

Breathing Life into an Engineering Company

Client Challenge

With turnover less than £1.5m, the client's ageing products for the Utilities Market were achieving only breakeven performance. Products in development could not be launched because of cash shortages hampering production.

The Parrallel Effect

The company quadrupled its sales, achieved a two-thirds share in its market, developed successful international channel partners, and boosted its operating profits beyond £2m per annum, making a return on sales of >20%.

How We Achieved It

The Pain Diagnostic® identified:

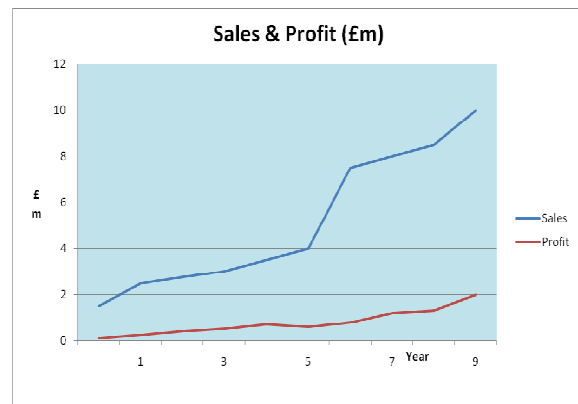
- dying markets
- shortage of working capital

The Parrallel Consultant devised a short-term plan, exploiting a trend in the Utilities Market for specially engineered connectors made from aluminium to replace traditional copper. The company attacked this niche aggressively, using a small loan for capital and subcontracting manufacturing to reduce initial investment in the product launch.

Interests in old product lines were sold to a competitor.

Customers for the new product were blue-chip utilities, which allowed the company to raise working capital through invoice discounting and increase sales margins by a sequence of investments in its internal manufacturing capacity.

As part of a longer term plan, the management were offered equity participation through a Management Buy-Out; the company acquired a subcontractor as a subsidiary and moved operations to an 85,000sq ft factory in Birmingham. Once relocated, the company switched to providing 'everything in a box' jointing kits to electricity utilities rather than connection components, becoming the first supplier in its market to offer a genuine JIT service.



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