



Diligence - Beyond The Numbers

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Case Study

Retail Group divests itself of misfit B2B subsidiary



by **Mark Plant**, Director at Business Growth Advisory Group.

The Challenge

Background :The client is a major B2C retailer of computers and consumer electronics that had acquired a B2B subsidiary some eight years previously and now wished to refocus their business on their core B2C market.

Challenge: The subsidiary had not thrived under the new owner and was in need of radical transformation in order to attract a suitable buyer for the ailing business. Mark Plant, a Director at the Business Growth Advisory Group (at the time working as an independent consultant) was tasked with restructuring the management, culture and reputation of the subsidiary company in line with his understanding of the requirements and ambitions of the potential purchasers he had identified.

Case Study - Transform to divest

The subsidiary company required a complete transformation of its high volume/low margin business model in order to integrate easily with the requirements of any potential acquirer. Their impressive customer base was a very attractive asset, however the potential to serve this community with high value solutions as opposed to low cost product had not been identified or realised.



The Solution

The necessary transformation was a delicate balance of changing customer perceptions of the brand whilst simultaneously developing the capabilities and processes to deliver against a more complex and skills reliant promise. Without root and branch reformation the business was unsalable, without maintaining revenue and margins throughout the process, the valuation would suffer. Mark Plant provided the parent company with a clear vision of how a divestment could be achieved and was subsequently engaged to oversee the implementation of that strategy.

<p>Divesting the subsidiary</p> <p>Identify potential purchasers (of company)</p> <p>Profile these target companies</p> <p>Ascertain motivation for interest</p> <p>Confirm criteria for purchase decision</p> 	<p>Re-Focusing the business</p> <p>Maintain revenues and increase margin</p> <p>Transform sales culture to match target market's model</p> <p>Restructure / replace management to deliver the new sales model</p> <p>Recruit and integrate high value services team</p> <p>Rationalise the supplier / product mix</p> <p>Maintain customer loyalty</p> <p>Improve marketing communications</p> <p>Reinvigorate company culture and ethos</p>
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Outcome

The strategy achieved a dramatic turn around in the success of the company, both from a financial perspective and a cultural one, turning it from an ugly duckling subsidiary into an attractive asset that was subsequently acquired by a competitor that saw not only a healthy balance sheet, but a sales culture and service portfolio that complimented and enhanced their own.

