

## Case Histories

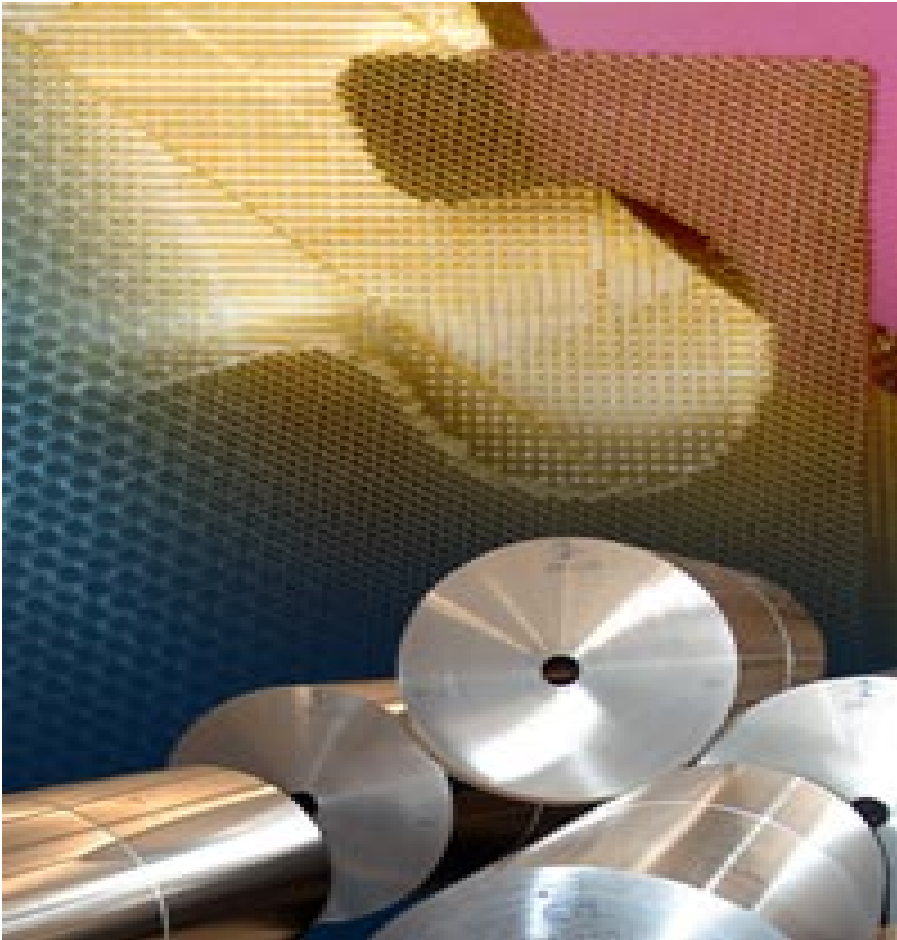


**B I Z S O N**

# Misconceived Start-up

**“A Greenfield operation, equipped with unproven technology, in a new cultural/economical environment to a foreign “national” manufacturer, suffers cash drains beyond expectations.”**

# Misconceived Start-up



## The Basic Data

- **Industry:** Continuous casting & rolling of Aluminum
- **Company:** a Luxembourg based subsidiary of an American group
- **Products:** semi-finished products for industrial use
- **Market:** packaging, automotive, cigarettes, bottling, ...
- **Sales area:** worldwide

# Misconceived Start-up

## The Problem

Regular changes of American top management couldn't avoid massive operating losses and cash-drain, due to:

- Technical problems (unproven technology)
- Lingual and cultural discrepancies between American and local management
- Quality levels (Europe higher than US)
- Lack off or insufficiently elaborated marketing strategy



# Misconceived Start-up



Prior to make the final decision either:

- To place the company in bankruptcy, resulting in huge write-offs and selling the assets
- To inject more cash to solve the occurring problems and prepare the company for sale

**BIZSON was called upon to investigate and evaluate the company and its prospects.**

**BIZSON conceived a detailed strategic plan allowing a stop loss situation, recreating a platform for growth.**

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BIZSON was asked to implement the plan based on pro forma cash flow, P&L and balance sheets with milestones towards levels of achievement.

BIZSON prepared a 3 year business plan, incorporating and documenting changes and improvements.

“The financial projections reflected an accelerated rate of growth, also identifying new business opportunities for further growth in revenues and profitability.”



# Misconceived Start-up



## The actions taken – short term:

- Installing significant cost reduction program
- Restructuring of 60 Mio \$ debt, allowing interest rate reduction of 100 base points.
- Improving dramatically working capital
- Implementing ABC manufacturing costing system
- Reevaluating product, market and customer outlook
- Strengthen management and restructuring organization
- Renegotiation of existing Union agreements achieving labor stability and increasing productivity.

# Misconceived Start-up



## The actions taken – long term:

- Reviewing, changing the marketing and sales approach, resulting in different product segmentation and organization
- Reviewing technical and production facilities
- Improving existing equipment, originated together with equipment suppliers, in order to comply with market requirements
- Installing quality and JIT procedures
- Launching a new, highly profitable product line
- Starting a major PR campaign towards customers, local government and competition, restoring market confidence.



# Misconceived Start-up

## Results

- On the basis of these achievements, a significant number of short, mid-range and longer term improvements were identified and implemented
- The improvement programs as well as the business strategy/plan proved to be highly successful, showing sales and profitability growth at an accelerated level.



# Ready for the future



After two and half years, an adapted product range and customer base:

- Output from 14.000 MT/annum -> 25.000 MT/annum
- Sales from 53 Mio \$ -> 110 Mio \$
- Cash drain of 15 Mio \$ -> cash flow of 17 Mio \$

# The future started here

The company was sold to a major European player in the industry and is operating successfully and most profitable.



# Solutions Providers

## The Full Circle Approach

- Examine
- Evaluate
- Diagnose
  - Plan
- Implement

# Solution Providers



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