



Introduction

Braintree-based consultancy firm cahro was established in 1999, the brainchild of Tim and Wilhelmina Edwards. With their extensive experience in training and human resource management, the couple identified a need for good quality training and consultancy services to, amongst others, the healthcare profession.

The company quickly grew as demand for their services increased. cahro, which stands for Consultancy and Human Resource Outsourcing, developed strong links with bodies such as the Learning and Skills Council, Institute of Leadership and Management and Edexcel. Initially the company was home-based but due to success and growth, it acquired its first office premises in Braintree. Continued success over the following years resulted in cahro being voted Training Provider of the Year 2008 by the Learning and Skills Council as part of the EWBTC consortium.

Financial Difficulties

After 10 years of successful trading, financial difficulties hit the company in 2006. Due to changes and re-structuring within the Learning and Skills Council, severe delays occurred with cash-flow, causing major problems. Managing Director, Tim turned to business acquaintance Garry Mumford, owner of Stansted-based turnaround and financial management specialist, Insight Associates.

Together, Tim and Garry identified the main problem areas within the business. They recognised that the distribution of staff was uneven with many staff in the wrong geographical areas and too few in the required areas. Poor middle management and inadequate control added to the problems and the company was suffering from under capitalisation.

As Tim Edwards recalls:

“Following the analysis of the business, I disposed of virtually the whole of the management team, including one director due to poor performance. Garry and his team at Insight Associates ‘cleansed’ the company from a financial perspective and gave me tangible, relevant and quantitative information to make sound business judgements. This has continued to be a successful strategy.”

The Insight approach in a turnaround situation is to Analyse, Plan and Execute. From Insight’s analysis of the business and its thorough review process, Garry was able to advise that the best solution was to propose to creditors the little used Company Voluntary

Arrangement (CVA) mechanism, which allowed the company to trade as normal, eased cash-flow pressures and cut costs.

Garry Mumford explains:

“Once we have identified the problems within a company, we can quickly work out the best solution and devise a plan of action. Tough decisions often need to be made and it can be a painful experience for a business owner. However, as in cahro’s case, once a plan is in place, the company can begin to get back on track, through organised financial planning and tight cash management. This gives the directors a renewed sense of real control over the business and optimism for future trading.”

Clearly, Insight’s extensive experience in financial management issues has revitalised the business and given cahro a brighter outlook for the future. However, the road to recovery isn’t necessarily an easy one, as Tim Edwards reflects:

“As a business owner, I found the first three months of the process very concerning and stressful. By six months I had a viable plan in place, by nine months I had my finger on the button, and by 12 months the company was back on track on a sound trading platform. The recovery process has to be a partnership between the company and Insight Associates. Decisions are tough but have to be taken. I can now see a bright future of trading out of a difficult economic environment. Also, I can now sleep at night!”

There are many reasons why a company may end up in financial distress and in the current economic downturn, trading conditions are proving difficult for businesses across all sectors. For business that may be experiencing the first signs of financial trouble it’s important to remember that the sooner expert help is sought, the more likely it is that a solution can be found to get the business back on track. Insight’s experience and expertise within this field has rescued many businesses, like cahro, from financial ruin. Furthermore, through establishing solid financial foundations and tight cash management, Insight’s expert help can rejuvenate a business and provide firm foundations for future prosperity.