

CASE STUDY



Evolution's Value Improvement Programme puts profit back on the menu

The King William IV is a traditional coaching inn, situated close to the beautiful Norfolk coastline, in a small village near Kings Lynn close to the major tourist attractions of Sandringham Castle and Fakenham Racecourse.

The Inn's attractive and welcoming exterior are matched by high quality interior décor and furnishings. The restaurant offers diners excellent choice and quality of food with visitors cared for by friendly and professional staff.

Owned for the past 7 years by Nick and Lili Skerritt, in recent years the King William IV had been loss making. Things got so bad that the business was only month's away from insolvency. Therefore, Nick and Lili's immediate priority was to get the business back into profit, coupled with a positive cash flow.



Key Points

- Created 3-year Business Plan
- Agreed Key Performance Indicators and Benchmarks
- Conducted detailed review of the company's cost base
- Identified and changed loss-making practices
- Created detailed marketing programme
- Conducted regular reviews to keep the Plan on track

Background

Having originally met Evolution CBS at one of our regular Business Sales Masterclasses, Nick contacted our M.D., Rob Goddard, to find out how Evolution CBS could help them return their business to profit and develop the business in preparation for future exit.

Our Clients had a very clear idea of the price they wanted to sell for. Rob's opinion, from more than 20 years' experience, was that not only would Nick and Lili have to

return the business to profit, they would also have to grow the business considerably before they could expect to achieve their desired price.

Rob proposed Evolution's VIP Programme – a structured growth to exit programme – created specifically for companies that need to create additional value before sale.

Evolution CBS were appointed as Business Advisers last year.

The brief was to help Nick and Lili identify the key issues facing the company, suggest ways to increase the bottom line and create a medium term exit strategy.



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Evolution's Approach



After working with the Clients to understand their business model and operation in detail, the first phase of the Programme involved devising a 3 year business plan, with financial forecasts and milestones which would be measured using a number of Key Performance Indicators which would be reviewed monthly to chart progress and success. In conjunction with this, Evolution and our Clients agreed a number of short term goals

By the completion of this phase we had identified some key areas for improvement. These included improving some of their business processes and creating a revised marketing plan. This translated into a detailed implementation plan for Nick and Lili, which would be overseen and reviewed by Evolution.

We helped them to create a detailed marketing plan to make the business visible to customers, both new and existing. A key part of this was the Company's website, which was looking cluttered with content and photos which were devoid of any customers. It failed to convey the true character, charm and welcome of the King William IV which would set it apart from the local chain hotels. At the same time, the website had to give customers the functionality that visitors would expect.

The history of the area, dating back over 1,000 years, was incorporated into the King William's marketing materials and, armed with new literature and a new website, our Clients were able to set about promoting the King William IV as a traditional, welcoming Country Inn with excellent accommodation, food and drink.

In order to exploit the tourist trade in the local area, we encouraged our Clients to contact local tourist attractions to explore whether they would enter into reciprocal marketing/promotional arrangements.

Our Clients also identified other ways to attract both tourist and local customers and have created new offers that now appeal to a much wider audience.

They also undertook a detailed review of their Company's cost base. This identified potential savings in a number of areas that had hitherto been over-looked.

From investigation of the Company's revenue streams, it was clear that food sales required immediate focus. The menu was too broad and was generating too much costly wastage. We helped them to identify their best-selling dishes and analyse production costs so that each dish met the required net margin. Our Clients were therefore able to improve profitability without compromising on choice and quality.

In order to track progress, the Company's financial records were put onto the computer. No more loose pieces of paper, which were hard to read, sometimes hard to locate and made detailed analysis all but impossible. Our Clients now report the financials and the KPIs each month for ECBS to review and make comment.

The result of this rather intensive twelve months has been that the business has swung into a £20k profit, from a consistent £35k loss for each of the past 3 years.

The quarterly VAT has been paid without a problem and 13 people have had their jobs saved. Furthermore, Nick and Lili are both bullish about the future of the business and their planned sale of the business in the medium term is now a realistic option for them.



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