

## **Business Strategy for ATB Motors in Subotica, Serbia**

### **Issue for ATB in Serbia**

ATB has a very large electric motor manufacturing site in Subotica, Serbia. In 2008 it was making a €6m loss on €40m sales. The downturn in demand across the group meant that the cash could no longer be provided from within the group. Steve was an interim restructuring officer tasked with getting the site back to cash neutral or better.

### **Overall contribution / achievement of objectives**

Steve analyzed the business by splitting its product into groups and assessing each of them for cash contribution. This showed that several groups produced little or no contribution at the gross margin. Further investigations proved that the business model needed to change drastically to get the business back on track. He developed a strategy to cease some product groups over the coming months, consolidate the remainder into a smaller area of the factory and reduce the workforce.

### **Impact on the business / bottom line**

In the first 6 months of 2009 the headcount was reduced from around 1400 down to under 1000 and the cash loss per month reduced from €500k down to under €100k. The first of the factory buildings were reorganized and space cleared to allow the consolidation of the main activities in 2 rather than 4 buildings. The ongoing plans were established to further reduce the workforce to around 800 later in 2009 and the business became cash neutral by the end of 2009. Getting to breakeven profit was scheduled to take until the end of Q1 in 2010.

### **Leadership / people management skills**

“Steve presented his work directly to the main board and provided us with the clarity to see the total picture as a series of decisions and that we had a chance to reshape the business in Serbia. The ATB group had become complacent and dependent on the Serbian operation for what appeared to be a cheap supply source, but in reality it was the wrong direction to go. He had challenged the way we had been working for many years and this proved to be very valuable.”

Interim restructuring office Serbia s4n