



Transitional management
Managing risk and improving
returns



Collinson Grant

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Introduction

Collinson Grant supports clients on organisation, costs, and people.

- We work throughout Europe and the United States. Nearly fifty per cent of our turnover lies outside the United Kingdom; fifteen per cent in the United States.
- We focus on our main skills – restructuring and operations – using only seasoned consultants practised in line management.
- The business has deep experience in a number of industry sectors, having served many clients for twenty years or more.

Collinson Grant has helped local and international acquiring firms:

- to do initial research and operational, commercial or market-focused due diligence
- to plan acquisitions and has led the work to integrate them
- to restructure operations and turn round acquired businesses
- to reduce the headcount and overhead costs
- to provide transitional managers in senior positions.

Our approach and consulting style are grounded in pragmatism, urgency, and complete objectivity. We do not recommend action unless sure that the outcome will be worth it.

Changing market conditions

The prolonged economic decline shows few signs of coming to an end, particularly in the UK. Domestic and international demand remains weak and concerns about the value of sterling persist. For many companies in difficult trading conditions, weakening corporate profits prompt fears of a 'double dip' recession.

More and more businesses are defaulting on loan agreements.

- The lenders, primarily banks, face an unenviable choice – to safeguard their investment they must swap debt for equity, or risk seeing the business get into more difficulty and eventually fail.
- Incumbent managers can be slow to respond to the need for change. They may be emotionally wedded to out-dated business models, or simply exhausted and uncertain what to do next.
- Performance can easily slide, before anybody has had chance to get a firm grip on the investment. This can take a long time to correct.

- A business with severely constrained output may be unable to generate enough cash to service its loans, let alone restore profits.
- The unplanned and risky corrective actions that may be contemplated may do more harm than good.
- Businesses need to stabilise, to restructure, to reduce costs, and to create a realistic plan to generate cash flow and improve profits.

How Collinson Grant supports corporate banking

This document sets out a proposition intended to be attractive to banks that have swapped debt for a shareholding in companies unable to service their loans. Collinson Grant offers a framework of support to turn round failing businesses. It has simple objectives:

- to improve operating performance quickly, to restore profitability and prevent further losses
- to restore energy and commitment in the management team, or replace them with executives who can achieve results
- to restructure the business so that a plan can be conceived to allow the owners to sell their equity at a reasonable return (or without further losses).

The plan aims to take early action to reverse negative trends, improve monthly results and define a path to recovery. In the short term, reducing costs will be a priority, but this may already have been attempted. Better to restructure the business to the right size and shape to perform satisfactorily in this harsh economic climate, and to equip it with a management team that can cope with uncertainty. This will often mean reducing the staff.

We provide managerial and consulting support in three different ways:

- **Strategic direction and control** - we can supply strong, non-executive directors, who draw on their operational experience to provide leadership on key decisions and a balanced view.
- **Interim appointments** - operational managers with experience of success in senior jobs take up executive positions and assume accountability for parts of the business.
- **Projects for improvement** - our consultants lead specific projects to reduce costs, introduce organisational change, rationalise the supply chain, revise terms and conditions of employment and set up more effective business processes.

We work closely with the present managers, while recognising that some may need to leave quite quickly. Our purpose - to stem losses rapidly, appraise the short- and medium-term prospects, and generate some forward momentum - requires an assessment of customers and markets, and a dispassionate evaluation of the business and its capabilities.

Collinson Grant has many years' experience of restructuring large companies in different sectors. We work with senior managers on assignments to meet precise targets for improvement. Our clients typically engage us to solve medium-term operational challenges and to boost profit and cash flow.



Collinson Grant supplies managerial capability at board level, in business units and in functional departments to put plans into effect and realise value. We focus on coordinated action:

- to create new operating plans with realistic means and results
- to provide a customised approach and flexible support to meet clients' needs
- to offer a challenging managerial perspective and practical operating experience, which produce pragmatic recommendations and tangible results
- to develop an understanding of organisational dynamics and culture to facilitate a realistic approach to change
- to provide support and encouragement to line managers to help them improve their day-to-day performance.

Restructuring takes place in stages, so as not to weaken the business further or jeopardise its prospects for growth. We aim to create a pragmatic plan to show the company how to generate cash and increase its profitability. It will include a number of discrete projects to tackle complexity and increase agility. We introduce better managerial and financial controls to reveal and sustain progress. This provides confidence to shareholders and directors, re-energises the business, gives morale a boost and demonstrates that realistic targets can be achieved.

Restructuring can result in some senior people leaving the business. We have particular skills in helping clients to deal with this sensitively and at least cost. Our specialists in employment law and HR know how to negotiate a fair and reasonable deal. However, in other cases, it may be necessary to agree on a bonus to retain vital skills in the short term.

Collinson Grant offers various kinds of support:

Required Change	Significant/Business-wide	<p><i>Transformation</i></p> <ul style="list-style-type: none"> ▪ Fundamental structural change ▪ 3 to 6 month focus ▪ Confirm new accountabilities ▪ Supply chain review ▪ Targets and reporting 	<p><i>Turnaround</i></p> <ul style="list-style-type: none"> ▪ 45 to 90 day focus ▪ Often requires interim management ▪ Minimise risks ▪ Plan for reducing costs ▪ New reporting standards 	
	Modest/Focused	<p><i>Process Improvement</i></p> <ul style="list-style-type: none"> ▪ Well defined problem areas ▪ Process activity analysis ▪ Often staged implementation ▪ Outsourcing/offshoring 	<p><i>Cash Crisis</i></p> <ul style="list-style-type: none"> ▪ Rapid diagnostic ▪ Intensive 30 day focus to achieve results ▪ Avoid violation of debt covenants or other trigger toward possible workout 	
		Moderate	Urgency	Extreme

Restructuring aims to improve profit and cash flow. We lead initiatives to rationalise the staff and plant and to set out the plans for improving processes and procedures, aiming principally to reduce these costs:

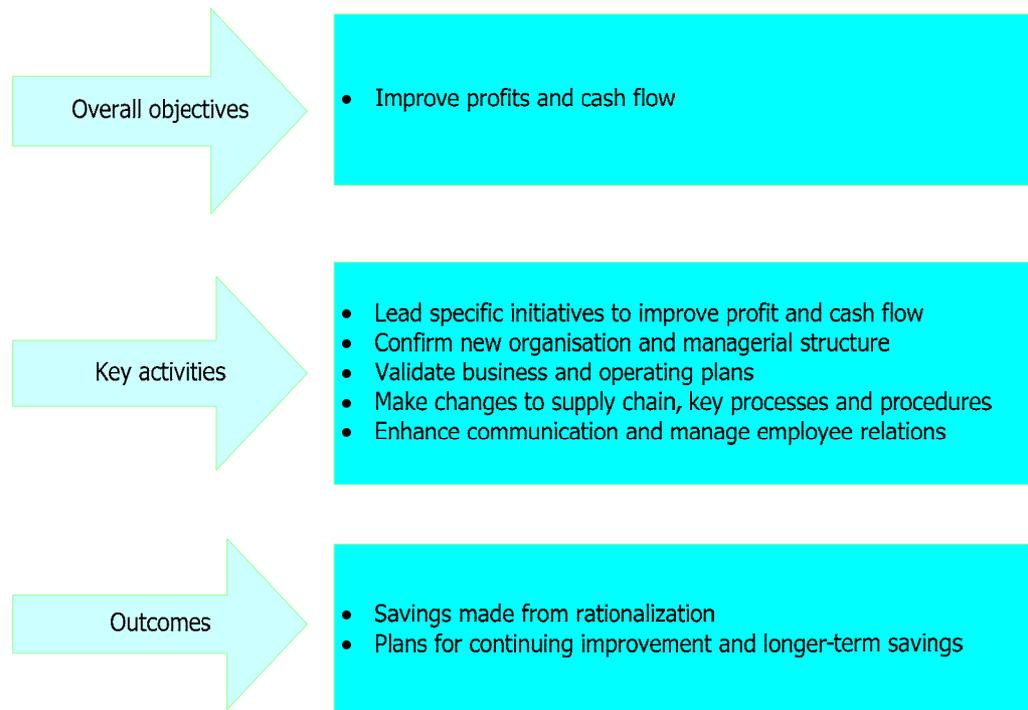
- direct
- overhead
- working capital

and to redefine the organisational and managerial structure.

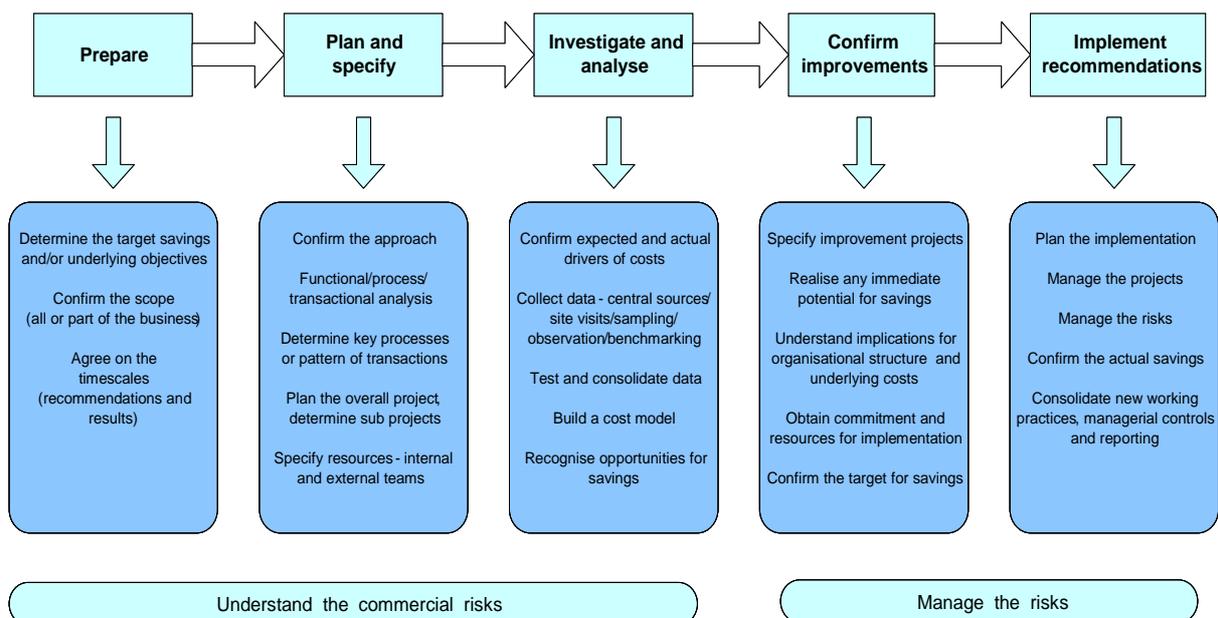
Private equity

A lot of our efforts to restructure and to boost profit have been on behalf of private equity houses that have invested in companies and now want to improve their performance to create options for selling them. We provide transitional managers, run discrete projects and do due diligence while investment remains under consideration.

We stress simplicity and speed at every stage, aiming to confirm the objectives, define the essential activities and measure the outcomes in a seamless programme of work. Of course, some situations may be more 'messy' than that. Our skills and backgrounds as senior line managers help us to tackle difficult problems and maintain a focus on results.



We apply a simple yet systematic framework to analyse, understand and reduce costs, using proven tools and techniques to inform restructuring:



Our approach demands rigorous analysis, excellent project-management and a continuing focus on results.

Collinson Grant – skills and resources

Collinson Grant has been improving the performance of large companies for over forty years.

- Our skills in restructuring, reducing costs, managing people and improving profitability have been applied in many different situations; often following an acquisition or change of ownership.
- Sometimes we provide full-time, operational directors as interim managers, taking accountability for the whole business or a division.
- We may also organise a small team of consultants to steer a specific assignment to the agreed objectives.
- And we can provide continuing support to line managers – usually on employment law and personnel management.

We have experience of working for companies owned through a variety of vehicles on projects to restructure operations and reduce costs.

Our work as advisers to many large, quoted companies brings us into frequent contact with experienced non-executive directors (NEDs). Often they introduce us to opportunities or recommend our services to the boards on which they serve. Others have close links with private equity houses and ask us to help restructure their investments.

Our close working relationships with NEDs have been built up and sustained over many years. Most NEDs have had experience as Chief Executives and Finance and Operational Directors of large British and international businesses.

For example, our corporate clients include:

- | | |
|--------------------------|----------------------|
| ■ Balfour Beatty | ■ National Car Parks |
| ■ BASF Polyurethanes | ■ Priory Healthcare |
| ■ Carrier - UTC | ■ Rolls-Royce |
| ■ Caterpillar | ■ Sea Containers |
| ■ First Group | ■ SIG |
| ■ G4S | ■ TT electronics |
| ■ Guardian Media Group | ■ Urenco |
| ■ Imperial Tobacco Group | ■ VT Group |
| ■ Manchester Airports | ■ Wolseley Group |
| ■ McKesson | ■ Wood Group |

Collinson Grant offers:

- an ability to respond quickly and get up to speed almost immediately
- wide-ranging experience to function within tight constraints and to meet demanding deadlines
- flexibility to alter scope and outcomes as needs become more apparent and as specific priorities for improvement shift
- an understanding of the structure of deals – the impact of operations on cash flow, capital required, organisation, and the management of risk
- absolute confidentiality and objectivity.

Collinson Grant can turn round the performance of failing businesses and help shareholders to recover the value of their equity. We emphasise implementation, results, and value for money.

How we work with clients

Our approach depends on precise terms of reference, good working relationships, and regular and comprehensive reporting. We review progress frequently and adjust our support to accommodate changing circumstances. We welcome discussion of how to match the structure of our fees to the needs of the assignment.

More detailed case studies and references can be provided on request.



Collinson Grant

Costs

People

Organisation

Productivity

Performance

Restructuring

**United
Kingdom**

**Mainland
Europe**

**United States
of America**

Complexity, Direct costs, Employee relations,
Employment law, Implementing change, Integrating organisations, Lean,
Managerial controls, Organisational design, Overheads, Performance management,
Pricing, Process improvement, Procurement, Reward, Supply chain,
Transitional management, Value chain analysis, Workforce planning

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