

FOCUS: BUSINESS/STRATEGY

PIMS Database – Manager’s Decision Support Tool

On many senior managers’ wish list the same item appears – a knowledge bank, a grand pool of wisdom learned from thousands of companies that could help guide their own company’s decisions. Context has tapped a resource that helps provide companies that very information along with the consultative support to help managers proficiently and economically solve their challenges and explore opportunities.

The Profit Impact of Marketing Strategies (PIMS) is a long-term study involving thousands of companies and their many strategic business units in all major industries. Continuously renewed by the Strategic Planning Institute, it provides statistically documented information in a database drawn from thousands of businesses over time.

Since the 1960’s, the PIMS database has helped companies understand and value business strategies in various business environments. Context provides companies with the expertise to analyze data and apply findings specific to agro, bio, forestry and fuel industries as they consider strategic tasks including business performance evaluation, new business exploration, assessment and reality testing of new strategies and screening business unit portfolios.

Context Partners Mike Borel and Steve Hawkins have leveraged the power of the PIMS database for numerous companies over the years. Hawkins said, “The PIMS database is an important tool that allows managers to clearly express the relationship between a key strategic decision and its results. Our experience in using this valuable tool has helped many



Context Partner,
Steve Hawkins

“The PIMS database is an important tool that allows managers to clearly express the relationship between a key strategic decision and its results ...it has helped many companies advance with positive strategies and reduce ineffective factors impacting the bottom line.” Context Partner, Steve Hawkins

companies advance with positive strategies and reduce ineffective factors impacting the bottom line.”



Context Partner,
Mike Borel

The PIMS database is a familiar resource to many executives. However, Hawkins pointed out “Context provides companies with the advantage of having developed, implemented and advised companies in and across the ag industry with detailed analysis and practical, executable strategic business consulting based on PIMS data.”

(CONTINUED)

Mike Borel added, “The analysis derived from the database reveals a number of business truths – some are common sense, others are counter-intuitive! A recent analysis in the crop protection industry showed participating companies some surprising results.” He shared these examples:

Selling prices tend to inflate more when volume is growing rapidly.

False *The reverse is true. Prices correlate very strongly with costs. Both costs and prices tend to increase faster when volume growth is low or negative.*

High market share businesses have significantly lower fixed costs per dollar of sales revenue than low share businesses.

False *Fixed costs tend to be more variable in the longer run than might be expected. High share businesses tend to benefit more from higher price premiums and lower cost of purchases than from “spreading fixed costs across larger volumes.”*

Borel concluded, “Using PIMS, along with other recommended tools and techniques, Context provides companies an additional and exceptional tool to evaluate specifics on financials, quality, price, new products, market share and competitive tactics. One of the greatest values is that the information helps companies see how their strategies might play in the marketplace by comparing their experiences to other similar businesses profiled in the PIMS database.” For more information on this valuable strategic business tool, contact:

steve.hawkins@contextnet.com or mike.borel@contextnet.com

###

The Context Network provides business management and strategy consulting services to the world's leading agriculture, biotechnology and food companies and government agencies and institutions. Major areas of expertise include strategy, merger and acquisition support, valuation of new technologies, formation of alliances, and market research. The West Des Moines-based firm is composed of a core of professional consultants that is complemented by a network of more than 100 industry and subject-area experts.