



CASE STUDY - RESTRUCTURING ASIAN SUBSIDIARIES

Place: Singapore
Position: CEO/CRO
Client: Manufacturer of electrical equipment. Consolidated sales 260 m€
Title: Senior Vice President APAC
Line: Operations

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Amtsgericht Düsseldorf, HRA 22509
Geschäftsführung: Frank Klohr

THE PROJECT IN BRIEF

1. Restructured the production unit and its 7 Asian subsidiaries
2. Realignment of the existing sales department and enforced entrance into new markets
3. Financial leeway developed and new credit lines negotiated
4. Restructuring with closures of legal entities, outsourcing and start-ups
5. Restructuring improved the balance sheet – EBITDA 1.3 million S\$ (920.000 €) above plan

LEAN MANAGEMENT | CHANGE MANAGEMENT | SALES IMPROVEMENT

TASK - Restructuring

The interim was tasked to taking over management to lead an economically and organizationally ailing manufacturing company out of the crisis. It was necessary to initiate a change management and implementing it operationally. He was in charge for a total of 7 Asian sales subsidiaries and one production unit. The main task was the restructuring itself, the establishment of a lean organization and ensuring qualitative stability, as well as generating organic growth.

ACHIEVEMENTS -The manager lead the company out of crisis and developed a comprehensive package of suited measures

Realignment of the existing sales department and entrance into new market

For example, he realigned the sales organization using lean management methods. As a result, the effectiveness could be increased as well as the degree of individual responsibility. At the same time, he initiated the expansion of the international sales network with the involvement of new distribution partners (B2B) and system integrators. In addition he enhanced the value stream of its business and initiated market development in Vietnam and Taiwan. A stringent sales control system was introduced.

Financial leeway developed and new credit lines negotiated

The interim manager developed financial flexibility by improving the balance sheet values as well as cash flow & working capital. He successfully negotiated new credit lines, introduced a cost-reduction program, and implemented the transfer of assets, incl. divestitures. He also introduced APAC wide an operational and legal compliance system.

Restructuring with closures, outsourcing and start-ups

The restructuring measures also included a reorganization that the interim manager has designed, presented, and successfully implemented. Among other things, the "Planning and Drawing" department was outsourced to Indonesia (internal carve-out) and the subsidiaries in Thailand and Malaysia were closed. Almost simultaneously, 3 new profit centers were established for Service, Academy, and Rental. Overall, the headcount was reduced from 101 staff to 87 staff without any loss of quality.

Other sub-projects or partial results include:

1. Set up a shared-service center with central control function APAC-wide for the departments of finance and HR. This resulted in a standardized reporting, transparency and cost reduction.
2. Implemented a KPI structure and bonus system according to BSC. This enabled a quantitative performance measurement of each staff.
3. Introduced strategic business development and the establishment of necessary infrastructure.
4. Established Project Management methods and PMO. This made the SCOPE parameters transparent and enabled quantitative performance measurement.
5. Achieved compliance with delivery times, which resulted in a reduction of contractual penalties.
6. Optimized workflows and processes according to SIPOC, including production and engineering.
7. Ensured availability of spare parts and advanced MRO (Maintenance Repair Operation) business.
8. Integration of strategic service providers and system integrators.

After a period of 12 months, the project was successfully and satisfactorily completed. The restructuring has improved the balance sheet values. As the result of this measures, the company achieved an EBITDA result of 1.3 million S\$ (920.000€) above original plan. Compliance in the Asia-Pacific region was secured, and overall competitiveness enhanced.