

Moregate acquired a significant stake in a satellite services company facing insolvency. We took immediate control at Board level to introduce instant financial controls to stop the cash drain. The next step was to start and rebuild the business introducing a changed business model in conjunction with raising cash needed to fund the working capital requirements.



Turnaround: Rebuilding the business

Moregate acquired a significant stake in BrownstoneIT Ltd, a leading satellite services provider, with the view to turning around the operation, change the business model and take the management expertise to the next level.

We had four key objectives common to most turnarounds:

Take control and manage the immediate crisis

Due to inadequate financial controls and poor working capital management the business suffered serious pressure from creditors, banks and other stakeholders. If not managed the business would have been fatally wounded. Our consultants introduced working capital management tools and processes to manage cash flow, profit and loss and balance sheet forecasts. This allowed management to deal with creditors, debtors and banks to manage the cash balance.

At management level we had to improve leadership expertise and start laying the foundations for the change. We asked our partners at P5 Management to take

the existing management through a series of coaching sessions.

Rebuild stakeholder support

Stakeholder management became the key focus after the stabilisation. Only then could we start and re-engage suppliers and partners with the view to devise a new business model.

Fixing the business

Strategic focus and devising a changed business model was the key challenge going forward as the existing management was given no time to relax and revert to the old way of doing business. Early, simple measures as offering lease finance, identifying niche solutions and new pricing structures moved towards a fundamental change of the business model.

Resolve future funding

A new financial structure was put to investors and banks. Moregate was able to secure current funds, raise new bank debt and invest itself.

The company now has sufficient working capital headroom and additional funds to invest to transition to the new business model.

Objective

- Company survival
- Strategic direction
- Management, Sales and Finance process implementation

Results

- Insolvency avoided
- Cash and creditors managed
- Management processes implemented
- Balance sheet stabilised
- Fresh funds raised

Project Characteristics

- Control at Board level
- Managing the pain
- Manage the change cycle - resistance, avoidance, acceptance, leadership
- Management coaching
- Governance processes
- Hard decisions made at leadership level
- Sales process and pipeline management
- Pricing changed in line with market expectation
- Tensions and emotional behaviour at all levels
- Forecasts based on robust assumptions
- Change of business model
- New strategy deployed
- 12 months turnaround cycle