Success Study

Capital Acceleration Partners

Global Manufacturer

Strategic assessment
Organizational alignment
Lean manufacturing
Radical innovation

Synopsis

A multi-division, publicly traded, global manufacturer was experiencing declining sales in the face of a global recession. They were having difficulties meeting obligations to their creditors and desperately needed to adjust their corporate strategy to adapt to changing conditions and reposition their company to exploit their core competencies.

Challenge

The $120MM company had been operating with the same management and strategic approaches for years with no material adjustments in response to declining sales resulting from changing industry and economic events. In the face of a global recession, their centralized management systems were unable to react to and accommodate global variances and threatened the company's ability to meet their financial obligations.

Action

After an assessment of the company's market approach and operating structure, we helped guide the organization through a transformational process. During the assessment, we discovered that by adjusting the company's market orientation from one focused on branded market share to one of manufacturing segment market share, the lifecycle of the company's highly innovative products could be extended significantly. This shift allowed for markedly improved returns on their investments in product development and innovation, and increased sales by enabling the company to work with the very same competitors that had been responsible for limiting their growth in the past.

In addition, by working collaboratively with management, the company's operating performance improved significantly. The company deployed twelve teams worldwide to pursue five strategic imperatives, all focused on reducing working capital requirements, improving cycle times, improving sales effectiveness and achieving world class quality.

In the end, the company managed to improve EBITDA by more than 60%, grow 4% in a market that had experienced a decline year-over-year of more than 20%, while maintaining investment in research and development.

Today, this company has a new lease on life. They've raised fresh equity capital to take their company private, and the company is poised for sustained, profitable performance.

Outcome

In a space of just 18 months, the company saw significant improvements in their growth, efficiency, and profitability, including:

- Revenue growth that surpassed the industry average by 16%
- 45% reduction in working capital requirements
- Improved cash cycle by nearly 50%
- Increased enterprise value by $60MM

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