

# Case Study

## CMC Motorcycles Ltd

### *The Company*

CMC are a UK based retailer of new Yamaha and all model used motorcycles. They operate out of four sales branches and turnover in the region of £14 million per annum. The Company employ 127 staff and have been operating for over 30 years under the control of the family shareholders. Hugely profitable up to 2003, a poor trading period throughout 2004/5 and falling margins helped to drive earnings before tax (EBT) down from £500,000 to just above breakeven in 12 months.

### *The Challenges*

The business had reached a glass ceiling unwittingly imposed by the Shareholders. A lack of defined structure and forward planning made the day to day operation inconsistent. Money was being spent on poor process; profits had fallen sharply due to decisions taken to resolve systems and process problems with additional staff rather than resolving the root causes. No clear strategy existed and a lack of action based forward planning had made the future very uncertain. Key problems the company faced were:

- Flattening turnover with rapidly decreasing net profits
- Cash flow coming under pressure for the first time in years
- Lack of a clear strategic direction or understanding
- Daily fire-fighting and individual decision making
- The Board had little sight of the operational pressures active within the business
- Market place pressures in terms of declining margins and market size were unchecked.

### *Team Action Management's Objectives*

- Re-establish a profitable operation at a minimum of 10% net on turnover
- Establish a company structure framework to allow for future development, expansion and growth
- Enable CMC to take control of its own marketplace

### *The Results*

- The company was re-structured in order to achieve strategic control
- 36 development projects were identified for immediate action
- The top 5 projects showed a return of £485,000 on net profit contribution
- Quality was maintained whilst turnover increased
- New markets were opened up as a result of e:business expansion and better sourcing
- Recruitment and training policies were improved
- Absenteeism and leaver rates were dramatically reduced

## TAM<sup>UK</sup>

TAM is an advanced Change and Leadership Advisory business, focusing on mid-sized companies and larger Public Sector organisations.

We have a strong track record built over 40 years, underpinned by our focus on developing long term relationships with clients, a reputation for integrity, and offering an independent programme that is knowledge transferred to your Senior Management team upon the Instructions of your Board or CEO.

These core principles help us to sustain effective business relationships with our clients and are consistent with our aim - to be the Change Advisors of choice in our specialist sectors.

Our focus is on providing a clear development path for our clients to enable them to outperform in their markets. Our Specialist Advisors are experts in their chosen sectors and work closely with our Clients to help them deliver their strategic goals.

## The Benefits

Guaranteed facilitated change

Strategically align and optimise your organisation

Create a cultural platform for efficient and effective change

- Develop effective leadership
- Cut costs before jobs
- Improve productivity
- Maximise employee inclusion
- To deliver the change to a financial outcome

## Leading **Organisational** Change