

Case Study

INDUSTRY > Aerospace

FUNCTIONAL AREA > Strategy

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Large Jet Engine Manufacturer Innovates New Areas for Growth

Summary

A large global jet engine manufacturer needed to develop a new growth strategy when its core market began to flatten. The client identified a new opportunity that would extend its core competency from a product orientation to a service oriented model. The company implemented bundled solutions that increased the size of the deal by 2-3x compared to the deal size from standalone products and doubled the business revenue over five years.

Customer Profile

Large Global Jet Engine Manufacturer

Challenge

As one of the largest manufacturers of jet engines in the world, the client had a very profitable and successful business. However, with the jet engine market flattening out, the company sought new avenues for growth. The head of strategy at the organization wanted a growth strategy to continue to expand the business moving into the future.

Solution

To address this challenge, the consulting team began by taking stock of the core competencies of the business. The client knew the jet engine business inside and out, but there were a finite number of jet engines to sell. So the team began to look at services the organization could provide to create additional value around the engine itself. The team developed a strategy to shift from a product orientation to a whole solution orientation. One major approach the team developed was "power by the hour", in which the client provided the engine, the staff, the tools, and all of the related services to lease jet engine power to customers with large power needs for projects such as construction sites. Using the strategy of shifting to a solution focus, the team developed a whole new line of business for the client that leveraged their assets to create customer solutions.

Results

The results of the project were substantial. By creating new solution models that leveraged existing assets, the client was able to generate bundled solutions with revenue 2-3x greater than the previous product model. With the new line of solutions, the head of strategy was successful in developing and implementing new growth strategies. Ultimately, the project achieved great success, resulting in a doubling of revenue over five years.

