



## Drilling Company Revives Profitability by Simplifying Portfolio

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The company doubled EBIT by reducing product proliferation and reasserting pricing discipline.

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### Challenge

Emerging from a prolonged industry downturn, a global provider of exploration drilling services and equipment had regained revenue growth but not profitability. Years of chasing unique customer needs led to a “one-stop-shop” strategy that produced extreme product proliferation. The company had more than 90,000 active SKUs engineered and manufactured across six global centers.

Scale efficiencies evaporated as complexity surged, and neither the commercial team nor leadership had a clear view of which products or customers were truly profitable. Inventory ballooned, service levels suffered, and cash flow tightened. With previous consulting efforts falling short, leaders needed a clear, actionable way to quickly restore profitability.

### Discovery

We conducted a two-phase assessment combining deep analytical rigor with strategic alignment. First, we assessed the performance of the company’s product business at the segment, category, and SKU levels, leveraging our proprietary Square Root Costing to account for hidden complexity costs and uncover the true profitability of products and customer channels. We also evaluated pricing

practices across segments, revealing gaps in value capture and inconsistencies in commercial discipline.

Second, we conducted deep dives into opportunity areas, evaluating options for SKU rationalization, pricing actions, make-versus-buy decisions, manufacturing strategy, and inventory policies. We then connected these insights to the value proposition and competitive positioning. Executive, commercial, and product teams were engaged to build alignment around the actions required for near- and mid-term performance improvement.

## Impact

We delivered a comprehensive plan to simplify the portfolio and reduce costs while strengthening offerings. Recommendations included rationalizing half the reviewed SKUs and, for another 37%, adjusting prices or shifting production from make-to-stock to make-to-order. Our analysis identified one full product category for elimination and recommended reducing another major category's SKU count by 70% without compromising technical coverage. Price increases of as much as 40% were proposed across categories, along with governance mechanisms to prevent future proliferation and reinforce pricing discipline.

The program set the foundation for substantial financial impact: the company is on track to double EBIT within 24 months and reduce working capital by 15% through early projects. The organization also adopted new profitability metrics to guide ongoing decision-making, enabling sustained value capture long after implementation.

## Contact Our Experts



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## About Innosight

Innosight helps enterprise leaders turn uncertainty into opportunity and thrive in a changing world. With unmatched expertise in navigating disruption, we partner closely with clients to address their most complex strategic challenges, building resilience in today's business while shaping the organization of tomorrow. Together with our colleagues across **Huron**, we align strategy, operating models, and people to drive transformation and deliver sustainable growth.

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