

network infrastructure & services provider case study

Telecommunications Turnaround Case File

Name	Confidential
Ownership	Subsidiary of Public Company
Business	Network Infrastructure & Services
Turnover	\$70m (pre Promentor)
EBIT	Losing \$18m pa (pre Promentor)
Acquired	\$8m (pre Promentor)
Background	<ul style="list-style-type: none">• Successful in large corporate market• Expansion into SME market failed
Situation	<ul style="list-style-type: none">• Trying to be everything to everyone• Bad commercial deals (lost money)• Bad equipment deals (OE not perform)• Giving away product/services without any perceptible return• Uncertain of core business• Inefficient, not competitive• Huge overheads, too many cost centres• Unable to trade profitably with SME's• Poor management• Highly regarded by corporate clients• Have excess capacity on network

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:

- Business sold for > \$250m, 2.5 years after acquisition!
- Targeted 5% EBITDA on sales
- Reduced headcount by 120 people

