

## **Project Rock Case Study**

**12 month project to June 2014**

**Owner managed professional services firm**

**This case study demonstrates how Ickniel was able to rapidly assist a company which was loss making and requesting a large increase in its banking facilities. Working with the owner, we developed and implemented a turnaround plan which exceeded expectations, turning a loss making company profitable within 6 months whilst reducing additional funding needs.**

- Ickniel was contacted by the lenders in July 2013 because they were concerned that the company had requested a considerable increase in its existing overdraft facility
- Steve Smith arranged to meet the owner the next day with team member Shahin Gulamali and Ickniel was appointed immediately to assist the business
- Shahin worked in a part time capacity in the business for a year. She took over the forecasting and managing of cash initially and then supported the owner in developing a budget and turnaround plan which was accepted by the lender. Shahin then helped implement the plan by driving through the initiatives required to achieve it

- Management of cash so that it remained within limits agreed with the lender
- Obtaining HMRC support and negotiating deferral terms
- Development of a robust forecast and budget to give greater 'visibility' of the financial position of the company
- Fee earners given ownership of their budgeted fee income and collections
- Improvement in billing and collection processes to reduce "lock-up"
- Developing initiatives to improve profitability
- Loss making company returned to profit within 6 months
- Plan so successful that the lender was keen to retain the company as a client

- A professional services firm with a staff of 50+ and turnover of c.£4 million
- Lending secured by a personal guarantee from the owner
- Loss making and running out of cash
- Fee billing and collection systems inefficient
- Fee revenue was falling
- Outsourced finance processing function and no timely management information
- Part time FD

- Revised forecast prepared for the current year and a revised budget for the following year
- Turnaround plan devised which was accepted by both the owner and the lender
- Fee income stabilised through drive for new business and targets set for each fee earner
- Costs reduced
- Profitability restored in six months in line with the turnaround plan
- Part time management accountant and full time cashier recruited

- The turnaround plan was successful
- On the back of the improved financial performance, the business was able to refinance. The business has revised banking facilities which are more suitable to its needs
- Company returned to profitability
- Improved processes to manage cash and working capital resulting in reduced funding requirements
- Management reporting enhanced to enable the owner to control and manage the business