

Turnaround, Growth Management and Reconstruction (UK's largest organic beauty and natural remedy manufacturer and retailer)



Ability to integrate into the client company

"G Hirth was 'parachuted' in following the sudden departure of the exiting Finance Director and within a few days established the issues facing Neal's Yard many of which management were themselves unaware. Within 10 days of the first meeting, a detailed strategic and financial plan had been produced to produce meaningful and accurate information to allow the business to control cash, reduce its overheads, improve and manage its working capital and identify areas of 'leakage'. The plans provided for a reduction in the time to produce management accounts from 28 to 9 days, improve morale throughout the whole business, reduce stock by 5% equating to £150k, improve supplier relations by reducing the creditor days from 90 days to a more acceptable 55 days, repay £500k of director loans, improve margins by over 5% and identify historic margin erosion of typically 6% and overheads of around £1/2m p.a. In light of the large historic losses, the company aimed to break even at the end of its financial year. In addition, the plan proposed delaying publication of its annual accounts pending a debt for equity reconstruction to strengthen its credit rating with suppliers. All of this had to be done whilst retaining the company's reputation as an ethical business!"

Impact on the business / bottom line

In its early stages, support was sought and received from the company's shareholders, bankers and HMRC without whom a viable turnaround could never have been achieved. Through open and honest dialogue combined with a professional front the Interim and MD were able to convince HMRC to support the business by agreeing to the company's second Time to Pay arrangement within 6 months and the bank to support a six month capital holiday whilst the measures introduced demonstrably began to impact on both cashflow and profitability.

Achievement of objectives

Within five months of taking office, £500k of shareholders loans and all outstanding liabilities to HMRC for VAT and PAYE had been repaid. Currency exposure had been minimised and new controls previously introduced had ensured that overheads remained below budget for the first time in six years. Improvements in the MIS systems and particularly in product costing and planning eliminated significant margin swings with margins having increased from mid-70% to low 80%. Two loss making branches were closed and this provided the company to reduce its stockholding even making a profit on obsolescent, old or slow moving stock. At the end of the financial year, all key objectives had either been achieved or exceeded with the company reporting a bottom line profit for the first time in many years.

Working style

"You have been truly fantastic and without your help I do not believe we could have achieved this. Even talking to your finance team, they seem happier and more dedicated than before" Peter Kindersley - Owner and director of Neal's Yard Natural Remedies Ltd

Leadership / people management skills

"You led by example and had a hard time getting the finance team to either accept or follow you – but in the end the change is just phenomenal. Even the one member of staff that we thought we would have to let go is now performing beyond expectations. You also had to earn the trust and respect of the board the hard way and I think that we have all learned something" Gillian Rosen – HR Director at Neal's Yard Natural Remedies Ltd

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