

technology retailer case study

Technology Industry Turnaround Case File

Name	Confidential
Ownership	Private Company
Business	Technology Retailer
Turnover	\$13.4m (pre Promentor)
EBITDA	0% of Sales (pre Promentor)
Background	<ul style="list-style-type: none">• National franchise chain• 4 Retail outlets, all owned• Computers; AV; photography
Situation	<ul style="list-style-type: none">• Sales are not growing• GP has increased 5%• OPEX has increased 6%• Overall, EBIT falling substantially• Advertising not effective• Store profitability varies greatly• Head office role uncertain

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:

- Reorganised operations and cut OPEX
- EBIT reaches 8.2% of sales, exceeding target
- Reduced staff levels by 25%

