

## Restructuring and integration: Sensitive task with an advertising technique manufacturer

### Background

A Vienna based company goes bankrupt after ten years of ongoing growth. The debt amounts up to 50% of the annual revenue and the important employees are screening the job market with the intention of leaving the company. An entrepreneur located in the western region of Austria is asked by the owner of the insolvent company to support the continuation of the business. Time presses, the installed liquidator is given only a three- month period to come up with a continuation plan. The addressed entrepreneur makes mistakes under the vision to enlarge his existing business with the investment he is asked to make: 1. He does not execute a due diligence and 2. He accepts that the founder of the bankrupt company stays on board as Managing Director and 50% shareholder.

Under pressure to keep the business rolling and the employees on board, the investor finances the bailout plan and the additional working capital required.

After some months it becomes clear that the investor and the founder have totally different opinions regarding the return to a healthy company. The monthly results are far below budget, the atmosphere is poisoned, as the trust between the partners goes down to zero.

To enable a restart under positive signs, ALCEDO is asked by the investor to support the restructuring process and later integration into the group of the investor.

### Approach

The Senior Partner of ALCEDO is appointed as Managing Director on an interim basis, being responsible for all commercial tasks including the execution of the recovery plan. Within a short period of time financial irregularities are discovered by ALCEDO and the process to remove the founder is started.

Parallel to this, ALCEDO starts a "trust program" with customers, suppliers and employees, based on quality improvements, fair employment conditions and on time payments. Purchase costs can be reduced, and sales prices are adapted to profitable levels. After an intensive communication work, most suppliers refrain from prepayments and the staff turnover stops.



### ALDECO Unternehmensberatung

Schottenring 16/2

1010 Wien

Austria

Phone +43 1 537 12 4039

office@alcedo.at

www.alcedo.at

European

Professional

Personal

Coming down from 80 employees to 50, the core team is still on board and the motivation of the staff members gets better and better. ALCEDO establishes clear guidelines for all functions in the company; fair appraisal and bonus systems get started. After nine months, revenue is growing again and profits are back.

In the meantime, the founder had to resign as MD and to transfer his shares to the investor. Having this important milestone achieved, the commitment of the employees and suppliers came back entirely.

## Outcome

The bankruptcy of the company could be avoided and the creditors of the old company received payment of 20% of their outstanding accounts. At least half of the jobs compared to the peak year could be saved, while new employees were taken on during the following years.

The overall profitability was achieved in the fourth quarter after ALCEDO was mandated and it lasted throughout the following business year. At a later stage the Vienna based company was successfully integrated in the group of the investor.



## ALDECO Unternehmensberatung

Schottenring 16/2

1010 Wien

Austria

Phone +43 1 537 12 4039

office@alcedo.at

www.alcedo.at

