strategist**
- **Operational**

My top three psychological roles describe me as a person who can show a path but also do what needs to be done. I am very extroverted, full of energy and not afraid of giving my opinion about what should be done, this characteristics perfectly fit both in **President** as in **Strategist** roles. More than giving ideas I like to put them in practice, I am much more interested in practical things than abstract ideas. Having the **Operational** role in a team is important because it gets things done in an efficient and effective way. Overall throughout the project I could experience these roles in different stages, improving my skills and always testing myself and my colleagues to get the most of us

– Bottom 3 Roles

- **Team worker**
- **Finisher**
- **Intellectual**

On the other end when it comes to details I'm not the right person to look at it. For that reason **Finisher** role is not the right for me. As referred above I'm more practical than a theoretical person, but with the project I think I improved this skill due to several brainstorming sessions performed (**intellectual**). Despite **Team Worker** is on my bottom three roles I think I perfectly fit in that role. I like to get along with everybody and reduce the conflicts inside my team. From all the roles, the one I need to improve the most is my attention to detail and being more perfectionist, which I already improved slightly through the last 4 months.

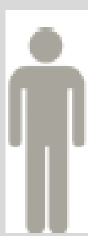
By learning about myself and my capabilities, this real life consulting project helped me developing as an individual as well as a professional

Project learnings: Key learnings

ML

Project Key Learnings

As an individual	As a professional
Respect other opinions: If someone has a different opinion from yours it doesn’t mean it is wrong	**Know the right words:** It is essential to know how to communicate your ideas to the audience
Know how to be criticized: Don’t be afraid of feedback	**Syndication:** It is crucial to be aligned with the client
Pressure: Don’t stress under pressure	**Build a good work environment:** If you don’t like where you work your are less productive



By matching Belbin's results with my personality the role that most defines me is the Operational whereas Intellectual is the one that fits me less

Project learnings: Belbin results

RO

+ Top 3 Roles

- **Operational**
- **Strategist**
- **Finisher**

By matching Belbin's results with my personality, few unexpected answers arose. My attention to detail, organization as well my abilities to analyse and solve problems and adapt to different circumstances are some of my greatest strengths. My self-awakening pretty match with the top 3 Belbin's team roles: **operational**, since I helped to put in practice the team's projects, by creating an efficient and effective organizational framework; **strategist**, since I had the ability to give form and coherence to the group's ideas and put them in effect through strategic objectives. It is mostly a leader guiding the team; **finisher**, due to my ability to point out deadlines, errors and omissions as well to keep the group under a permanent sense of urgency, which is fundamental when one wants to finish something successfully.

– Bottom 3 Roles

- **President**
- **Monitor**
- **Intellectual**

The bottom 3 Belbin's team roles helped me to be aware of the opportunities to improve my soft skills. Indeed, a more accurate result would not be possible. I am very perfectionist and obsessed with schedules/details and it is hard to me to prioritize tasks and clarify objectives so I do not match with the **president** role since all details are important for me. Secondly, I also do not match with the **monitor** role in a team. Finally, I am not a creative team member and I do not mind working in an environment of pressure, thus not fitting with the **intellectual** role. In sum, I learnt how to listen and communicate with others and to support the relevant ideas and suggestions of the group together with keeping the group under a sense of urgency to point out deadlines/errors and deliver a good work.

By learning about myself and my capabilities, this real life consulting project helped me developing as an individual as well as a professional

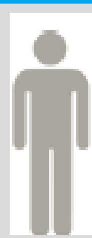
Project learnings: Key learnings

RO

Project Key Learnings

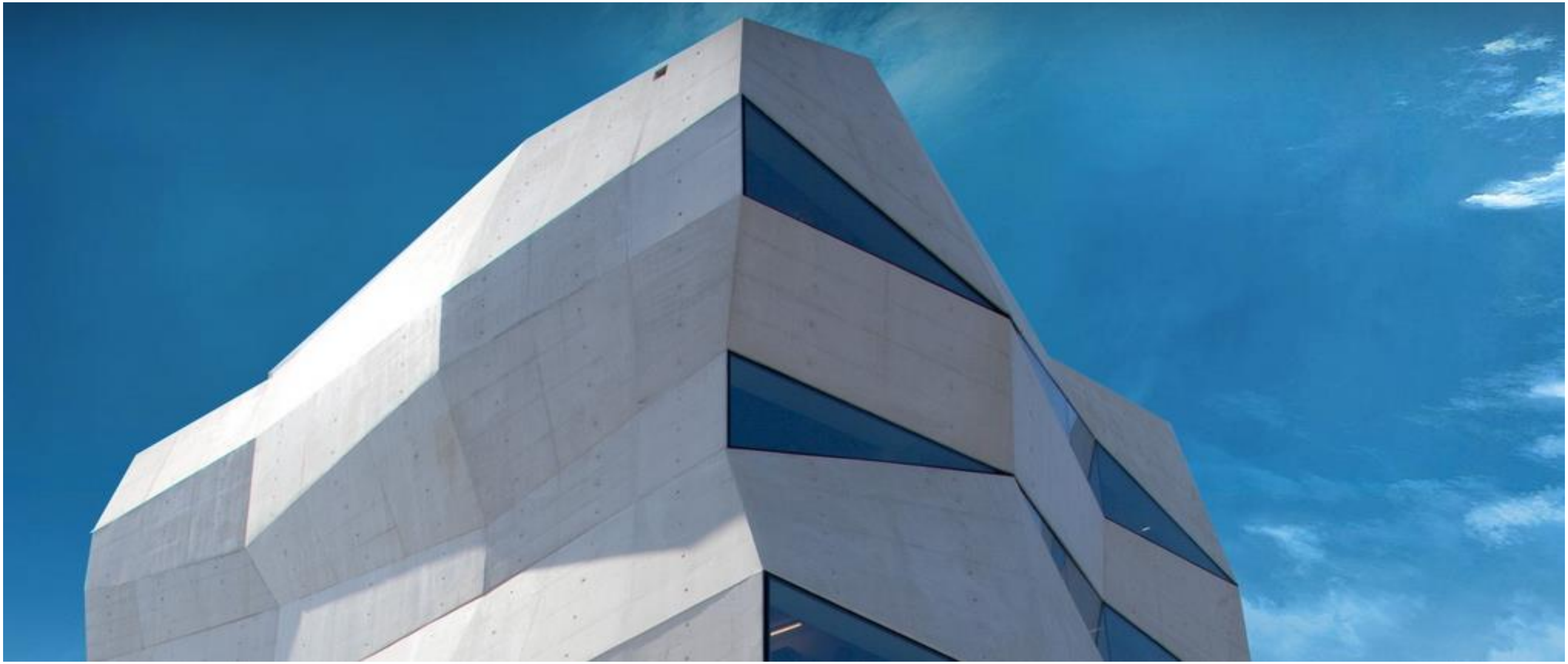
As an individual

- **Manage critics** when the work did not meet the expectations
- **Time management:** correspond to team and client's expectations while working on tight schedules and deadlines
- **Working in team:** to understand and deal with the different ways of thinking and working with different personalities in order to succeed



As a professional

- **Syndication**: involve the client and get their during the project; ensure the successful deliver of objectives and the satisfaction of the client
- **80/20 rule**: identify problems and determine which factors are most important and should receive the most attention
- Manage successfully the **different expectations** and the relationship with all the people involved



ANNEXES

NOVA School of Business & Economics Shaping powerful minds

June 18, 2015

In the initial proposal the building materials market was segmented in various dimensions each one with its specificity

Products and applications		Definition
Aggregates	Industrials	Final output requires transformation and production is directed to the construction sector
	Ornamental granites	Granite extraction to block sale
	Decorative	Final output requires transformation, stone that is visible
Mortars	Decorative finishing	Regularization and finishing mortar for wall coverings, pavements and other types of supports, applicable to indoor and outdoor
	Masonry	Dry mortar for lifting wall panels in masonry
	Dry concrete	Dry mortar suitable for implementing structural or decorative and finishing elements and non-structural repair of architectural concrete
	Lime	Hydraulic binder
	Tile fixing mortars	All kinds of tile adhesives and plaster directed for bonding ceramic or ornamental rock
	Waterproofing	Waterproofing mortars for various structures
	Thermal insulation	Thermal and/or acoustic insulation systems for interior and exterior with decorative finishing
	Decorative pavement	Dry mortar for the construction of exterior decorative pavements
	Floor regularization	Mortar for filling and regularize floors
	Plastering mortars	Dry mortar for manual or projected application for exterior and interior finishing
Ready-Mix Concrete	Architectural	Concrete with adding pigments to stay within sight
	Structural	Concrete with different characteristics and performances for application in structures
	Lightweight concrete	Concrete with low density to fill or to use for acoustic and thermal correction
	Decorative pavement	Concrete for pavement to stay within sight with various textures and finishes
Precast	Finish masonry	Creation of structures that serve simultaneously as finishing
	Tile coverage	Slipover of top of structures

Source: Secil/NovaSBE team and BUs

In the final proposal the building materials market was segmented in a different way to be aligned with the client needs

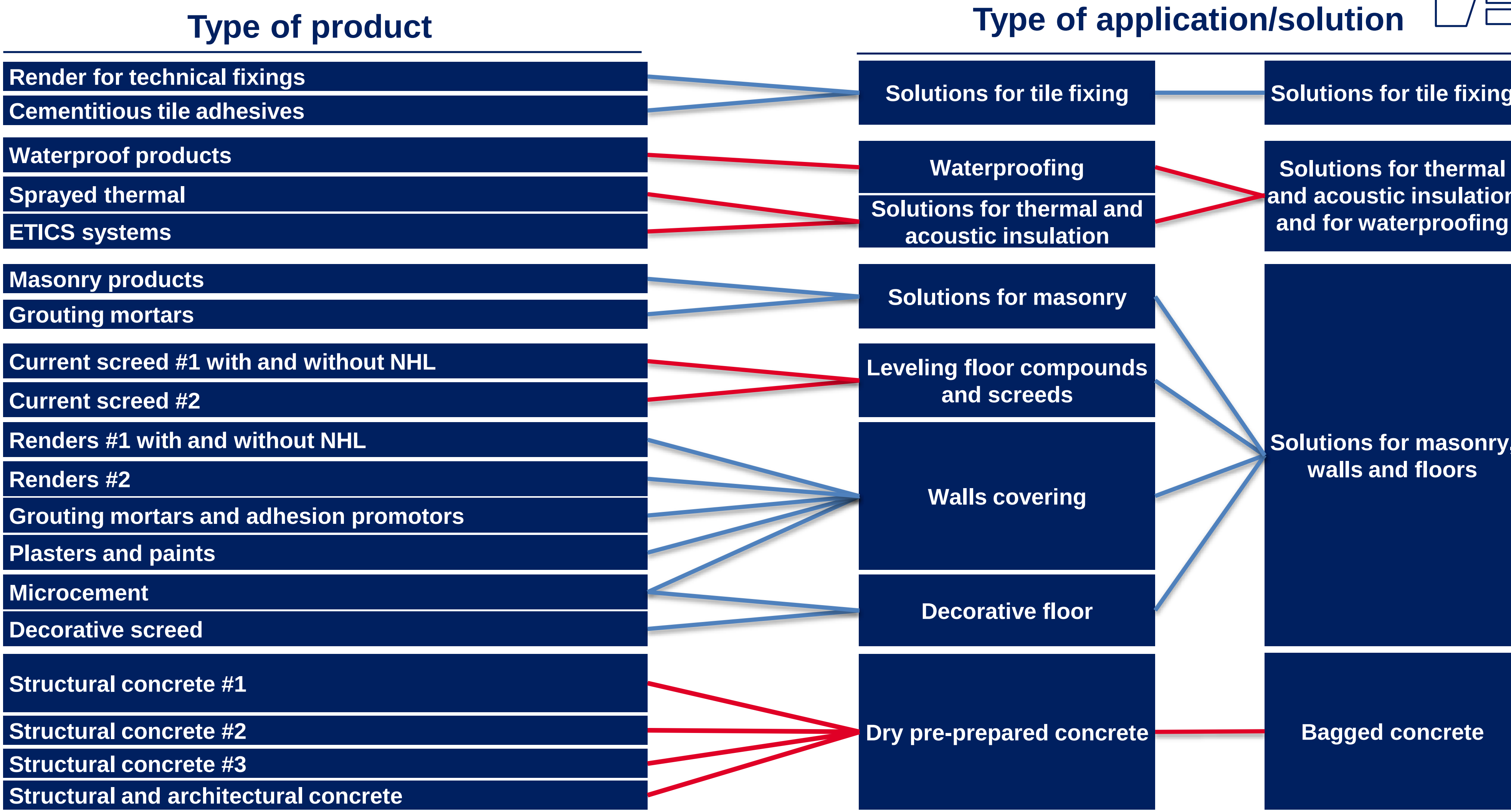
Products and applications		Definition
Aggregates	Raw Material	Aggregate included in the production process of other construction materials
	Filing	Aggregate included not just on roads, but also on pavements, on airport runways, school playgrounds, car parks, most footpaths or cycle ways, and other similar structures
	Decorative	Aggregate which requires transformation, looking beautiful when cut and/or polished
Mortars	Solutions for tile fixing	All kinds of cementitious tile adhesives and plaster indicated for bonding ceramic, ornamental rock, etc.
	Waterproofing and Solutions for Thermal and Acoustic Insulation	Waterproofing mortars for diverse structures and thermal and/or acoustic insulation systems for interior and exterior with decorative finish
	Solutions for Masonry, Walls and Floors	Dry pre-prepared mortar for:elevation of masonry walls of ceramic brick or cement block; structuring walls manually or in a projected way, with a decorative finish or not; filing and regularizing floors
	Bagged concrete	Dry pre-prepared mortar suitable for structural or decorative repairs and non-structural repair of architectural concrete
Ready-mix concrete	Decorative	Ready-mix concrete prepared for a structural function, as well as an aesthetic or decorative finish
	Structure	Standard ready-mix concrete prepared for delivery at a concrete plant instead of mixed on the construction site, offering special properties and performance
	Pavement	Ready-mix concrete prepared for pavements with an aesthetic or decorative finish (smooth or rough surfaces or textures, as well as a variety or range of colours) and/or low density to fill or to use for acoustic and thermal correction or even with highly porous material that allows water to filter through
Precast	Coverage	Slipover of top of structures

Source: Secil/NovaSBE team and BUs

Mortars have a pretty much single correspondence to an application/ solution sough by the market

Mortars by product and by application

Backup



Source: Secil/NovaSBE team

The usage ranking of distribution channels in product 1, application A is parallel to that of application B

Product 1: Application A

	Direct Sale	Large retail	Traditional Retail
Secil	**n.a.**	**n.a.**	**100%**
Market	**5%**	**10%**	**85%**

- The firm concentrates the sale of product 1 application A in the traditional retail
- Competitors are only marginally present in large retail and direct sale

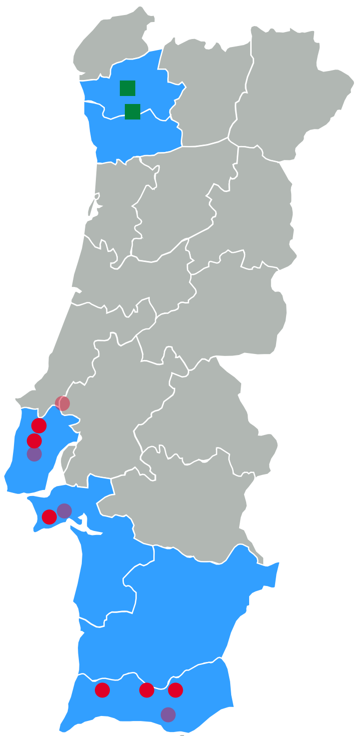
Source: Secil/NovaSBE team
Note: n.a.- not applicable

Secil can try to sell the aggregates in a larger percentage of the Portuguese territory via quarries swaps or logistic returns

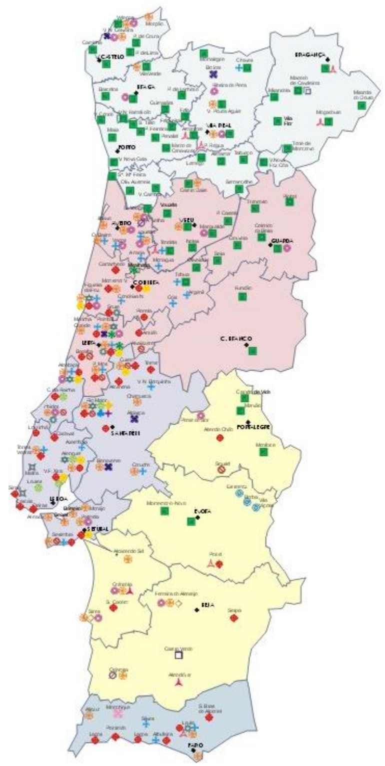
Aggregates- regions of presence Secil

Legend: Granite · Active limestone · Inactive limestone

Secil's quarries map
(Operating range)



Portugal quarries map[1]



Secil currently reaches xx% of Portugal's market, standing just on the coast

Improvement options

Quarries swap

•Secil has 12 quarries of which **8 are active**
•Swap quarries which are **inactive** Secil can go to areas where there is **not currently present**
•A conceptual example would be an area where we have 8% share with the **increased competition** we would lose 1% but would have 7% in the new area, so would our competitor[3]. This would happen in **scattered** areas

Logistic returns

•An opportunity to be able to **increase the operating range** of Secil aggregates would be to use logistic returns (eventually of the group)

Source: Secil/NovaSBE team 1- Each quarry may have more than one extraction enterprise; some quarries can be inactive 2- To carry out the swap is necessary to make a cost (increased competition) and benefit (increased demand) study 3- This is because it earns share to all competitors and not only one

NOVA School of Business & Economics — Shaping powerful minds

We propose three types of catalogs tailored to decision makers and also to its distribution channel

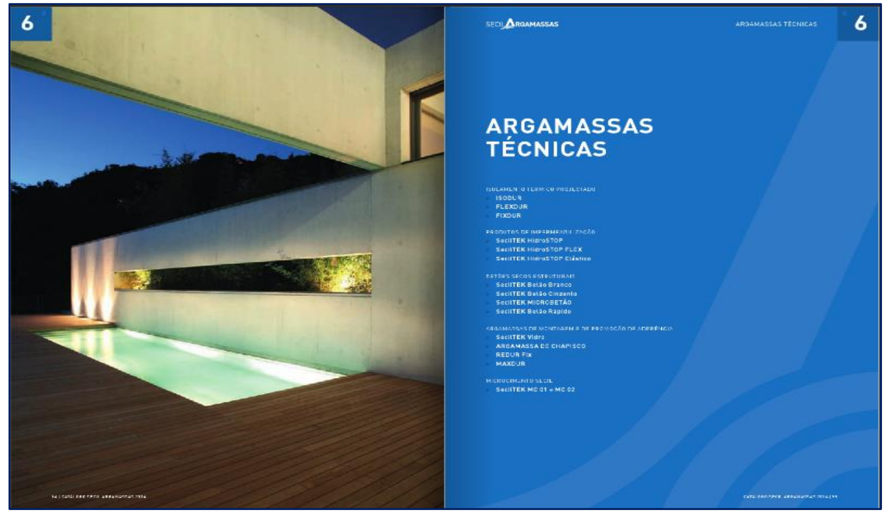
Pictures of proposed three types of catalogs

Solutions

Secil: Produtos e Soluções – Reabilitação (2015)

Technical

Secil Argamassas (2014)



General

Weber (2015)

Source: Secil/NovaSBE team

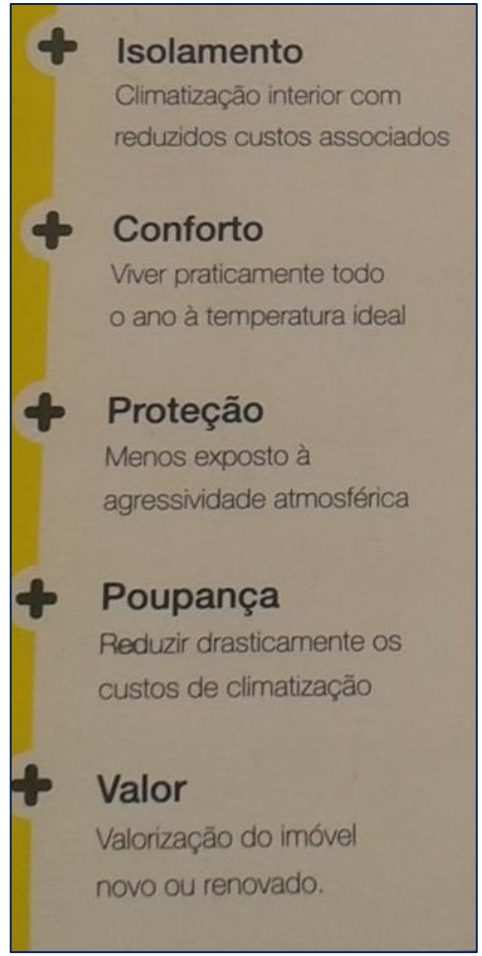
Secil can resize out their sampling and adjust the content to facilitate contact decision makers with mortars

Illustrative comparison of Secil and Weber on a thermal insulation product

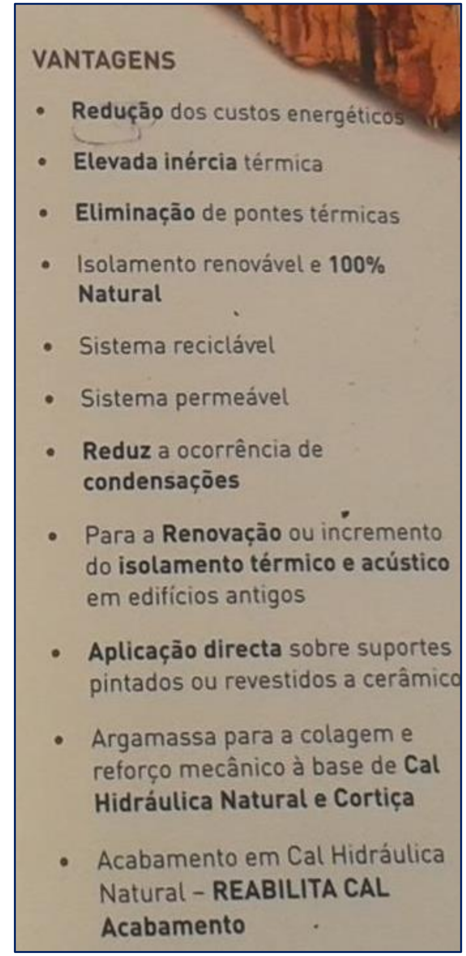
1. Size: Secil is bigger

2. Language and content: Secil is more technical

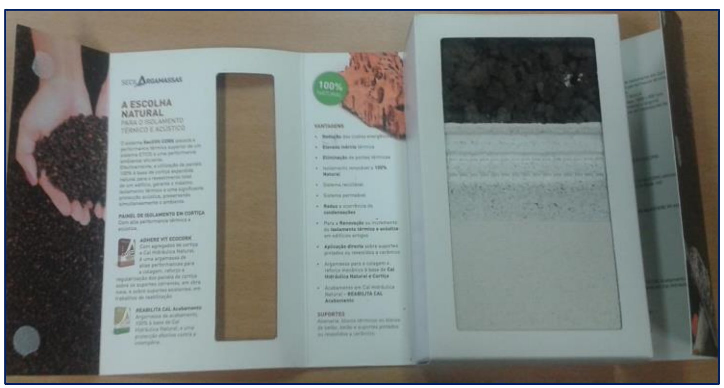
Weber



Secil



3. Handling: Weber is simpler



Source: Secil/NovaSBE team

The presence on social networks is an opportunity to positively influence the perception of Secil

Examples of social responsibility in the promotion of materials and cement

1. Cemex: Protection of animals in risk of extinction

CEMEX
22/5 às 20:30 · Editado ·

Lion / Vulnerable
From our Nature Series eBook, together with the IUCN Red List.
Download here: http://ow.ly/NiM7U
Photo: Michael Nichols/Nat Geo Creative
---... Ver mais

2. Italcementi: Enhancing sustainable innovation

Italcementi retweeted
Italcementi Group @inova_itc · 23h
"#Beauty and #innovation" Biodynamic cement @Italcementi used to build #PalazzoItalia for @Expo2015Milano @sole24ore

3. Lafarge: Launching Microfinance Housing Academy in India

Lafarge @LafargeGroup · 20 de mai
Lafarge launches 'Housing Microfinance Academy' in India lafar.ge/1B9uwrr #affordablehousing

4. Holcim: Launching international sustainable construction competition

Holcim Awards @HolcimAwards · 20 de mai
Congratulations to the winners of the #HolcimAwardsYourChoice competition! And a big thank you to all voters! holcimfoundation.org/Article/holcim

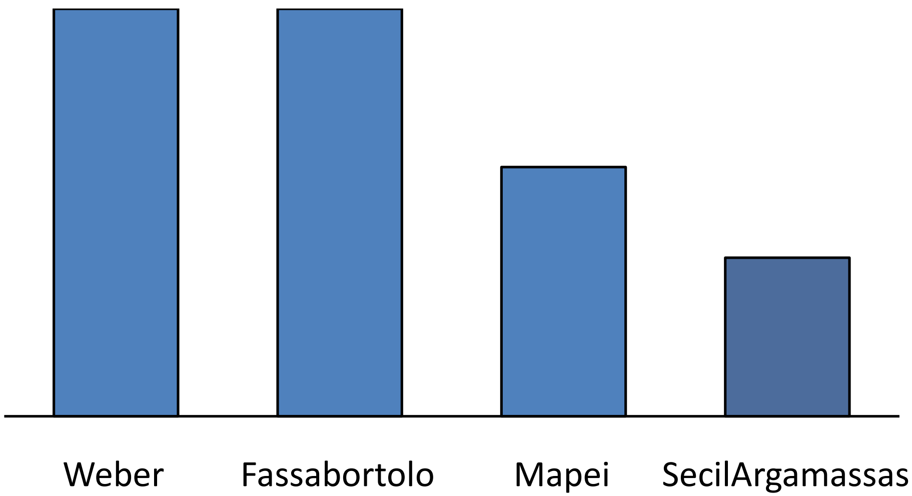
- Overall, cement companies carry the **negative connotation of pollution** caused by its industrial activity
- International cement players use social networks to **communicate** their action of **corporate social responsibility**

Source: Secil/NovaSBE team
Note: All exemples refer to May 2015

SecilArgamassas has less commercials but presents an interesting invoicing per commercial relative to key competitors

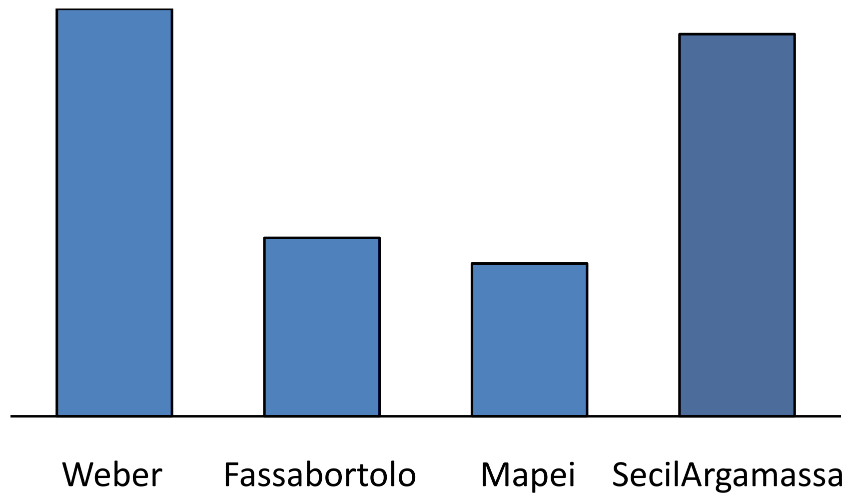
Comparison SecilArgamassas with major competitors

Number of commercials in the Mortars business



- Weber with x commercials in the **distribution segment**, y **ETICS specialists** and z to **prescription**
- Mapei with a person to do **prescription**
- Commercials da Fassabortolo are **commission agents**
- SecilArgamassas has no commercial focused on prescription which can be a weakness in relation to competition

Invoicing per commercial (in M€)

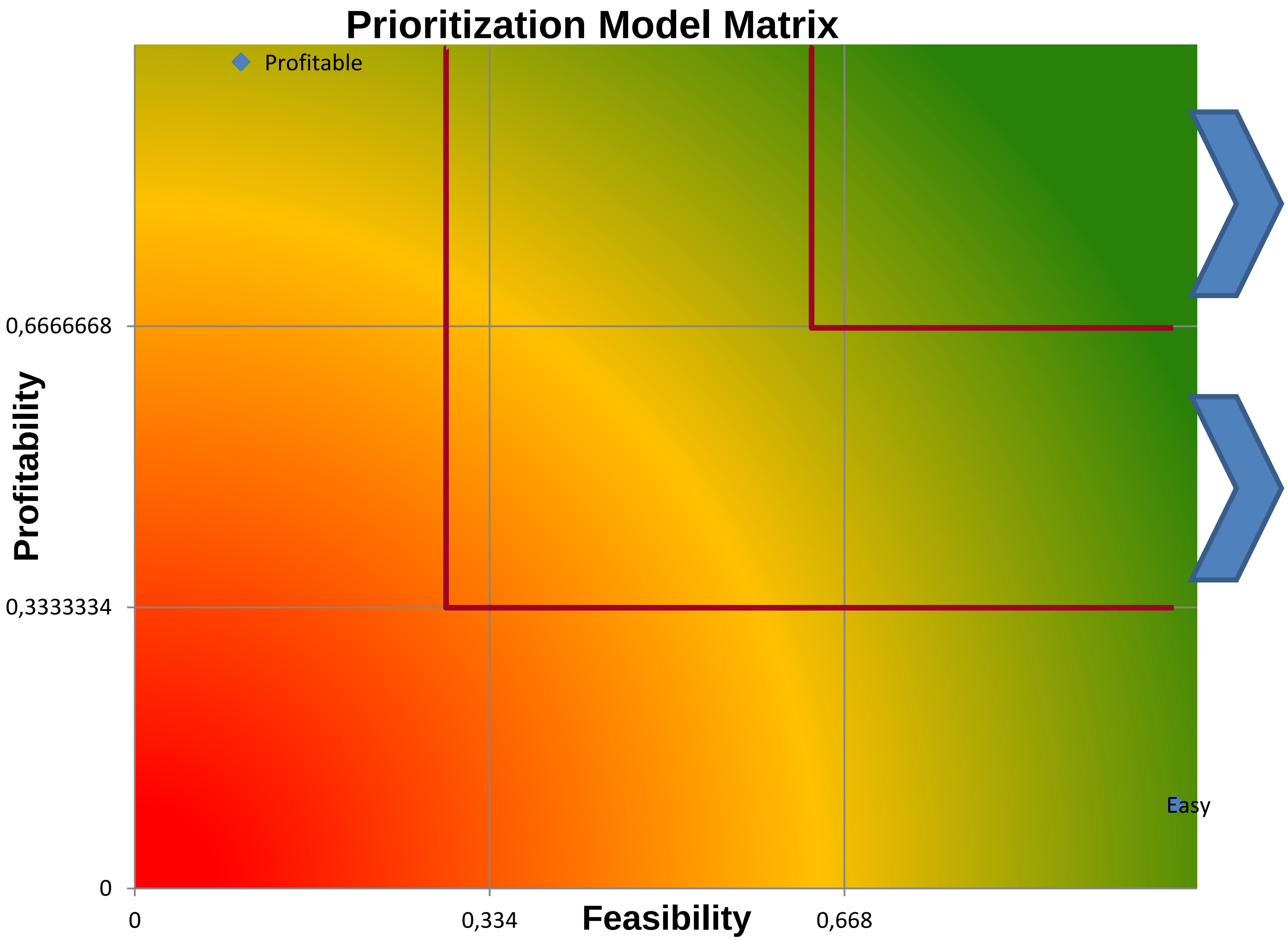


- On average, **Weber commercials are the ones that invoice more**
- SecilArgamassas has a **positive performance** given that has fewer resources than competitors
- **Increased sales force** could generate **more turnover**

Source: BUs and Secil/NovaSBE team

This matrix allows to compare and analyze the relative position of each product on the criteria of profitability and feasibility

Resulting matrix of Prioritization model



For a product to stay in this quadrant it needs to have a maximum score in 85% of the criteria

Our recommendation is that products within this quadrant are developed and those who are below 33% should be reconsidered

A conference on market trends will facilitate the adhesion to new ideas by the Business Units

Conference on market trends

Purpose

- Annual conferences to disclose the future of the construction market to specialists in various areas. It will enable the new technologies developed by Secil laboratories to be more easily accepted and understood by the BUs

Responsible

- CDAC and laboratories

Participants

- All those that have a decisive role in the introduction and selling of new products in the group

The SteerCo meetings cover all products in two specific situations where it is necessary to decide next steps and responsible for the process

	Products	
Process steps	**Develop the product?** Prioritisation model	**Launch the product? When?** Business Plan
Who?	Responsible of the Template	Responsible of the Template
What?	Present the prioritization model	Present the extend or simplified Business Plan