

CASE STUDY

Opportunity Assessment Offers “Big Picture” Checkup on Business Health

How Platinum helps owners to restore, enhance or realize the value of their businesses

SITUATION

More than 7,000 executives go to Mayo Clinic each year for an annual, personalized checkup. And when companies want to stay healthy, they come to Platinum Group for an Opportunity Assessment. Top-line growth, improved cash flow and greater operating efficiency are common objectives of business owners searching for ways to keep their companies healthy. Businesses that turn to Platinum Group to restore, enhance or realize the value of their company find an efficient approach to identifying any issues that may exist and a plan for maintaining the company's health.

CHALLENGES

- Creating a new go-to-market strategy
- Increasing revenues in challenging markets
- Improving margins and bottom line profits
- Reducing expenses to meet budgets
- Finding a new bank or lender that can meet your working capital needs
- Structuring an acquisition or sale transaction to maximize any leverage you may have
- Resolving internal conflicts that may be hindering your progress
- Identifying the next-generation leader of the company
- Guiding a recovery from a setback

RESPONSE

Platinum's Opportunity Assessment

Working closely with the business leaders and their trusted advisors, Platinum can quickly assess—often within two weeks—the following core functions and develop options for driving forward:

Ownership/Governance/Leadership Issues: Is the current capital structure adequate for sustained growth? How is governance provided through a board of directors or advisory board? What environmental issues and compliance need to be considered? These and other questions help Platinum to learn what is and is not going well, and what are the best options to address needs.

Finance and Accounting Review: Determine how accounts receivable, inventory and accounts payable may be absorbing too much cash flow, review historical financial performance, analyze cash breakeven and identify ways to quickly improve cash flow with a rolling 13-week cash flow forecast.

Sales and Marketing Analysis: Questions include: How many customers do you have, and what is your customer concentration? What is the brand promise? What are your key competitors doing by market segment? How does your offering stand up to emerging new technology?

Operational Problems/Opportunities: Analyze work flow to identify capacity constraints, assess ERP/MRP system adequacy, evaluate inventory levels and turnover and capital expenditures needs to bring capacity up to cost competitive levels.

RESULTS – Two examples show the benefits of an Opportunity Assessment:

- A successful manufacturer was considering a potential acquisition that, on paper, looked like a strategic fit with significant business value. Platinum was invited to assess the situation on an expedited timetable and made the case for a “no go” decision based on significant new capital investment required for a sustainably profitable business. Even with improvement, the company's performance wasn't projected sufficient to justify the new investment.
- The owner of a successful custom design and manufacturer wanted help finding a five-year exit or sale. The Opportunity Assessment pointed out challenges that first needed to be addressed: developing a trustworthy internal successor, and restoring sales capabilities to generate sustainable sales growth. Platinum helped improve the sales process and customer contract manufacturing that would shore up the long-term business performance and make the company a more attractive opportunity for an internal successor.

Does your business need a health check-up? Contact Platinum for a no-cost discussion of how the Opportunity Assessment could be the right way for your business to improve.