

€150m Market Leading European Retailer Construction Mid acquisition –Turnaround



Background

A VC bought the European retail business in a major refinancing 24 months ago. The business comprised of 3 major brands – and having been bought out of a Plc the focus had been on earnings not cash management. Since 2007 revenue had dropped from €500m to €150m, this drop in revenue made working capital and cash management business critical. The VC engaged icebreaker to create a plan to reduce inventory and create an accurate view of the cash forecast to foresee the cash to see business through a period of slow trading Q1 2012. The cash position was a real concern to ensure that the business was solvent and therefore the approach in engaging as a solvent basis was therefore valid.

Ability to Integrate into Client Company

Icebreaker put in 3 experts one to oversee the cash flow, one - distribution and branch management aspects and the other as COO. Icebreaker was introduced by the VC to the CEO to support the turnaround through an initial 2 day onsite review. In the 2 days Icebreaker set out the main organisational issues, cash management and stock reduction opportunity, and in a subsequent 10 day piece of work detailed the plan, cascaded the objectives and launched the project with the executive team. Engagement was from inventory management, distribution, vendor management, branch management, product management - sales

Impact on Business

The plan targeted a €4.5m reduction in inventory by the end of Q2 and a total of €8m by the end of 2012 with supporting project charters and targets / owner.

Achievement of Objectives

The project was successfully launched with the team after the 10 days engagement, and icebreaker will continue to support as is required, and or gaps in resourcing emerge to ensure a successful outcome. The cash flow model showed a gap vs the original forecast of €3.1m, and the funding beyond the existing facility the retailer had in place. All business processes were mapped to establish the status quo and gaps in managing special building deals. Icebreaker also introduced some specialist investors as a contingency option to fill Q1 gap in funding.

Working Style

Very hands on, focussed on operational best practice motivationally focussed, developing rapport with the team making a difference by improving the day-day processes and management as well as overseeing the successful project.

Other Comments

From the VC - *"The project has created a real focus and successfully launched the stock reduction project. Icebreaker's financial support to check the balance sheet and cash flow enabled a very successful outcome with the bank to secure the extra funding facility to see through Q1"*

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