

furniture wholesaler case study

Import/Wholesale Industry Turnaround Case File

Name	Confidential
Ownership	Private Company
Business	Furniture Manufacturing and Wholesale
EBITDA	Loss making business (pre Promentor)
Background	<ul style="list-style-type: none">• Warehousing and sales in 2 states• Created to leverage off owner's relationship with one key customer, but not price competitive• Customers rate service level as poor and inconsistent
Situation	<ul style="list-style-type: none">• Duplication of function• Poor control/use of raw materials• Lack of accountability in total organisation• Assembly staff poorly managed• Low staff motivation• Loose management• 20% product = 80% profit• Many unprofitable products

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
- Reversed losses and lifted EBITDA to over 10% of sales!

