

# furniture retailer case study

## Import/Retail Industry Turnaround Case File

<b>Name</b>	Confidential
<b>Ownership</b>	Private Company
<b>Business</b>	Importing and Retail Sales of Furniture
<b>Turnover</b>	\$60m (pre Promentor)
<b>EBITDA</b>	1% of Sales (pre Promentor)
<b>Background</b>	<ul style="list-style-type: none"><li>• National chain of retail stores</li><li>• 240 staff in total</li><li>• Recent consolidation of 8 franchises</li><li>• Stock imported from China/Vietnam</li></ul>
<b>Situation</b>	<ul style="list-style-type: none"><li>• Stock increased \$2.0m last year</li><li>• Poor logistical management</li><li>• Ordering systems failing</li><li>• Poor merchandising</li><li>• Lack of functional cohesion</li><li>• Communication inconsistent/ignored</li><li>• Obsolete stock pushed to branches</li><li>• Several deliveries to same site (no consolidation of shipments)</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. **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!

