

# construction & maintenance business case study

## Energy Industry Turnaround Case File

<b>Name</b>	Confidential
<b>Ownership</b>	Private Equity (foreign controlled)
<b>Business</b>	Construction and Maintenance Services to Electricity Distribution Industry
<b>EBITDA</b>	3% of Sales (pre Promentor)
<b>Background</b>	<ul style="list-style-type: none"><li>• Hived out of former utility</li><li>• Created to leverage off owner's referrals, but not price competitive</li><li>• Customers rate service level highly</li></ul>
<b>Situation</b>	<ul style="list-style-type: none"><li>• Ineffective silo structure</li><li>• Poor cost control/data capture/pricing</li><li>• Poor management of suppliers</li><li>• Sister companies buying elsewhere!</li><li>• Loose contract management</li><li>• Staff not multi-skilled</li><li>• Poor technical support</li></ul>

## Turnaround Approach

Establish problems and issues facing the business.

Confirm causes of underperformance, via detailed analysis.

**NON FINANCIAL FOCUS** – Operational processes, core business structure, duplication of function and sales organisation etc. **TREATS THE CAUSES.**

Set management new targets to eliminate identified underperformance. Also set responsibilities and deliverables for each group and identify short term wins (gives staff and banks confidence – Promentor is not just another consultant).

Recommend how to achieve the targets, including restructuring, identifying team members to work with, empowering these people and setting management responsibility areas and performance accountability steps.

Provide a detailed 90 day implementation plan to deliver recommendations and assist management to implement this plan.

## The Turnaround

The project was a success and Promentor achieved all objectives:

- Restructured operations
- Added \$3m in revenue without cost
- Reduced OPEX by \$2.5 – \$3m and workforce by over half
- Lifted EBITDA to over 10% of sales

