



**Sample materials:
Strategic Planning for
Distributors**

Strategic Planning: Process Overview

Phase	Phase 1: Identify Universe of Value-Creating Initiatives	Phase 2: Assess Ideas	Phase 3: Prioritize Initiatives
Key goal	<ul style="list-style-type: none"> • Capture and organize the universe of initiatives that could grow the company 	<ul style="list-style-type: none"> • Conduct a clear, quantifiable analysis of top initiatives to prioritize 	<ul style="list-style-type: none"> • Develop a clear, actionable path toward future growth
Key outputs	<ul style="list-style-type: none"> • Full universe of potential initiatives to grow the business 	<ul style="list-style-type: none"> • Growth initiatives' sizing and ability to execute 	<ul style="list-style-type: none"> • Top ~3-5 growth initiatives • ~3-5 year granular growth plan
Illustrative activities	<ul style="list-style-type: none"> • Internal stakeholder interviews • Market research (e.g., size) • Competitor case studies • External expert interviews • Initiative framework • Initiative list synthesis 	<ul style="list-style-type: none"> • Initiative sizing methodology • Initiative sizing (e.g., est. EBITDA impact) • Ability to execute assessments 	<ul style="list-style-type: none"> • Initiative size scoring • Ability to execute scoring • Score-based initiative prioritization • Prioritization review and finalization



Case Study: Ranger Wood Products Strategic Planning

Context:

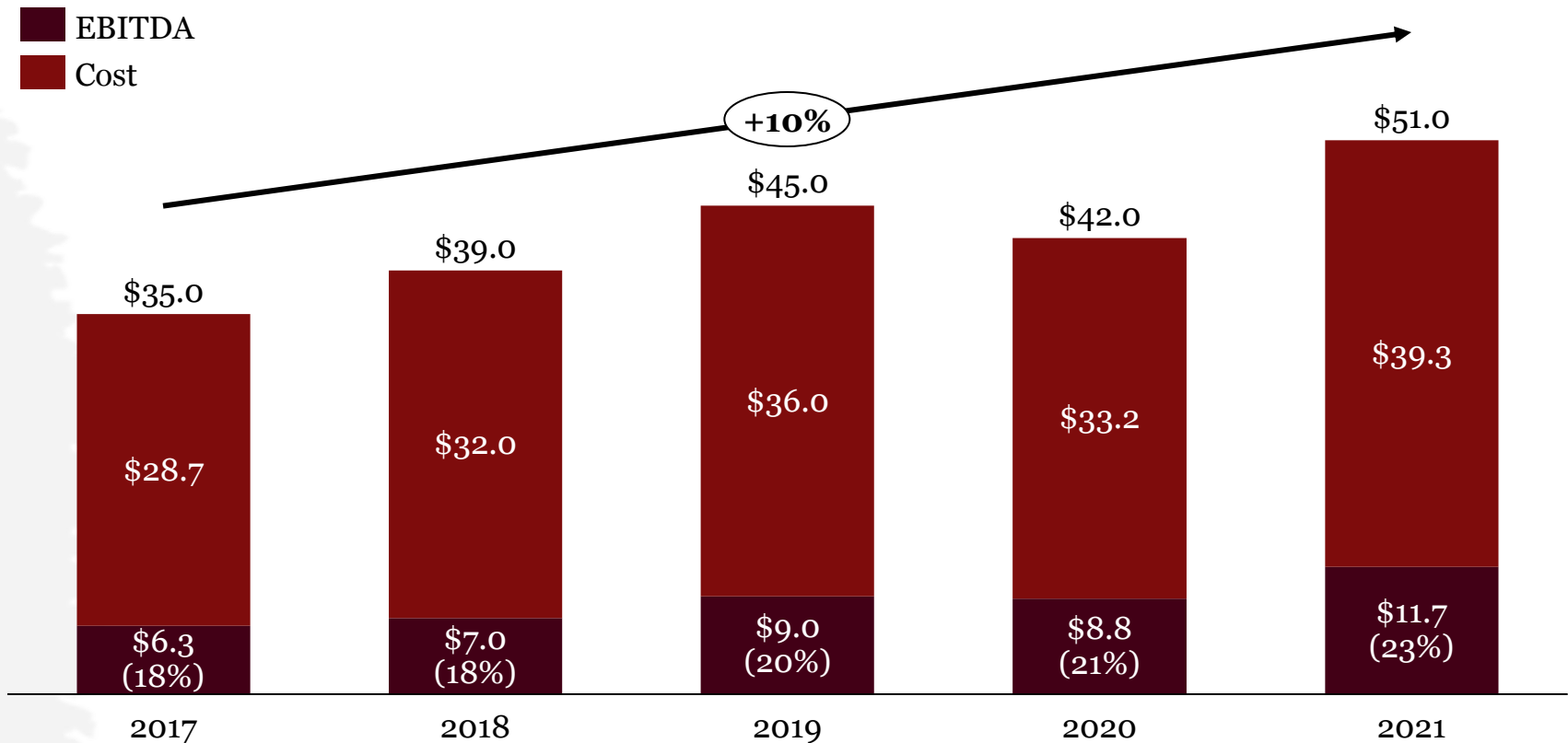
- The team worked with Ranger Wood Products to develop a 5-year strategic plan to pursue their highest-value growth initiatives
- The effort identified the universe of potential strategic initiatives based on Ranger Wood Products' previous performance
- The team rigorously assessed and prioritized all 22 potential initiatives and identified the top 3 initiatives based on their estimated enterprise value (EV) and ability to execute

Top illustrative insights:

- **Ranger Wood has a clear path to doubling EBITDA over the next 5 years** with a combination of revenue increasing and cost reducing initiatives
- **Top 3 initiatives represent a 50% EBITDA uplift opportunity** (~\$13M) over the next 5 years
- **3 medium-priority initiatives** could also potentially generate an additional **~48% opportunity** (~\$12.5M) in the future

The team built out a historical view of Ranger's financial performance over the last 5 years to inform analysis

Ranger Wood Products revenue, 2017-2021 (\$Ms)



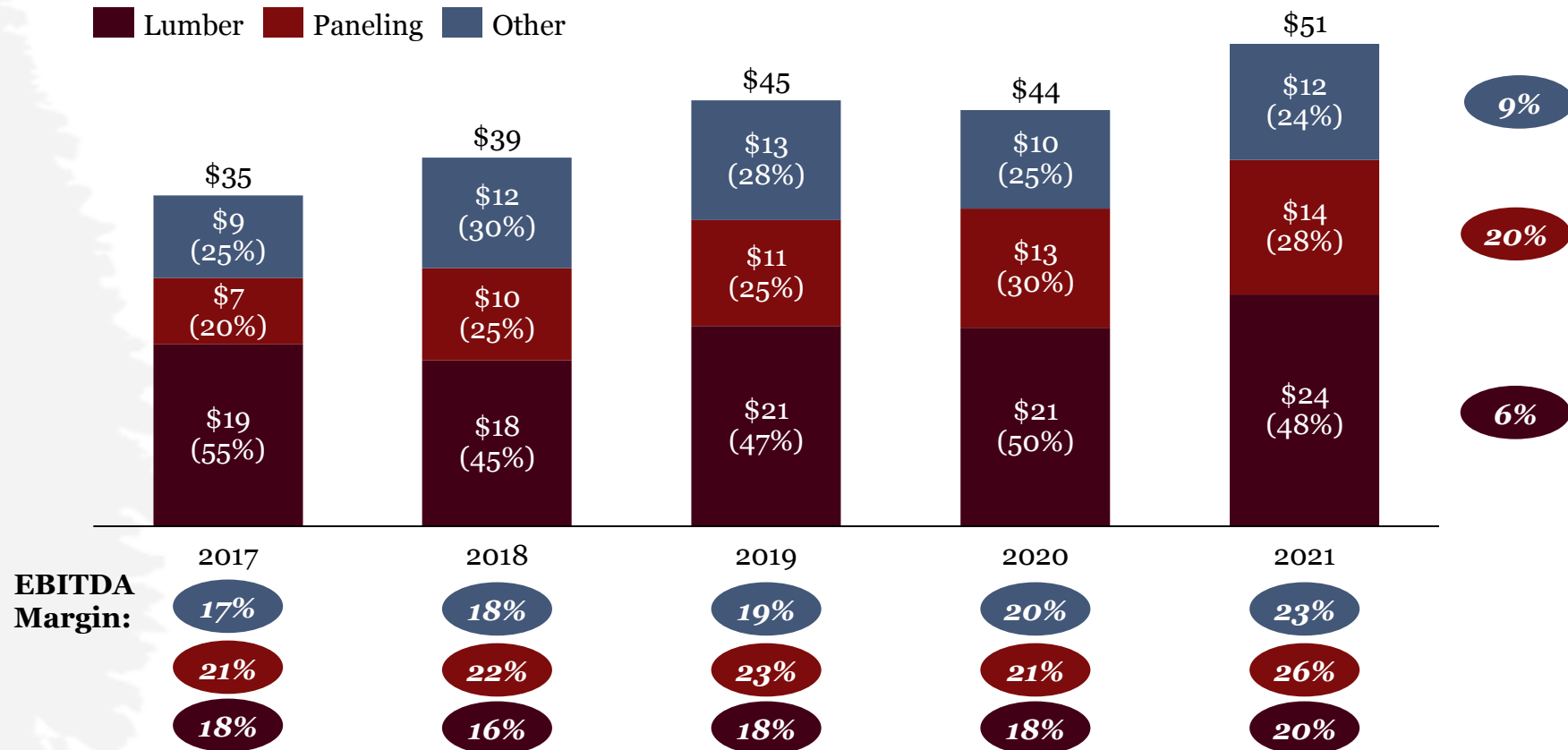
EBITDA has grown at a ~17% CAGR from 2017 to 2021 compared to revenue at a ~10% CAGR

The analysis included a revenue stream breakdown which revealed a growing opportunity segment in paneling

Ranger Wood Products revenue, 2017-2021 (\$Ms)

CAGR

■ Lumber ■ Paneling ■ Other



Ranger's growing margin is largely attributable to their growing paneling business which has a higher average margin as opposed to Ranger's core lumber business (e.g., 26% vs 20% in 2021)

Based on research and interviews with the team, 6 key initiative areas emerged

Key area

Overview

Market penetration

- Acquire new customers, focusing on target segments and using effective assets and tools

M&A

- Expand through acquisitions and integration programs

New offers

- Introduce new offers to customers based on current high-value products

Pricing

- Optimize pricing for key products in order to grow EBITDA

Gross margin optimization

- Build efficiency of sales and distribution processes to lower costs

SG&A optimization

- Lower SG&A costs through reviewing compensation, real estate, and G&A costs

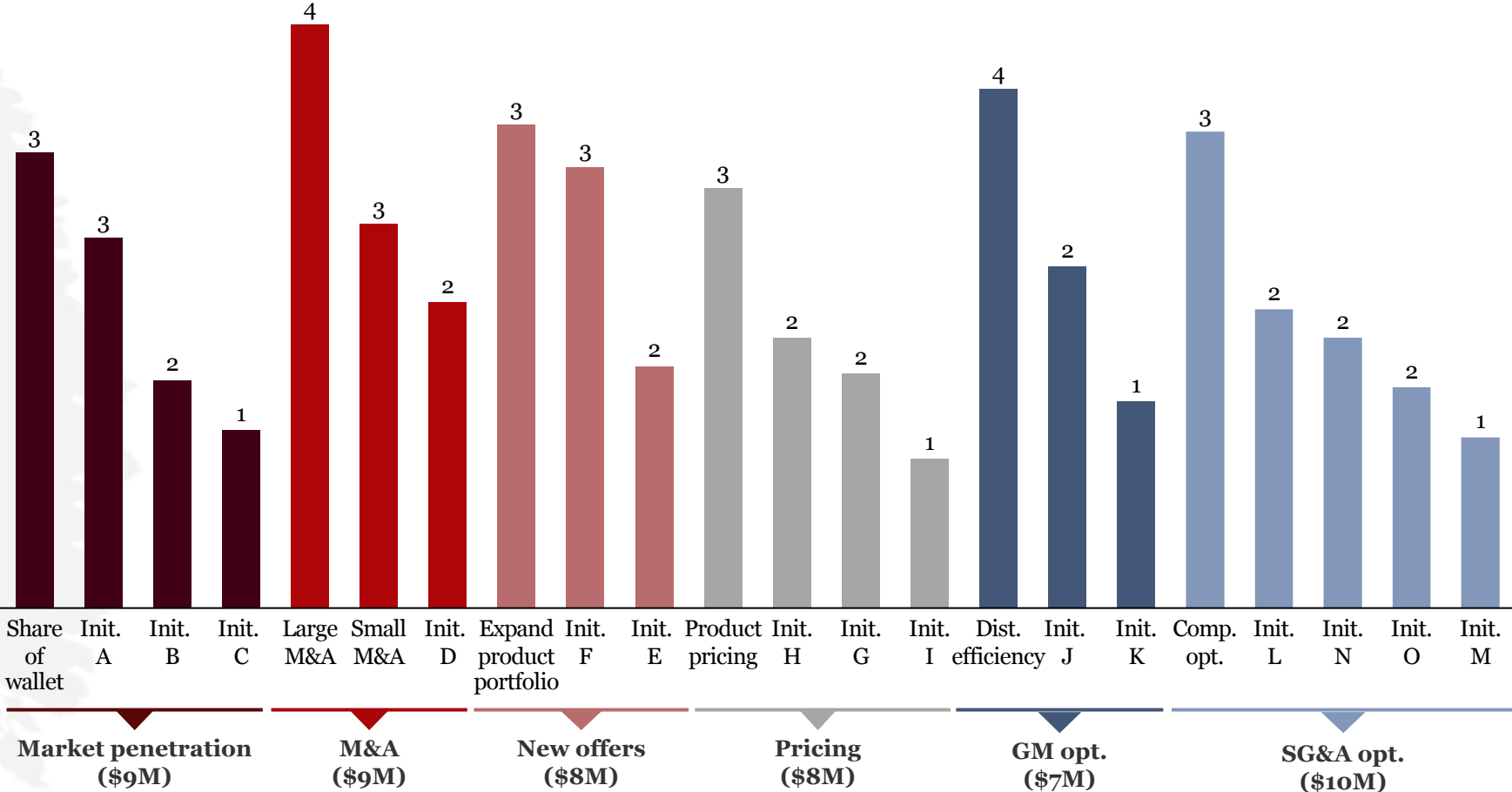
The Ranger team prioritized 22 initiatives to further size and access

Revenue growth				Margin optimization	
Market penetration	M&A	New Offers	Pricing	Gross Margin Optimization	SG&A Optimization
<ul style="list-style-type: none"> Share of wallet expansion (by sub-segment) Initiative A Initiative B Initiative C 	<ul style="list-style-type: none"> Large M&A Small M&A Initiative D 	<ul style="list-style-type: none"> Expand product portfolio Initiative E Initiative F 	<ul style="list-style-type: none"> Product pricing Initiative G Initiative H Initiative I 	<ul style="list-style-type: none"> Distribution efficiency (e.g., orders, transport, tracking) Initiative J Initiative K 	<ul style="list-style-type: none"> Compensation optimization for sales team Initiative L Initiative M Initiative N Initiative O







EBITDA growth opportunity was estimated for each of the 22 initiatives

2026 est. EBITDA by initiative and category (\$Ms)

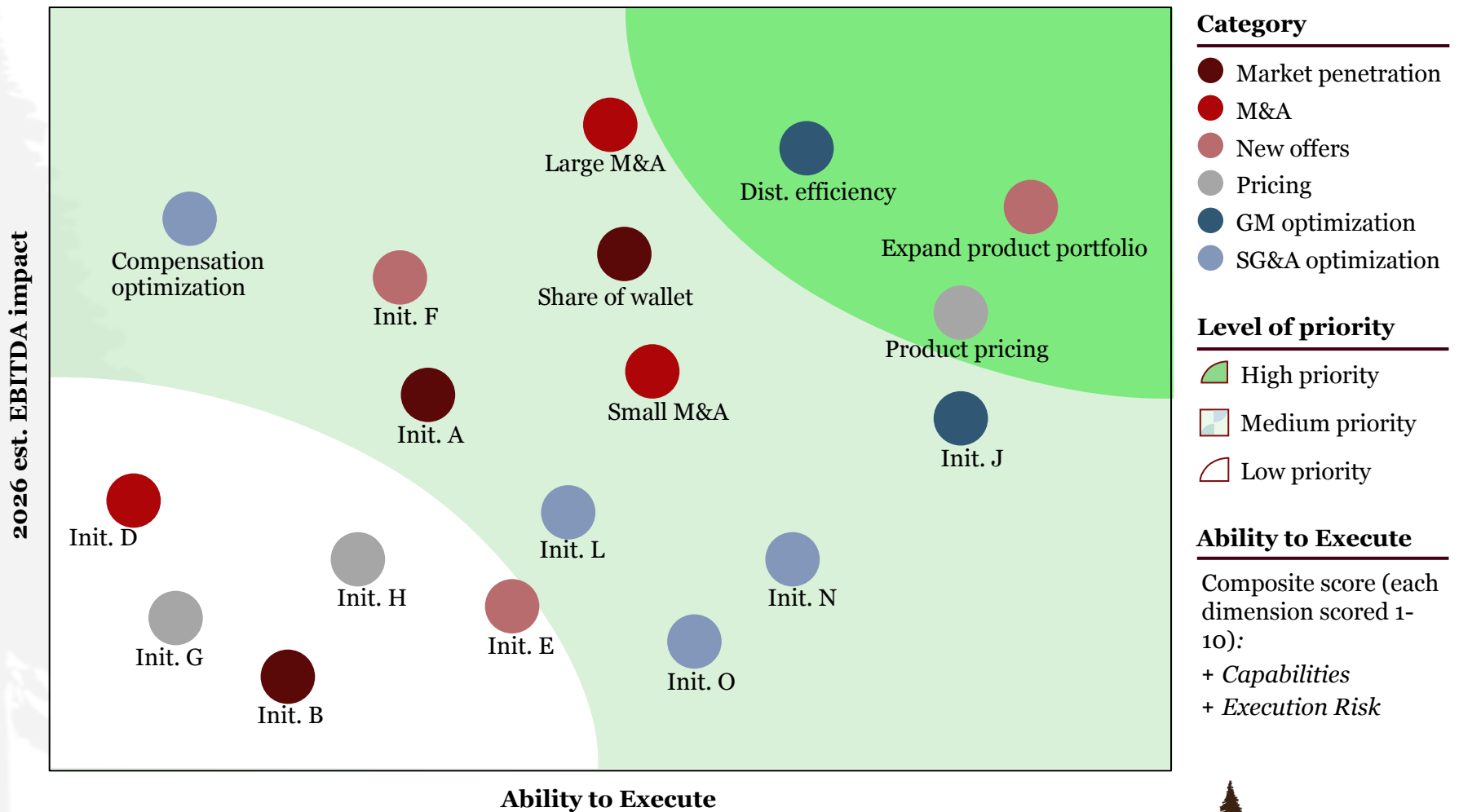


Three key dimensions were used to assess and prioritize the top 18 initiatives: Size, Ranger Wood Products Capabilities, and Execution Risk

Dimension	Description
 <p>Size</p>	<p>The total estimated EBITDA impact of the initiative in 2026 terms</p>
 <p>Ability to Execute</p>	<p>Ranger Wood Products' assessed current ability to capture the full value of a given initiative, based on internal capabilities and execution risk assessments</p>
 <p>Key Capabilities</p>	<p>A holistic measure of Ranger Wood Products' current internal capabilities to capture an initiative's value based on existing organizational talent, tools, analytics, systems and other resources (e.g., time)</p>
 <p>Execution Risk</p>	<p>An estimate of the execution risk associated with the initiative based on external risks (e.g., availability of add. support) and internal risks (e.g., level of control, operational challenges); higher risk indicates Ranger Wood Products has a lower probability of capturing the initiative's value</p>

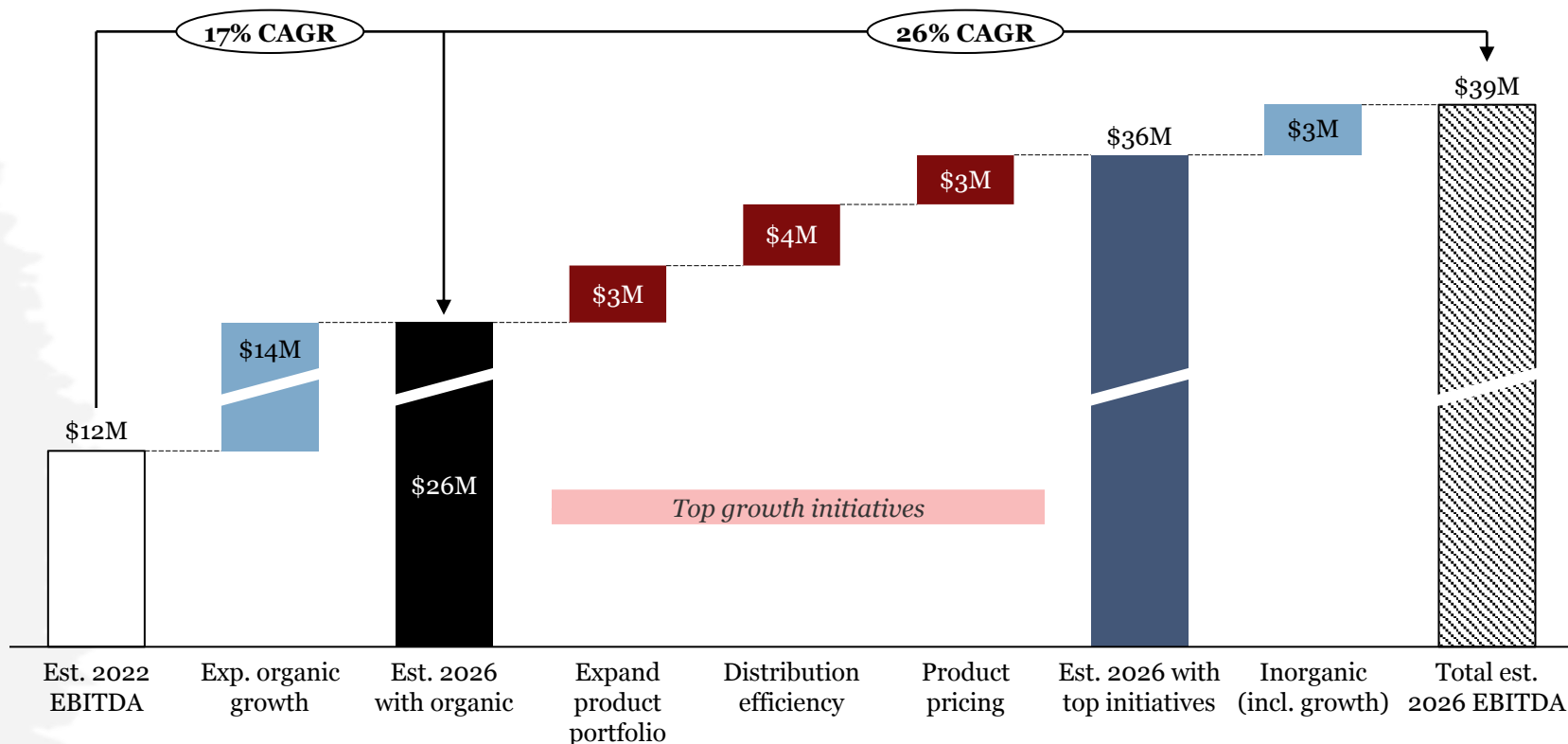
The 18 initiatives were prioritized based on each initiative's size and Ranger's ability to execute

Value initiative assessment by size and ability to execute



Ranger's unlock an additional ~\$10M in EBITDA in 2026 by pursuing the top 3 initiatives

Est. EBITDA growth potential by key initiatives, 2022-2026 (\$Ms)



- Organic growth predicted to be 15% in current core markets and segments (mgmt. team estimate)
- Organic growth in other segments estimated at 20%

- Analysis finds that Ranger can target a 10% penetration rate of the paneling market with \$3M in EBITDA impact
- Distribution efficiency and product pricing expected to unlock ~7M in EBITDA by 2026

- Model assumes 1 acqs. at \$3M EBITDA



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