

## How mentoring turned a troubled company around

The owner of a ceramic tile distributor asked me to carry out a review of his company. On the face of it, the business possessed many strengths and the owner had a great deal of experience in the industry. Why, then, were revenue and profits dwindling?

### What my review revealed

It quickly became clear that the company's managerial and organisational structure was weak. The owner was handling too much of the day-to-day activity, without enough consistent administration, systems and underpinning. It was therefore impossible to present the business as an attractive proposition for buyers, so selling up was not a viable exit strategy for the owner.

I soon realised that the organisational and staffing structure needed a complete overhaul if performance and profitability were to improve.

### Injecting energy into sales

My first priority was to totally remodel the company's sales structure. A so-called commercial director departed and was replaced by two more dedicated and focused senior managers – one handling sales and some procurement, the other logistics, administration and finance.

One of the sales reps was promoted to a broader managerial role and was placed in charge of distinct key accounts, merchandising and sales development, and another sales rep was recruited – all at little increase to overhead.

### An advantageous purchase

It was my belief that the business required greater critical mass, so I encouraged the owner to research trade competitors and consider acquiring one.

I helped the owner find a suitable acquisition target. After a two-month negotiation, he purchased the rival on favourable terms that included deferred payments and a structured earn-out.

### Putting the accounts function in safer hands

On my recommendation, the client replaced an underperforming accounts assistant with an experienced and committed person who was able to pull the monthly management accounts back in-house and also tackle in-house payroll and credit control.

## My role as company mentor

I guided the owner through all these developments by:

- attending and chairing meetings
- taking the lead role in interviewing job applicants
- appointing the successful candidates and drawing up clear job specifications and motivational incentive schemes
- carrying out due diligence for the acquisition target and formulating a deal that was acceptable to and affordable for all parties
- putting in place systems and reporting procedures to include appraisal schemes, contact reports and job specifications for all staff.

## A highly successful integration

The two businesses were fully integrated, with two regional sales offices – one covering the north and the other the south. I helped to:

- combine the computer systems
- optimise the logistics, warehousing and transportation operations
- put employment contracts in place
- run key account and major supplier meetings.

The business is on forecast and achieving budgeted profitability. The new staff and management team are producing substantially more business. While some salary costs have increased, the overall mix is balanced and some redundancies have been made in the newly acquired company to reduce costs and use shared facilities.

For more information about company mentoring, [email me](#) or call me on **020 7099 2621**.