

Case Design Sheet



1. CASE DESCRIPTION

A performing service system for the wood industry

PARTNER	LOCATION	TIME/DURATION
CIRIDD	France	Since 2017

2. DIGITAL TRANSFORMATION CHALLENGE

2.1. BUSINESS TRANSFORMATION

The company was established in 1977 in Loire department in France. The company manufactures cutting tools for the mechanical wood industry (mainly saw blades) and machines used for the maintenance of these tools. The company was selling blades to its customers, a model which was leading to a deflationary spiral as prices were the best and only way to differentiate from the competitors. Therefore, the company had to rethink its business model, to find a way of achieving a sustainable competitive advantage over the other competing firms. It was critically important to differentiate on something other than price. Their reflection was oriented on a new contractualization.

2.2. CONCEPTUAL TRANSFORMATION

To face a competitive market, the company developed a global service offer. This new global service offer includes needs assessment, supply of cutting tool, maintenance and logistics. Thus, the company decided to focus on Customer Relationship Management (CRM).

2.2. TECHNICAL TRANSFORMATION

In 2002, the company launched a revolutionary sawing solution, called TCT FORESTILL. These blades last 5 to 10 times longer than conventional blades and allow the company customers to consider outsourcing the maintenance of their cutting tools. This technological differentiation gave the company the opportunity to test a new business model built on functional economy. This solution lies in the optimizing the use or function of goods and services. It aims to create the ever-possible long-lasting use value by consuming as few material and energy as possible.

To make the blades they use a lot of primary resources and energy which is costly and not sustainable for the business as primary resources are decreasing.

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3. SOLUTION

The company opted for a new business model from selling blades to selling solutions to cut . These solutions include a diagnostic of what to cut, the conception and creation of the blades according to the diagnostic, the training of the operators, the sharpening of the blades, the collect and recovery of the tools and the supply of the expandable products such as oil. With this solution the client does not pay one time for a blade but monthly according to its use. The company remains the owner of the blades.

4. KEY SKILLS AND COMPETENCES

To implement this solution, the company needed to develop communication skills in order to find the appropriate solution with its customers and to build a strong after sale service. Thereby Customer Relationship Management is a key for value creation. The company also had to develop training skill to ensure a long-lasting performance.

5. RESULTS

This new global service offer led to:

- Improvement of CRM
- Increase customer loyalty
- Improvement of product and service quality
- Longer lasting product: less resources needed to manufacture products
- Flexibility: The solution is adapted to each customer: rise of customer satisfaction

6. CONCLUSIONS AND RECOMMENDATIONS

The company moved to a business model based on the functional economy. With this new model, their value creation is now based on the services they provide rather than on the product. The company do not sale blades anymore but a solution to cut which is built with the customer according to his needs.

Through this change of paradigm, the company can build long-lasting relationship with its customers. The production is based on the need of the client so they only produce the necessary

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tools. This leads to a decrease of the production as the competition is not anymore based on the capacity to produce big quantities with low prices. Moreover, it is in the company interest to build long-lasting products as the company remains the owners of the tools.

7. REFERENCES

- <https://www.eclaira.org/static/the-functional-service-economy.html>

8. APPENDICES