

thermoformed products manufacturer case study

Automotive Industry Turnaround Case File

Name	Confidential
Ownership	Private Company
Business	Manufacturer of Automotive Products
Turnover	\$18m (pre Promentor)
EBITDA	0.5% of sales (pre Promentor)
Background	<ul style="list-style-type: none">Manufacturers since 1975Supply OE and aftermarket productsMainly thermoformed products6 factories in 2 different areas
Situation	<ul style="list-style-type: none">Primary customers concerned over viability of company, drop in product quality and failure to deliver on timeCash crisis – need fresh equityHigh profile new product is failing. Needs 6 more months R&DHigh underutilisation of (many) staffAggressive creditors (inc. ATO)Substantial superannuation arrearsPoor financial management

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 and closed 1/3 of factories
- Reduced management, staff and overheads
- Lifted business from loss making to break even

