



cmc

your success is everything

cmc case study

# DRAMATIC TURNAROUND IN THE FORTUNES OF A SPECIALIST MANUFACTURER

## Chiltern Cam & Engineering Solutions Limited

CMC created a practical implementation plan to re launch the company and steer it towards a profitable business.

### THE CHALLENGE:

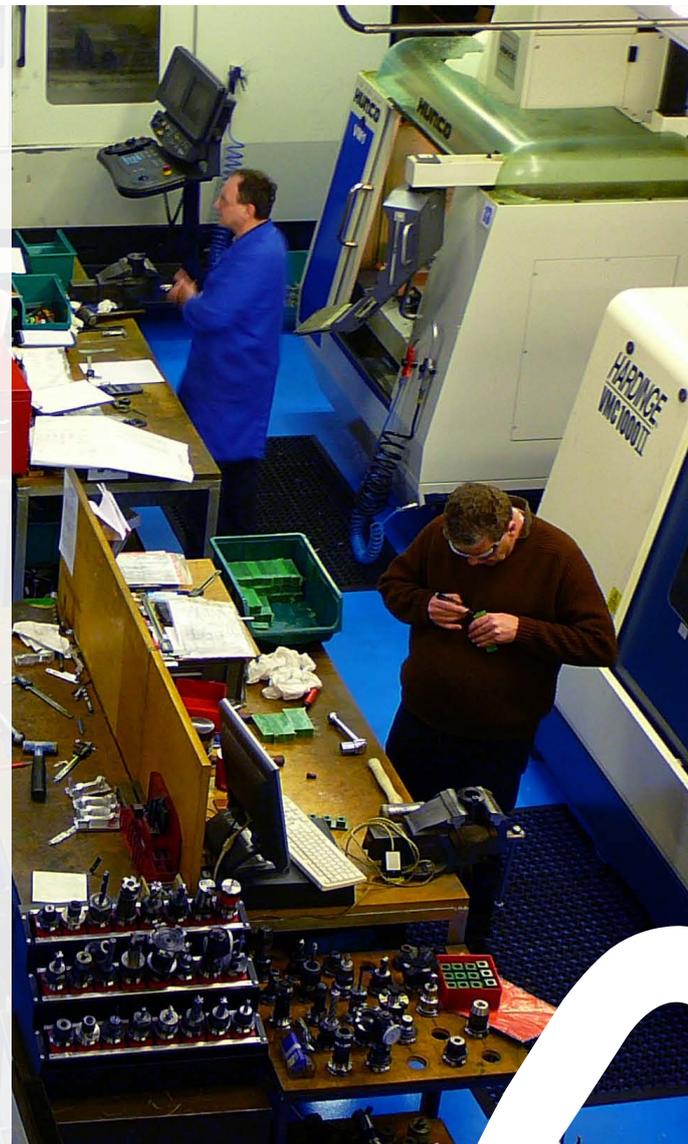
- Falling revenues and margins
- Unfocused sales
- Mounting debt including the HMRC
- Lack of full involvement of the workforce

### THE SOLUTION:

- Finance – tighter control on the key performance indicators in the business
- Sales – increased business from key blue chip customers while declining non profitable business
- Processes – improved key processes and systems with workforce involvement.
- People - increased revenues with a smaller team.
- Set simple day to day, weekly, monthly objectives and targets on the above
- Reviewed progress at monthly meetings to maintain motivation and momentum.

### THE BENEFITS:

- Monthly sales almost doubled in 18 months
- Created a sustainable order book with repeat business
- Paid off the six figure HMRC debt in less than 2 years



“ WHATEVER THE PROBLEMS I FACED, WITH CMC PARTNERS,  
PRACTICAL HELP & GUIDANCE ARE NEVER MORE THAN A  
PHONE CALL AWAY ”

Patrick Knopp - Managing Director, Chiltern Cam & Engineering Solutions Limited

CMC are a firm of business advisers who specialise in helping you, as a business owner-manager, to plan and prepare for every stage of your business's life cycle. To contact us, call 01491 829181 or email [info@cmc-partners.co.uk](mailto:info@cmc-partners.co.uk)



cmc

your success is everything

## cmc case study

### CHILTERN CAM & ENGINEERING SOLUTIONS LIMITED

Chiltern Cam & Engineering Solutions Ltd was established in the early eighties as a specialist manufacturer and provider of precision machine spare parts – including the specialised cams of the company’s name.

The company manufactures spare parts for a wide range of production machines found in the demanding food and beverage industry and is proud to be able to count many blue chip global businesses among its customers.



#### THE SITUATION

Patrick Knopp gave up a successful international career in sales to take control of the family business following the death of his father. As Patrick explains “I realised that I could not pass up the opportunity to take over the business which had been a large part of my father’s life. However, being successful in a large company is not a good training ground for running a small engineering company - so it took a little while for me to adjust to the new reality.

Having come from a sales background it was the natural place for me to focus on as the part of the business where I could make the most difference. The reality, as I have since learnt, is that with a small business everything needs to be in balance – no initiative that just looks at one function is ever going to be enough. The things with which I was less familiar also needed my attention and were the reasons I went looking for help.”

The business that Patrick took over was essentially sound but in need of attention. The sales situation was poor with little in the way of a backlog, sales

revenues were essentially flat and gross margin had been falling and was low compared to other similar businesses. Chiltern Cam also had significant debts including a large amount owed to HM Revenue & Customs and was facing

problems of varying complexity across the business.

Patrick was looking for an approach that would help him to identify all the challenges confronting the business, decide which were the most important and set priorities - ensuring his time and effort were directed where they would do the most good. The business engaged with CMC Partners in January 2010 - having been referred to the company by another client.

“I realised that I could not pass up the opportunity to take over the business which had been a large part of my father’s life. However, being successful in a large company is not a good training ground for running a small engineering company - so it took a little while for me to adjust to the new reality”

Patrick Knopp - Managing Director, Chiltern Cam & Engineering Solutions

#### THE SOLUTION

In common with past engagements CMC Partners worked with Patrick to identify the problems facing the business – looking at four main areas in particular: Finance, Sales, People and Processes. A standing agenda was agreed for monthly meetings to agree actions and review the progress

of initiatives under these headings – setting priorities and targets for the coming month. The key purpose of the meetings was to institute simple day-to-day, weekly and monthly objectives that would help the business to focus, involve the workforce and reinvigorate the organisation. Between meetings, Patrick and his team implemented the actions that had been agreed. The monthly meetings also provide a pressure point to ensure the momentum is maintained.

#### FINANCE

Revenue had remained largely static for some years, but gross margin had been falling - primarily as the result of an increasingly unfavourable product mix. The best solution would be to get some growth back into the business and work on improving the product mix. The sale of “standard” components – essentially commodity products – was driving down the gross margin and undervaluing the company’s real expertise. More specialised products were able to command a premium price at a better gross margin but these were a small part of total sales. The monthly meetings quickly established that more focus on making precision machine spare parts should be a key priority and that increased sales in this area was the quickest path back to financial health. Some tough financial measures did need to be taken but more on this later.



cmc

your success is everything

## cmc case study

### CHILTERN CAM & ENGINEERING SOLUTIONS LIMITED

#### SALES

The most direct and immediate tasks were to increase business from a few key customers and to set in motion plans to win new business. Patrick's own successful track record in sales and industry contacts meant that he was well placed to drive this initiative. Monthly turnover in January 2010 was £47k, grew to £52k by August 2010 and had reached £70k by the end of the year. More significantly, the order book which stood at £50k at the start of the year grew to £150k by the end of December after closing a series of very lucrative repeat orders. With the sales pipe line in good shape and an increasingly healthy order book the stage was set for a dramatic turnaround in the fortunes of the company. Of course, growth itself places additional financial demands on any business and needed to be managed carefully.

#### PEOPLE AND PROCESSES

An informed and motivated workforce wants to be involved, can provide valuable insight and will help to improve the smooth running of the business – pointing out areas where improvements to processes are possible. As the business began to pick up, increased pressure on the company's processes and systems began to show up

weaknesses which led to errors and problems. The monthly meetings with CMC looked at people and processes. In addition to identifying areas where HR practices needed work, attention was focused on the key people in the business and core processes such as parts and material ordering. Creating a more positive culture and a better work environment is a win-win scenario for staff and management.

Unfortunately, the situation was about to change . . .

#### DEALING WITH THE UNEXPECTED

In June 2010 HMRC asked for payment of the outstanding tax. The business was definitely in better shape and improving steadily but the money was not available. HMRC could have closed the business to recover the debt and the option was given serious consideration. CMC Partners were able to bring in expert help in the form of a qualified insolvency practitioner from within the CMC Partners network – to review the options and provide practical advice. It was agreed to try to persuade HMRC that a turnaround was in progress and a better outcome was a real possibility – a better result for everybody.

#### THE OUTCOME

HMRC was persuaded to wait for their money however some fairly drastic action was now needed. Re-negotiating the rent would help improve the company's financial position and was certainly a better outcome for the landlord than having to find a new tenant. The improving outlook enabled management to negotiate salary reductions in return for bonus payments based on performance. These additional actions, the work already completed together and the improving sales situation provided hard evidence that management and staff were fully committed to a turnaround. The business continues to do well - on current trends, payments to HMRC will be up to date by mid 2012.

The last word goes to Patrick "Now that the business is moving forward confidently once again we have lots of ideas for developing the business and the future. It has not been an easy journey but it has definitely been worth all the effort. There are still lots of excellent engineering businesses in the UK and Chiltern Cam is one of them – I'm proud of what we've achieved. Come and see me in a few years and I'll be able to tell you how the success story has continued!"

#### THE KEY PERFORMANCE INDICATORS - STORY OF A TURNAROUND

	January 2010	January 2011	September 2011
Monthly sales	£47K	£70K+	£85K+
Order Book	Minimal	£150K (20% of £750 annual turnover)	£200K (25% of £1M annual turnover)

	January 2010		Mid 2012
HMRC Debt	Six figure sum		Paid off

“ CMC provide a framework and an approach that are helping me to grow my business. And, when I need a specialist, I trust CMC to find me someone who I'll be able to trust - and with whom I'll be able to work - from within their extensive network. Whatever the problem, practical help and guidance are never more than a phone call away. ”

Patrick Knopp - Managing Director, Chiltern Cam & Engineering Solutions Limited



cmc

your success is everything

cmc case study

## CHILTERN CAM & ENGINEERING SOLUTIONS LIMITED

### THE PART PLAYED BY CMC PARTNERS

As Patrick explains “The CMC approach is not prescriptive – the focus is on solving the immediate problems and not wasting effort or energy that relate to something else. Often, I already have some idea of what is needed, but the additional insight and confidence that comes from talking through my problems with someone who has done it before is invaluable.

CMC provide a framework and an approach that are helping me to grow my business. And, when I need a specialist, I trust CMC to find me someone who I’ll be able to trust and to work with from within their network. Whatever the problem, practical help and guidance are never more than a phone call away.”

### ABOUT CHILTERN CAM & ENGINEERING SOLUTIONS

Chiltern Cam & Engineering Solutions manufacture a large range of products from one-off low value products to highly complex replacement parts.

From starting in the confectionary market 25 years ago Chiltern Cam & Engineering Solutions have diversified in many markets offering high quality engineered spares and consumables for manufactures and end users of packaging machinery, food processing machinery, bakery, industrial machines and many others.

Through years of experience Chiltern Cam recognises that needs are unique therefore demanding a personal, technical service for packaging solutions.

For any enquires please call Patrick Knopp on 01491 614422 or [patrick.knopp@chilterncam.com](mailto:patrick.knopp@chilterncam.com)

### ABOUT CMC PARTNERS

CMC is a multi partner firm of business advisers who specialise in helping you, as a business owner-manager, to plan and prepare for every stage of your business’s life cycle.

We operate in the South of England, West Midlands and South Wales. We have over 20 years experience in helping thousands of businesses of all sizes, providing support for clients involved in the complex relationships and transactions of business changes including succession plans and exit strategies.

We work with you on a long term approach, building and maximising the value of your company. Dedicated to owner-managers, we know just how important your business is to you and how hard it can be to extract yourself from the day-to-day management.

If this story sounds like the kind of help from which you would benefit, please call Derek Allen on 01491 289181 or email [derek.allen@cmc-partners.co.uk](mailto:derek.allen@cmc-partners.co.uk) to arrange an exploratory first meeting – without obligation and free of charge.