
Investor assessment prior to acquisition of an automotive SME (€100 million turnover)

1. Problem

A private equity investor planned the acquisition of an established automotive supplier with:

- approx. 100 million € turnover
- 420 employees
- international customer structure
- Good technical reputation

The classic due diligence checks (financial, legal, tax, commercial) had already been carried out.

The figures were plausible. The company was profitable.

But the investor asked himself a further question:

Is this company really structurally scalable – or are operational risks hidden behind solid key figures?

They were not looking for an audit report – but a holistic picture of:

- Management maturity
- Controllability
- Organizational stability
- Scaling and risk factors

2. Part of the model used

The Prepared for Scale – Investor Assessment **was used** along the five dimensions:

- Entrepreneurial clarity
- Product Strategy
- Customer Strategy
- Economical management
- Organization & Governance

Goal: Transparency about structural value levers and potential scaling risks.

3. Method used

Phase 1: 3-day assessment workshop before signing

Elements:

- Interviews with management and division managers
- Analysis of financial planning and reporting structure
- Review of project management systematics
- HR analysis (compensation system, retention, succession planning)
- Supplier and dependency analysis
- Evaluation of control and decision-making processes

The format was deliberately dialogue-oriented – not an audit, but a structured maturity assessment.

Key gaps identified

1. Financial planning

- No integrated 3-year planning
- Project costings without systematic post-costing
- Working capital management not transparent

2. Project management

- Strongly dependent on the person
- Different standards per area
- No clear escalation architecture
- Risk with increasing number of projects

3. HR Structure

- Individual salary determination without bandwidths
- No systematic performance logic
- Increased risk of losing key people
- No structured succession planning

4. Supplier dependency

- 45% of purchasing volume from a strategic supplier
- No alternative qualification
- High operational dependence

Operationally, the company functioned – but structurally it was vulnerable to scaling or market change.

Action Plan & Transaction Condition

Based on the assessment, a clearly prioritized 180-day plan was developed:

Short-term measures (0-6 months)

- Development of integrated financial planning including cash & WC management
- Introduction of standardized project controlling
- Definition of salary bands & performance system
- Start of the qualification of a secondary supplier

Medium-term measures (6-12 months)

- Professionalization of PMO structure
- Introduction of monthly KPI control at divisional level
- Development of structured talent and succession planning
- Reduction of supplier dependency < 25%

The investor made the implementation of this action plan a binding post-closing condition.

scalionblue accompanied the first 6 months as a sparring and structural partner.

5. Result after 12 months

Measurable results:

- Transparent 3-year planning established
- Working capital reduced by 8%
- Project margins stabilized
- Significant reduction in key staff turnover
- Supplier dependency reduced to 28%
- Significantly higher reporting quality towards the investor

Additional:

- Common understanding between management and investor
 - Clear roadmap to increase value
 - Increased scalability for internationalization
-

Results

The transaction was not only financially secured – but also structurally prepared.

The investor invested not only in a profitable company, but in an organization with a clear development architecture.