

## Case Study

**Company Restructuring:** Aelego assists shipping and logistics major with turnaround.

## Business Challenge

Aelego was retained by an India-based mid-sized shipping and logistics company, with operations in all major countries doing trade with India and a significant US presence, to help it overcome several business challenges, drive structural changes to enhance business fundamentals and build a solid engine poised to take advantage of the India growth story.

- Negative cash flow despite positive earnings, low cash reserves, high overheads, poor revenue per employee
- Operational and organizational misalignment between business units
- Lack of organizational accountability, no performance metrics, and lack of accountability culture
- Ineffective sales and marketing functions, weak, obsolete non-scalable systems and processes
- Global slowdown in global shipping sector.

## The Solution

Aelego completed a 360-degree baseline study which included a customer, products and services review, organization, systems & process review, SWOT analysis, competitive analysis, financial review and company valuation. Based upon this work, Aelego made several recommendations to the CEO and the Board of Directors which were accepted. Aelego was then retained to drive implementation of these recommendations.

In summary, the do-now strategic execution plan recommended by Aelego comprised of 3 parts: a) manage the cash flow, b) professionalize the business and c) grow organically first and strategically next. The key components of the solution included:

- **STRATEGIC:** Integrate 3 companies into 1 with discrete corporate and branch profit –center organization with clear mission and business and financial objectives, design and implement organizational performance objectives and incentives
- **FINANCE:** Implement 52 week cash flow management integrated into operating cycle, eliminate non-core loss-leaders, track cash-flow leaks and plug
- **ORGANIZATION:** Identify and fill leadership gaps and provide leadership coaching
- **OPERATIONS:** Implement business quality control function for tracking progress towards strategic outcomes, design and deploy cloud-based automated tools to replace manual processes

### BUSINESS CHALLENGE:

- Negative cash flow in time of global credit squeeze
- Poor systems and processes, weak sales & marketing
- Organizational misalignment, lack of accountability

### THE SOLUTION

- Re-organization with clear focus, objectives, metrics
- Cash Positive flow management
- Enhanced systems & processes, training
- Sales re-focus on strategic outcomes
- Business Quality Control

### BUSINESS BENEFITS

- Organizational clarity
- Positive cash flow
- Improved execution
- Reflected in earnings, valuation



- **SALES:** Focus on top trade-sectors, re-focus sales efforts to drive two-way business, reduce inventory, increase turnaround speed by increasing short hauls, build in cost of money into credit given to shippers, strengthen overseas presence
- **MARKETING:** Implement and train marketing function and brand building, implement customer profiling and retention processes

## Business Benefit

- Return to positive cash-flow and continued positive earnings despite continued industry slowdown.
- Month over month revenues tracking more closely to targets, range of +/- 30% as opposed to range of +/- 200%.
- Improved customer servicing with greater predictability and consistency, and 50% reduction in customer escalations
- Overheads down 21%.
- Sharply improved organizational agility, scalability, accountability, morale
- Valuation up 15% after first 12 months.

## About Aelego

Aelego is a global consulting firm bringing the very best of management execution strategies to our clients. We specialize in helping companies achieve business transformation, develop operational excellence and maximize valuation by building value, focusing on improving parameters that savvy investors such as Warren Buffet use to evaluate investment targets.

### Information:

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