

**Business Development Consulting**  
**Consulting Portfolio of Client Successes**

1. **Industry: Commodities Trading**

1.1. **Sector:** Agricultural Commodities

1.2. **Consulting intervention:**

- Business Financial Performance Evaluation; and
- Strategy Development.

1.3. **Background and Outcomes:**

Client with a R980 million annual turnover and approximately 20 employees, engaged Indus Business Development to assist the business with a Strategy Review with the primary goal being to assist the client in the formulation of a Future Growth Strategy.

The Development Strategy assisted the Client to identify critical focus areas, review current market position strategies, and address leadership and organisational development requirements for the effective implementation and management of the business, whilst making provision for future succession planning.

The business is currently exceeding their growth targets and has reported record net profits for the last financial year, notwithstanding a period with strong recessionary challenges.

2. **Industry: Industrial Engineering**

2.1. **Sector:** Steel & Aluminum Fabrication & Construction

2.2. **Consulting intervention:**

- Business Financial Performance Evaluation;
- Business Turnaround Strategy Development;
- Business Turnaround Project Management; and
- Business Mentorship.

2.3. **Background and Outcomes:**

Client with a R60 million annual turnover and approximately 160 employees engaged Indus Business Development to assist the business with a Business Turnaround Strategy formulation, to help address:

- decline in profitability;
- high staff turnover;
- poor productivity;
- decrease in competitiveness; and
- decline in operational efficiencies.

The consulting facilitation assisted the client to identify critical focus areas and formulate a Business Turnaround Action Plan. This included a Business Strategy Review, Brand and Marketing Strategy Development, Unit Diversification, Leadership and Organisational Development.

Indus Consulting (Pty) Ltd, I B J Nel (MSc, MBA) Managing Director  
Panerto Building, Suite 306, 476 King's Highway, Lynnwood, Pretoria  
PO Box 67283, Highveld, Centurion, 0169 Tel: 012 348 6995 Fax: 086 524 0198  
Company registration number: 2006/032512/07 <http://www.indus.co.za>

During the last financial year, the business grew by 28.6%, improved operating margins, and increased net profits from a R2.5 million loss to a R1.8 million profit.

The business has effectively been able to increase production and project management effectiveness, increase their market share, expand into the heavy engineering industry, and is currently running successful international maintenance projects within.

The business is currently financially more secure, offers better creditor protection, and is less likely to experience financial distress.

### 3. **Industry: Import, Distribution & Rentals**

3.1. **Sector:** Heavy equipment

3.2. **Consulting intervention:**

- Business financial performance evaluation;
- Business strategy development.

3.3. **Background and outcome:**

Client with a R60 million annual turnover and approximately 25 employees, engaged Indus Business Development to assist the business with Growth Strategy Development to enable further growth and business unit diversification, in addition to the establishment and formulation of an Investor Prospectus to help fund accelerated infrastructure development.

The Development Strategy assisted the client to identify critical focus areas, and assisted in the formulation of new diversification and market placement strategies.

The business increased turnover by 10% during the last year, and increased net profit margins from 2.5% to 12%. The newly established rental division also generated in excess of R 5 million within 6 months of commencing operations.

The business is currently exceeding their growth targets and has reported record net profits for the last financial year, notwithstanding a period with strong recessionary challenges.

### 4. **Industry: Agriculture**

4.1. **Sector:** Agricultural products (Irrigation)

4.2. **Consulting intervention:**

- Business Financial Performance Evaluation.

4.3. **Background and outcome:**

Client with a R90 million annual turnover and approximately 100 employees, engaged Indus Business Development to assist the business with a Business Financial Performance Evaluation to help management identify the underlying business drivers and operational focus areas that required further optimization. In addition, the client required a Business Market Value and potential Investor Payback analysis.

Business turnover increased by R3 million, or 22.9% during the last financial year and realised a net profit margin of 8%.

The business utilises the Business Financial Performance Evaluation report as part of their annual planning and incorporates the consulting notes as part of their operation optimization focus area development.

The business value increased by R6.5 million during the last financial year, offers more financial security for creditors, and is unlikely to experience financial distress.

5. **Industry: Human Resources**

5.1. **Sector:** Recruitment Industry

5.2. **Consulting intervention:**

- Business Financial Performance Evaluation;
- Business Strategy Development.

5.3. **Background and outcome:**

Client with a R6.6 million annual turnover and approximately 15 employees engaged Indus Business Development to assist the business with a Business Financial Performance Evaluation and Strategy Review to help realign business focus and increase market share.

Within a year the business turnover increased to R7.8 million, with an increased net profit margin of 9.8% to 12%.

During the same period the client increased market share, increased employee numbers, moved into larger offices, rebranded, and is currently exceeding all growth projections, notwithstanding a period where strong recessionary pressures affected the recruitment industry.

The business is now embarking on the next phase of growth, has sufficient cash-flow and reserves, has optimised internal processes and procedures, reduced exposure to creditors, and is unlikely to experience financial distress.

6. **Expanded case study:**

6.1. **Industry:** Manufacturing

6.2. **Sector:** Fabrication & Construction

6.3. **Consulting interventions:**

- Business Financial Performance Evaluation;
- Business Turnaround Strategy Development;
- Business Turnaround Project Management; and
- Business Mentorship.

6.4. **Background and outcome:**

Indus Business Development recently helped an engineering, fabrication and construction company improve business profitability and effectiveness.

After analyzing the client's business financial performance, an in-depth business due diligence analysis highlighted the following areas of concern:

1. Increases in turnover, but a decrease in gross profit margins;
2. Lack of effective internal management structures;
3. Lack of staff discipline;
4. Lack of adequate project management processes and feedback mechanisms;
5. Increase in operating costs;
6. Increases in labour and staff costs;
7. Increases in interest payments and financing costs;
8. Decrease in business liquidity;

9. The business provided poor protection for creditors and was finding it increasingly difficult to service supply creditors;
10. The business was finding it more difficult to collect money owned by debtors;
11. Asset management and asset utilization was poor and decreasing;
12. The business was increasingly more at risk of experiencing financial distress and potential bankruptcy;
13. Decrease in Marketing effectiveness;
14. Staff morale was low and management was overwhelmed with the then current economic environment;
15. Staff was unclear of their roles and responsibilities; and
16. Decreasing and erratic cash flow.

After Indus Business's initial evaluation we conducted a Strategic Review and scenario planning session with top management to realign the business focus and to formulate an action plan to improve business performance.

**The following interventions were employed:**

1. Realigning of business focus and establishment of management buy-in in proposed plan;
2. Developing and implementing project management processes, procedures and feedback mechanisms;
3. Structuring constructive feedback sessions and management meetings;
4. Defining job specifications, roles and responsibilities company wide;
5. Developing HR processes and disciplinary processes and procedures;
6. Re-evaluating business organizational structure and reassigning employees to the strategic benefit of business;
7. Developing inter-departmental cooperation and interaction;
8. Re-aligning financial department to play a more active role in strategic and operational decision making;
9. Improving assets management and resource allocation;
10. Project management processes resulted in more accurate and more regular invoicing. This in turn resulted in improved cash flow and better cost management.

**The interventions mentioned above resulted in the following improvements after 6 months involvement:**

1. Decrease in operational expenses (operating expenses as percentage of sales decreased from 63.4% to 34.2%);
2. Increase in invoice effectiveness and regularity;
3. Improved cash flow, better debt collection and faster payment of creditors;
4. Improved staff morale and better understanding of role within the bigger organization;
5. Better cost control and better management of resources;
6. Identification of critical job positions and the development of succession planning, skills retention and reward systems;

7. Business profitability increased from a loss of R2.5 million to a profit of R1.8 million (net profit margin improved from -5.7% to 3.0%);
8. The time it takes to collect money from debtors has decreased from an average of 24 days to 15 days;
9. The time taken to pay supplier accounts has improved from 39 days to 18 days;
10. The probability of experiencing financial distress or bankruptcy has decreased;
11. Sales per employee increased from R259, 566 to R456, 491;
12. Return on owner's equity has improved from -47% to 27%; and
13. Sales to salaries have increased from R2.82 in sales for every R1 spent on salary to R6.08 in sales for every R1 spent on salary.