

Business turnaround for a leading technology enabled car service platform



Client Situation

- ✓ The client is a leading technology enabled **car service platform** based in India
- ✓ It operates on an asset-light model wherein it has partnerships with **600+ workshops across 30+ cities in India**
- ✓ The company also sells car spares and accessories under its brand name through a network of authorized distributors across the country and major **e-commerce platforms**
- ✓ After it ran into financial trouble, the client was acquired by a consortium led by a leading **auto component maker**

THE AVALON EDGE





Key Challenges



Primary revenue stream shrank by over 60%
Operations of other business verticals were halted amidst a financial crunch



Poor cash flow led to unavailability of working capital causing difficulty in day-to-day operations



Large outstanding with old debtors (workshops, vendors) hampered the business functioning and customer experience



Business had practically come to a grinding halt and required cash and other resources to commence operations



The absence of well-defined and established processes across the business posed a grave challenge in strengthening the confidence of new investors and raising further capital



The employees were skeptical about the survival of the company and were highly demotivated

The client engaged Avalon Consulting to manage the business on a day-to day basis, bring in interim management, manage cash flow, deal with debtors and creditors, integrate new Founders into the business, stabilize the business operations and develop and implement a turnaround strategy aimed at achieving the path to profitable growth. A key interim milestone was to facilitate a second round of fund raise within 6 months at a multiple of the acquired valuation.



Our Interventions

A. Initial period of turbulence

Interim Management of the Business



- Avalon Consulting stepped in as the Interim CEO and embedded a team in the client organization to take control of all aspects of the business. A detailed business plan was prepared for the next 12 months which would guide business focus and execution. New Founders were brought in as part of the deal and an integration process was put in place for the team to accept the new management.

Implementing various process improvements



- Avalon formulated and took oversight of key finance processes related to procurement and payments thereby effectively managing cash flow requirements.
- Throughout the transition period, Avalon took multiple measures to restore the confidence of employees by revamping the organization structure, defining clear KPIs and KRAs for each role and facilitating a fair appraisal of existing employees.
- Avalon helped the client organization prepare MIS reports and provided management bandwidth at the critical time of transition.

Ensuring healthy business continuity



- Avalon spearheaded negotiations with old debtors to discuss write-offs / adjustments and resumption of business with the client.
- Avalon led the timely execution of the service contracts with existing service providers for a smooth transition.
- Through an extensive data analysis of the historical business brought in by each workshop in a region, Avalon prioritized the settling of debts with the major drivers of business.

A. Initial period of turbulence

B. Stabilization phase

C. Preparing the launchpad for next phase of growth



B. Stabilization phase

Cash Flow Management



- Avalon steered the adoption of a 15-day cash settlement cycle with workshop partners instead of a 30-day cash settlement cycle to further incentivize their partnership and commitment with the client organization.
- Healthy cash flow was ensured by identifying and streamlining payments to critical vendors and partners and improving cash to cash cycle.

Organizational performance improvement



- Avalon conceived, managed, and delivered growth and performance improvement initiatives across the business streams through a Project Management Office to help the client organization achieve its strategic and operational objectives.
- Avalon also developed processes and supervised the implementation of ERP system at the client organization to ensure financial transparency and process led operations.

Diagnosis of the customer issues



- Avalon conducted a detailed customer journey mapping with primary interviews and focus group discussions to identify the customer pain points and gaps in customer delight and put in place a program to improve customer experience

Revival of other business lines



- Avalon helped resurrect dormant business lines (Spares, Accessories etc.) with a carefully curated product-mix focused on creating a differentiated offering, leveraging the brand salience and focused on profitability.
- Avalon supported in identification of vendors, negotiation of product supply arrangements to ensure competitive pricing without compromising on the product quality

C. Preparing the launchpad for next phase of growth

Improving customer experience



- Avalon suggested and implemented multiple measures to revamp the internal escalation mechanism for a faster turnaround of resolution of customer problems

Scaling up B2B business revenue stream



- Avalon helped the client expand B2B business by partnering with companies with relevant business models such as ride-hailing services, second-hand car aggregators and sellers, EV logistics service providers etc.

Augmenting insurance repair business



- To resuscitate the insurance repair business, Avalon assisted the client in identifying the key growth drivers and tie-ups with leading insurance service providers

Workforce upskilling



- Avalon led the discussions and executed the partnership with a leading automobile training center to upskill the client workforce on the ground

Developing growth plans



- Avalon prepared the “Annual Operating Plan” for the client organization to streamline operations and improve efficiency.
- Prepared a detailed 3-year business plan for the company and identified critical new products, cities and services that the client should target to offer to achieve the forecasted revenue and profitability.



Our Impact



1

Restored confidence of early investors resulting in a second successful fundraise within 6 months at 4x the valuation of initial acquisition crunch

2

Operational revenue increased by 5x from the time of acquisition with an EBITDA improvement of over 80%

3

The client has become EBITDA positive and is on the path to a 4x revenue growth in the current FY



Our Values - The Avalon EDGE

E

ENTREPRENEURSHIP

Enterprising ownership to transform ideas into pragmatic and profitable solutions

D

DEDICATION TO EXCELLENCE

Commitment to premier quality and highest standards in everything we do

G

GREAT VALUE CREATION

Focus on delivering maximum client impact through innovation and collaboration

E

ETHICAL APPROACH

Respect, fairness, and transparency in all our interactions

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