



Case Study:

OPTIMIZING ENTERPRISE VALUE

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A leading, Northeast-based manufacturing company hired NAVSTAR Advisors to assist with the development of a growth-oriented strategic plan for optimizing the value of the company in a mature market that was suffering from declining prices, increasing costs, and overcapacity. Our objective was to ensure that a range of key professionals with strong, varied opinions (i.e., the investors, CEO, CFO, engineers, and senior sales team) reached agreement on the plan and were motivated to make the necessary investments to execute effectively.

NAVSTAR applied a range of frameworks to expand the set of initiatives under consideration at the time. As we learned more about the team's priorities, we recommended a set of criteria against which the group could evaluate these initiatives, as well as a process for ranking the relative importance of each criterion to the team. The team conducted detailed research, mining internal and external resources for information that would allow us to evaluate each opportunity against the key criteria. As we learned more, we focused additional attention on those opportunities that fared best against the criteria. Through this process, we were able to achieve consensus regarding the highest potential initiatives for the firm.

Next, we worked closely with the CEO and COO to develop an action plan for pursuing key strategic and tactical initiatives, (re)defined professionals' responsibilities as appropriate, and monitored results. We also helped to implement the top strategic initiatives (e.g., involving growth in core markets as well as a merger with a China-based partner), facilitated group discussions resulting in an iteration of the plan based on information learned through experience, prepared board presentations (e.g., discussing performance and budget issues), and conducted targeted primary and secondary research to support an ongoing, fact-based decision-making process and improve sales force effectiveness.

Highlights of the team's results follow:

- Defined the segment with the strongest profit potential and repositioned the company to better meet the needs of these customers, which ultimately generated over 40% of annual revenues.
- Identified the Chinese market as the strongest international growth opportunity, impressed a leading China-based prospect with the quality of the company's management team and technical capabilities, and convinced them to agree to purchase 20% of their products and subsequently merge with the firm.
- Correctly forecast that the value of a major business unit was likely to decline – and took advantage of a relatively attractive offer to buy the business unit.