



When a famous Sunderland-based manufacturer looked set to go to the wall, expert advice from HW, finance and grants kept the wolves from the door. **Nick Ryan** reports

Shut and open case

Corbis

It is a scenario every business fears. Despite enjoying a loyal customer base and a healthy order book, cashflow is poor and there is a crippling lack of credit. On top of this, costs are spiralling and administration looms large on the horizon.

This was the bleak situation facing John Porter Doorsets Ltd (JPD) in 2007, as a new team headed by accountant and business turnaround specialist Brian Pears took over the reins.

A long-established Sunderland manufacturer, specialising in supplying fire doors and doorsets to the construction industry, JPD now has a turnover of more than £5m and provides jobs for 70 people. However, a combination of historical factors had brought the company to its knees. "Fundamentally, there was an element of under-funding and under-resourcing in a couple of key areas," admits Pears, originally finance director, but now the firm's managing director.

"My background is in business turnarounds, including a couple of high-street brands. I joined JPD in March 2007 and set about working with the team to realign the manufacturing plan and determine where and why margins were being eroded," he recalls.

"We managed to get the business into a position where, with a relatively small amount of investment, it would turnaround within the financial year. However, the main funder and invoice discounter had made a strategic decision to focus its business away from the construction sector. This meant financial difficulties ensued around July last year."

Although the business was going into administration under PricewaterhouseCoopers (PwC) LLP in Leeds and mass redundancies threatened, it had orders and, according to Pears, a viable

business plan. He approached Darlington-based HW corporate finance expert Paul Duncan (pictured below left, with Pears).

"I've known Brian for many years," says Duncan. "He'd come into the business and was looking for economies of scale and growth through acquisitions, but was firefighting cashflow issues and other challenges. Basically, it was a case of 'too little, too late' by that time.

"PwC in Leeds started trying to market the business to trade buyers. Brian brought forward a successful management bid, with Ian McSally as corporate director in support. I supported his team with corporate finance and tax advice.

"Together with Leeds-based legal specialists Muckle, we helped them apply for grants from the local authority in Sunderland as well as regional development agency One North East. We looked at the strategy for investment, how we could save jobs, as well as drawing up a plan for capital expansion. We had to move quickly."

According to Pears, Duncan gave "invaluable assistance" during the negotiation stages of the management buy-in and management buy-out and in helping to raise the initial funding.

"The first year of a turnaround is a challenge, but our prospects are good," says Pears, with one eye on the future. "The order book and forecasts are in line with our expectations, so the business should show some general improvement in performance in all areas."

HW's Duncan is similarly happy. "It was quite challenging to raise finance for the business, marrying that with a grant. But, in the end, 70 jobs were saved. Obviously, it's still early days, but customers continue to back the business, so the outlook is very positive." ■

