

Solution Providers

Case Histories

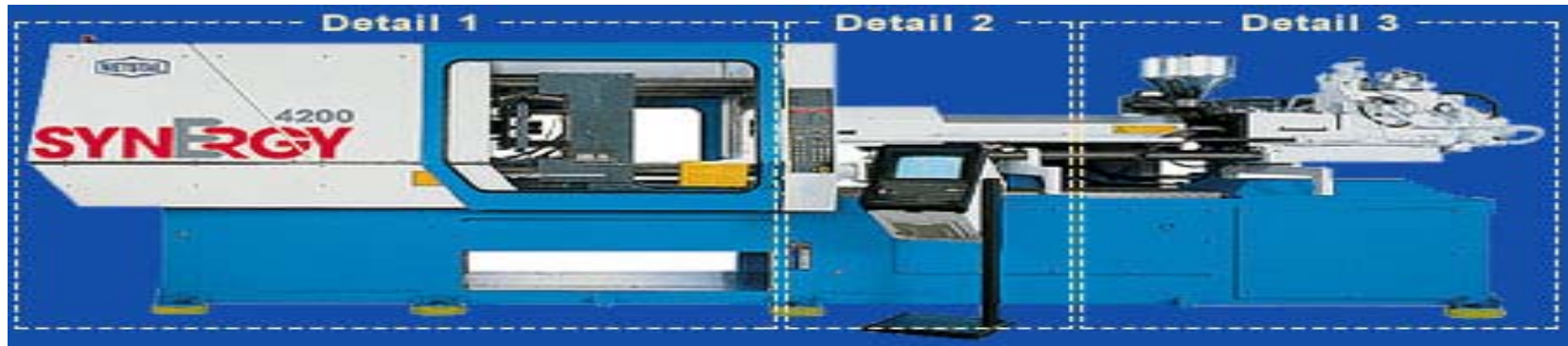


B I Z S O N

A costly transition: From family owned into a multinational environment.

“A family owned operation gets into serious profit and cash problems after being acquired by a multinational, on its turn being absorbed by a FTSE multinational group.”

A costly transition: From family owned into a multinational environment.



The Problem

The mismatch of culture, strategic approach and fit, as well as the lack of “management tools”, brings the company at the edge of bankruptcy.

- Production driven, ignoring the markets
 - Over diversification
- Huge reinvestment after fire without strategic perspectives
 - Lack of costing tools and cost control
- Acquisition paid with a leverage from within, resulting in high interest fees

Resulting in tremendous cash-drains and no perspectives

A costly transition: From family owned into a multinational environment.

Prior to make a 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 make the company fit into the group

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 and profit.

A costly transition: From family owned into a multinational environment.

- 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 a way out of the vicious circle of volume/cash-drains and scope for a new future in a redesigned shape and focused market approach.”



A costly transition: From family owned into a multinational environment.

The actions taken – short term:

- Negotiating new and stable credit lines with the bankers
- Negotiating new wage agreements with the Unions
- Significant cost reduction programs were installed
- Working capital improvement
- Quitting the labware market, selling the assets and inventories, reducing labor force
- Implementing ABC manufacturing costing system
- Implementing a full integrated ICT platform
- Installing reporting systems according to Group requirements
- Installing a complete new management team
- Reviewing warehousing and physical distribution

A costly transition: From family owned into a multinational environment.

The actions taken – long term:

- Identifying production focus in injection moulding
 - Transfer of extrusion and thermoforming to sister company in UK, maintaining “sales and distribution” of the product range.
 - Reshape one factory layout and adapt it to house equipment of 2 plants
 - Shutdown of one plant and warehouse – sale of land and buildings involved
 - Major layoff of work force (reduced by 50 %) without strike
- Identifying packaging for food industry as sole future customer base
 - Changing marketing and sales approach to the majors in the food industry
 - Sales of the “sales and distribution” end of the horticulture department to competition
 - Maintaining production for horticulture products in a 3 years downscaling agreement with the above competitor, allowing to bridge for buildup customer base in food industry
- Implementing ISO9001 and obtaining certificate

A costly transition: From family owned into a multinational environment.

Results

- These achievements created a sound base and platform for future development of the company.
- The implementation of the total plan allowed for a break trough, creating cash, a new market approach in a renewed environment, a fit into the strategy of the holding company.



Ready for the future



After two years, with a renewed production environment, focused product and customer base:

- 1 plant / 1 warehouse / 1 market / 1 technology
- Sales from 40 Mio € -> 25 Mio €
- Workforce from 325 -> 150
- Cash drain of 7.5 Mio € -> cash flow of 5 Mio €

The future started here

The company, handed over to the new management installed by the Group, is still running at pace.

(Today it has been sold to another packaging group)



Solutions Providers

The Full Circle Approach

- Examine
- Evaluate
- Diagnose
 - Plan
- Implement

Solution Providers



B I Z S O N

Business Solutions Network nv
Rue de Tournai 361 – B7973 Stambruges
BE-0458.767.141 – RPM Tournai
Tel: 0475/716084 – Fax: 0065/783102
E-mail: dirk.mostien@bizson.eu