

Postern

Case Studies of ODD and Business Turnarounds

Postern (UK) Ltd
38 Craven Street
London WC2N 5NG
Tel: 020 7520 9362
www.postern.com

Examples of Business Turnarounds & Operational Due Diligence

Engineering

- £25M UK leader in portable power for military and space applications, recently purchased by a PE House. They had a public sector culture, focussed on unrealistic sales targets 5-10 year ahead, and restrained short-term growth opportunities with bureaucracy. Wide-ranging changes in management and operating practices reversed a loss of £5M into a £700k profit in 12 months, generated £2M cash from TWC, and doubled space sector sales.

£40M UK leader in engineers cutting tools, facing precipitous loss of share from uncompetitive quality and service. Lean practices released £5M of WIP from shop floor, cut lead-times from >3 months to 10 days, and cut scrap from >15% to <2%. Cash generated was re-invested in state-of-the-art machines, and profit was raised to double the World No 1.

Manufacturing

- £105M AIM listed plc manufacturing products for European/USA building materials & vehicle parts sectors; mostly B2B. Postern team members responded to banking pressures/negative cash flow, delivering (as Board members) £3m+ cost savings and attracted /managed a £10m+ corporate reconstruction into a successful PE backed group.

Examples of Business Turnarounds & Operational Due Diligence

Technology

- £200M+ global marine technology leader - operational due diligence: required by the bank to establish risk and opportunity in an international client where several banking lines of business were being considered (multi-million lending opportunity). Work satisfactorily completed with recommendations being enacted.

Consumer Goods

- \$100M US family-owned leader in apparel/footwear for dance/leisure markets, claimed to be profitable but had no cash to pay dividends. They had an outdated business model, and a severe cash problem from \$20M of uncontrolled inventory. Wide-ranging changes focused onto winnable sectors, cutting \$6M in S&M costs, and generating cash of \$7M from product rationalisation and inventory management techniques.
- £45M UK division of FTSE plc, steel products producer. Loss making in the previous year (-£2.75m), achieved £0.25m OP in the first half through improved manufacturing productivity (+33%) & price increases (7%) without loss of business. Balance sheet control was exerted to achieve a *negative working capital operation*. Closed a sister site and consolidated production into one facility.

Examples of Business Turnarounds & Operational Due Diligence

Service Industry

- £150m division of a FTSE plc, 3rd party logistics company serving vehicle aftermarket internationally and UK food retail. Rejuvenated the company with a £20m programme site move, saving £13m cash and £1.4m pa. cost savings; 6-Sigma re-engineering work gave a £3m stock reduction and £1.9m cost savings; reduced headcount 19%; achieved 'world class' service levels & increased margins by £5.5m whilst building a £24m new business pipeline at the gross margin level.
- \$50M USA national event management and digital media group with operations in LA, Indianapolis, NY, badly impacted by poor management and fraud. Responding at bank request, re-structured existing operations separating company in two divisions: an event management company and a digital media production operation. Event management arm sold off to an existing stakeholder, and re-structured digital media unit to become Hilton Hotels Corporation's (and Hilton Honors program) primary digital media, and commercials/training film provider for their global operations.

Media & Publishing

- £160M distressed publicly quoted IP Company. ODD for PE major stakeholder. Turnaround to stabilize cash drain and identify value of existing library and assets. Advised on portfolio sale to US strategic partner and expansion of exploitation of remaining IP portfolio.

Examples of Business Turnarounds & Operational Due Diligence

€25M Turnaround of loss making publishing company for Istituto Poligrafico del Zecca dello Stato (Italian Government State Mint) reducing costs, improving sales through output deals in the US and using American Public Television as a national promotional platform, generating revenues of €20M in the first 9 months and introducing global change program for exploitation of existing IP.

International

- At the request of the Chinese Government and the Beijing Olympic Committee led the creation and branding of an £100m+ program. Re-structured as an economic and cultural platform to promote inbound and outbound business with China. Designed as a major multi-layered entertainment event with global TV and media - comprising action sports, racing, fashion, music, art and business forum and planned as a prequel to the Beijing Olympics. Involved extensive and complex multi-tiered branding and sponsorship program involving multi-national corporations e.g. Hisense, Tsingtao Beer, Quicksilver, UBS, Bombardier, Haier Group, BHP Billiton, Cosco Shipping, InterContinental Hotels, Wyndham Group, LG Mobile, Electronic Arts.
- £250m publicly quoted group of companies, with an investment bank as major shareholder. CEE multi site operation with £0.5bn fixed assets & 6000 employees: the national tyre manufacturing & distribution industry. Brought business back to life, re-building exports to highest ever levels, achieved a £20m reduction in the shortfall between liabilities & current assets, reduced headcount 15%, inculcated right first time philosophy with and through new management team & improved 1st quality production from 85% to 96% in 4 months.