



Business Case

**Analysis of improvement potentials of a fashion company
(legal entity of a large textile and fashion group) as part of
the planned sale of this company**

Background

A multi-billion, international textile and fashion group went through a difficult financial situation. Therefore, management planned to sell selected subsidiaries including a fashion company that is running many shops throughout Europe.

The challenge

We were asked to develop a concept to reorganize and restructure the respective subsidiary. This concept was requested by top management of the mother company as a basis for negotiating terms and conditions with regards to the planned sale of the legal entity. Focus of the project was the area strategy, marketing, sales, purchasing and controlling.

The approach

As part of the analysis of strategy and marketing we conducted an in-depth analysis of the portfolio, market shares and development of market shares, marketing concepts and marketing-mix, regional strategies, competition as well as of the underlying processes. Part of the sales analysis was the organizational structure and sales processes, sales controlling, planning, IT-tools and incentive systems. In purchasing we focused on the management of suppliers, global sourcing and pooling, product quality, controlling and purchasing strategy. For all considered areas, relevant critical performance factors were developed (e.g. by conducting interviews with the employees of the company as well as with its suppliers). An analysis of strengths and weaknesses was conducted, concrete measures have been derived.

The result

Due to the conducted in-depth analysis of the considered business areas of the fashion company we identified significant cost saving potentials, derived concrete actions, estimated cost of implementation and developed an implementation plan. These results enabled the top management to significantly increase the sales price that was achieved for the company to be sold compared to the initially planned sales price. On the other hand, the buyer of the fashion company – a private equity fund – used our results promptly to restructure the acquired company.