

# Solutions

Management Consultants Ltd

## Case Study-VEHICLE CONVERSIONS

Business Improvement and MBO

### *The Company*

THE COMPANY WAS A PRIVATE OWNED BUSINESS WITH A TURNOVER OF £3.5 MILLION IN COMMERCIAL VEHICLE CONVERSIONS WHO THE OWNER WISHED TO SELL THE BUSINESS TO THE MANAGEMENT AND HAD APPOINTED A NEW MANAGING DIRECTOR TO COMPLETE THE TRANSACTION. HOWEVER THE BUSINESS SHOWED SLIGHT LOSSES AND THE SUGGESTED PURCHASE PRICE WAS UNREALISTIC ON PAST PERFORMANCE.



### *The Business Problem*

The company was only marginally profitable and although the owner wanted to sell the business to the management team which was headed by a new managing director, unless improvement in performance could be established then funding of the sale could not be effected. At the net asset valuation, which was a requirement and precondition of the owner, the brief was to increase profitability and effect the sale to the management, including advice on the funding.

### *The Solution*

Solutions identified the areas where we believed savings could be made evaluating all areas of the business, the new managing director who had a Sales and Marketing background evaluated the Sales and internal sales and service sections, and we completed all other sections including Finance. We then completed a three year business plan and commenced primarily discussions with Financial Institutions. A timescale of eighteen months was planned to finalise the sale and results were monitored on a monthly basis, structure changes in the Sales Force and Financial sections were effected and changes in working practices where implemented to increase productivity.

### *The Benefits*

The business increased profitability ton £200K per annum, and the sale was effected within 18 months with a combination of Bank Debt, New equity and long term small firms loan this giving the management the control of all the equity. The original owner obtained the purchase price of £900k which was the original agreed sum.