



How The Latitude Group Helped
Sheffield Pharmaceuticals Position for Significant Growth

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Today Sheffield Pharmaceuticals is one of the nation’s fastest growing contract manufacturers of pharmaceutical creams, ointments and toothpastes. That success, though, has been hard won. Founded more than a century ago, the company fell into

bankruptcy in the late 1980s. Entrepreneur Thomas Faria stepped in to buy the firm and pull it back from the brink. But he died unexpectedly in 2002. His son Tom took the reins and is now positioning Sheffield Pharmaceuticals for significant future growth.



THE CHALLENGE

When Tom Faria stepped into his new role as President and CEO of Sheffield Pharmaceuticals, he was just 26 years old.

“I inherited a prosperous business, and for the first year, I was afraid to touch a thing,” he says. “I was still thinking about what my father would do, and not thinking on my own yet.”

His father’s focus on cost control and his authoritarian leadership style had been just what the company needed to climb out of

bankruptcy. But Tom began to realize that significant changes would be required to ensure a profitable future.

“It was a successful approach that got us to where we were, but it simply wasn’t sustainable,” he says. “We weren’t making investments in the business. Sales were at a plateau, and we were bouncing from one market to another. I realized we were stunting our growth, wasting our resources and didn’t have the foundation we needed to move forward.”



THE SOLUTION



On the recommendation of a fellow business executive and family member, Faria turned to The Lattitude Group to help him transform Sheffield Pharmaceuticals and position the company for breakthrough financial results.

“When you’re working with someone from the outside on strategy, you’re making a leap of faith,” Faria says. “So I went with a firm recommended by a trusted source.”

The Lattitude Group worked with Faria and his team to:

- > Develop an over-arching corporate vision
- > Establish core values to align the team and guide its operations
- > Analyze the firm’s strengths, weaknesses, opportunities and threats
- > Develop strategic objectives for the next five years that include doubling revenues and quintupling profits
- > Develop detailed, 12-month business plans for both 2009 and 2010 to help Sheffield Pharmaceuticals take

significant steps toward realizing its corporate vision and achieving its strategic objectives

- > Provide resources and support necessary to successfully execute the plans and make course corrections to keep pace with unanticipated changes and opportunities

The Lattitude Group also worked with Faria to bring new talent onto his senior team and to coach him as he evolved the business.

“We take a comprehensive approach that sets us apart from other business consulting firms,” says Kathy Bowman Atkins, president and co-founder of The Lattitude Group. “We don’t just help clients develop their strategic business plans. We also coach them through the implementation of the plan to make certain they get where they want to go.”

1 A newfound emphasis on business process and discipline

Faria says that when his father bought Sheffield Pharmaceuticals during its bankruptcy, the challenges he faced were similar to those of any startup company. Cash was tight, and the emphasis was on controlling costs. And like most startups led by an entrepreneur, decisions and strategy at Sheffield Pharmaceuticals were tightly controlled at the top.

“As a result, the broader team lacked a lot of discipline,” he says. “A customer might come in and ask us to build a new mixing room, and we would just do it. We would bounce from project to project as things came up, and nothing was getting completed.”

The business planning process introduced by The Lattitude Group has made a significant impact by bringing new discipline to decision making, Faria says.

1. A newfound emphasis on business process and discipline
2. A corporate culture that empowers managers and breaks down silos
3. A more focused approach to the marketplace
4. Strategic infrastructure investments to support growth
5. The right people in the right jobs
6. Improved financial performance – even during a tough economy

“When a new project crops up, we now review it against other priorities in our plan,” he says. “There is an analysis behind the decision, and it allows our staff to remain focused. They don’t let the little things disrupt them from doing what’s most important.”

2 A corporate culture that empowers managers and breaks down silos

The process The Lattitude Group used to help Sheffield Pharmaceuticals develop a business plan is highly collaborative. Managers from across the company were involved in developing a shared vision, values and strategy. They discussed issues, agreed on major priorities and established action plans with specific goals and timelines.

“Each manager had an equal say,” Faria says. “That allowed them to take ownership, which has been a critical factor in beginning to change our culture. Now our managers are super motivated and have great morale. They are empowered to act, rather than

waiting on someone to issue an order telling them what to do. They feel they are contributing to the company and to a long-term vision they created.”

Faria says managers also have a clearer understanding of the projects their colleagues are pursuing and why, since they were involved in establishing shared business priorities.

“We’ve found it has eliminated silo-thinking and dissolved inter-departmental tensions, which has improved customer service,” he says. “It has been a great team-building exercise.”

3 A more focused approach to the marketplace

The bulk of Sheffield Pharmaceuticals’ revenues come from private-label products for major retail stores and from contract manufacturing for clients like Johnson & Johnson and Tom’s of Maine.

“At one time, we did business with anyone who walked in the

door, whether they wanted us to produce cosmetics or a new organic compound for diaper rash,” Faria says. “Now we’re focusing our resources on major contracts that are aligned with our core competencies and can deliver the best return.”



4 Strategic infrastructure investments to support growth

The high-tech, FDA-regulated manufacturing Sheffield Pharmaceuticals performs in many ways stands in stark contrast to the facilities it calls home – a series of 1860s-vintage buildings in the heart of New London, Connecticut. They include the original dental office and laboratory of Dr. W.W. Sheffield, founder of the business and the inventor of toothpaste. Beneath the historic shell, the company performs work as sophisticated as that of any drug manufacturer.

For years, though, no investments were made in the critical facilities and infrastructure needed for highly regulated product manufacturing.

“My father and his team relied on ‘Yankee ingenuity’ to keep equipment running and hold down costs,” Faria says. “That got the company back on solid financial footing, but it wasn’t a foundation for sustainable growth.”

As a part of its new business plan, Sheffield Pharmaceuticals now is making significant investments in equipment, laboratories, regulatory systems and other aspects of its operations that enable growth and profitability.



5 The right people in the right jobs

Faria says the business planning process helped him uncover and address opportunities to strengthen his leadership team – a step that has proved instrumental in the company’s evolution.

“When we started talking about strategic planning and how we would achieve our goals, it was apparent that members of the executive team would have to be aligned on the company’s new

vision and have the skills and knowledge to lead the cultural transformation required to take it there,” he says. “Given that, there were a couple of changes that needed to be made in the best interests of the individuals involved and the company.”

The Lattitude Group coached Faria through the tough process of transitioning two long-time employees and finding executives with the precise skills his team needed to succeed.

6 Improved financial performance – even during a tough economy

In an effort to empower and engage his team, Faria delegated budgets that were formerly consolidated at the CEO level to department heads on the front lines of the business. In response to a \$2 million downturn in sales during 2009, they rose to the challenge and exhibited a laserlike focus on cost control. As a result, Sheffield Pharmaceuticals doubled its profits during one of the worst economic downturns in history.

“It was a sign they had a feeling of ownership in the business and in

our plans for the future,” he says. “There was a lot of peer pressure for everyone to do their part and keep our financials on track.”

“The work we’ve done with The Lattitude Group is the best thing we’ve ever invested in,” Faria concludes. “We’ve come further in the last year and a half than we have in the last 20.”

To discuss how The Lattitude Group can help you address your business challenges, contact us today at information@lgrp.com, call 336.855.3704 or visit www.lattitudegroup.com.