

Revving up an automotive service business for future acquisitive growth during a pandemic.

Topics

Private Equity Services
Transaction Services Planning
& Analytics

Industry

Consumer & Retail

Team Size

1 Principal

Duration

6 Months (Active)

Situation

A PE sponsor had recently recapitalized a regional multi-location specialty retail chain run by the company's founder, intending to use the company as a platform for a buy-and-build rollup strategy. The company did not have the location-level reports, metrics, analyses, or KPIs that would be necessary to support its growth strategy and provide much-needed information for its board and lenders. The timing of the recapitalization provided further challenges, having closed shortly before business was disrupted due to onset of the COVID-19 pandemic and related economic turmoil that hit after the turmoil.

Having been wholly-owned by a founder who was intimately involved in all aspects of the business, strong planning & analytics capabilities were not previously a priority. After the recapitalization, and the onset of the pandemic, it became critical.

Execution

The PE sponsor knew of Growth Operators' planning and analytics advisory services and deep experience in multi-location retail, and engaged us to build out planning, analytics and reporting functions for the newly-recapitalized company. During our engagement, Growth Operators:

- Created a metric-driven financial and cash flow forecast for Board of Directors, management team, PE sponsor and bank group to assess the immediate impact of the COVID-19 pandemic shutdown on the business and plan for varying pro forma scenarios with different assumptions
- Developed a go-forward operating plan to for future investment decisions covering 24 owned locations, 3 managed locations under contract to be acquired and other new sites under development or being evaluated
- Designed a daily KPI report and process for sales, labor and other key operating and metrics that compiled data from multiple systems, data sources and resources
- Implemented a 13 week cash flow forecast tool and process
- Created a detailed driver-and-metric-based budget and related budgeting and forecasting processes that included monitoring of projected credit line capacity, leverage, new equity requirements and compliance with bank covenants
- Supported the development of a new month-end reporting package and initial design of a “data warehouse” structure for historical financial and operating metrics
- Assisted in preparing a prototype new site pro forma model to be used for evaluating future investment and expansion opportunities
- Prepared investor and bank group presentation materials and responses to limited partner and investor questions.
- Mentored client’s Controller/ VP of Finance who had limited experience in FP&A and working with institutional investors and bank groups.
- Successfully onboarded new Director of FP&A

Result

By engaging Growth Operators, the company was able to quickly build the robust planning, analytics and reporting capabilities a leveraged business needs in order to embark on an aggressive buy-and-build growth strategy with confidence. It successfully navigated early-pandemic challenges and business strengthened quickly. They have since executed letters of intent for add-on acquisitions and are nearing the completion of their first add-on acquisition.