



# Park Precision

## Financial and operational restructuring and £1 million MBO

### Background

Established in 1986, Dorset-based precision engineering firm Park Precision specialises in producing high quality parts for the printing and defence industries from its purpose built 20,000 sq ft factory in Weymouth. The company has a wide range of capabilities, from high tolerance milling and turning through to assembly and supply chain management, reaching a turnover of £10 million by 2008.

Following its acquisition by a private investor in 2009 in a transaction that included an element of deferred consideration, Park became overleveraged with a £4.5 million debt burden. As sales and gross margins began to contract in the face of a dramatic downturn in the defence industry, the company struggled to service its debt and was unable to pay the deferred consideration as it fell due, ultimately resulting in Park being placed into administration.

### Hilco's Role

Hilco Commercial backed a management team made up of the existing Sales Manager and Operations Manager to rescue Park from insolvency. Hilco provided acquisition and working capital funding, together with the necessary resources to quickly stabilise the Company. A team, led by Chris Emmott, was immediately put in place to review every aspect of the business, from operations to support functions such as finance, IT and HR.

Hilco's resources and network of contacts enabled weaknesses in Park's management team to quickly be addressed. An experienced Finance Manager was recruited soon after acquisition, with Hilco's involvement allowing the appropriate long term candidate to be sourced and properly interviewed rather than Park being forced by circumstances to accept the first respondent.

HRPS, Hilco's property agency, was engaged to renegotiate the existing leases. This was a time pressured task as Park was under a licence to occupy and, through an integrated approach, HRPS was able to react rapidly to secure a positive outcome.

The project was also supported by Hilco's HR and IT teams while Hilco Appraisal was retained to acquire new plant and machinery for the business.

The turnaround was effected through the application of a continuous review methodology to the business, while the capability of the management team was augmented by drawing on Hilco's operational expertise.

### Results

Through the investment of knowledge, time and money, Hilco worked with management to save the jobs of 60 staff and stabilise the business. Three months after acquisition, Park was audited by two of its largest customers and passed key audits that the previous Company had failed just six months earlier.

Subsequently, Park and Hilco invested in new facilities to expand Park's value added operations such as the purchase of a £100,000 paint oven which delivered further improvements in process flow as well as being considerably more efficient than the old equipment it replaced.

After the first few months of Hilco's ownership, Park was already on a solid foundation to build on through organic and acquisitional growth.



In August 2011, it was announced that the Park turnaround had reached the finals of the Insolvency & Rescue Awards' 'Business Rescue of the Year – under £20m turnover', the winner of which will be announced in October.



#### Key Facts

- › Precision engineering business with over 20 years of trading
- › Hilco backed a £1 million MBO (October 2010)
- › Hilco led operational turnaround
- › Investment in new capital equipment
- › Management team strengthened
- › Property leases renegotiated

#### Results

- › 60 jobs saved
- › Key supplier audits passed
- › Company on a stable platform for growth