

## **CASE STUDY – COMMERCIAL & OPERATIONAL DUE DILIGENCE**

### **SITUATION**

A frozen food manufacturing business unit, part of a larger food production company that had recently gone into Administration, was being considered as an acquisition target by our investment client. The operation was a profitable standalone business unit that was capable of being split out of the parent company.

The investors obtained a period of exclusivity to conduct detailed commercial and operational due diligence, along with property and machinery & business asset appraisals, in parallel with the financial due diligence exercise.

### **SOLUTION**

Landwood were engaged by the investors to conduct the Commercial and Operational due diligence and the property and machinery & business asset appraisal & valuation.

The Commercial and Operational due diligence focussed on the following aspects of the business:

- Management and organisational issues:
  - Leadership team;
  - Production;
  - Sales and customer relationship management;
  - Finance, IT and Administrative support;
  - Internal communication;

- Management information and controls;
- Sales & marketing and customer management;
- Supplier management.

### **OUTCOME**

The output of the due diligence was a report that identified the key issues requiring attention prior to the acquisition proceeding and the areas that required attention post-acquisition. These formed the basis of a route map that would take the business out of the parent company and deliver a profitable standalone business.

The recommendations covered a wide range of issues including:

- Business strategy;
- Management structure and motivation;
- Finance, IT and Administrative support structure;
- Customer management and contracts;
- Pricing and product / customer profitability;
- Sales performance improvement;
- Marketing and product development;
- Production line efficiency and utilisation improvement;
- Supplier management and stock management & storage.

The investors also received detailed appraisal and valuation reports on the property and machinery & business assets, including current market values and exit strategies.