

furniture manufacturer case study

Manufacturing Industry Turnaround Case File

Name	Confidential
Ownership	Private Company
Business	Manufacturers of Furniture
Turnover	\$45m (pre Promentor)
EBITDA	1.2% of Sales (pre Promentor)
Background	<ul style="list-style-type: none">• Sell to Tier 1 retailers nationally• Pursuing international markets• Board implemented cost cutting
Situation	<ul style="list-style-type: none">• Vast range (40 options, 500 colours)• Manufacturing involves 6 locations• Trying to grow by reduced prices• Can't compete with cheap imports• Sales falling• Per unit overheads rising• EBITDA falling• Creditors & stock both rising• Funding needed imminently

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. **REMOVES PROBLEMS.**

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
- Lifted business from break even to reach sustainable EBITDA exceeding 10% of sales!

