

## A diversification strategy leads to acquisition followed by profitable and sustainable growth

### The challenge

A large family owned firm group urgently needs a second strategic focus for an improved risk diversification. The initial ideas proposed by the company are challenged by ARCOM's management consultant. The unexpected advice, which is based on systematic research, is not to follow the envisaged track due to a lack of leverage potential. Other tracks are suggested but these require more careful analysis.

### Searching a solution

The assignment for the next phase is focused on digging deeper and on finding out which would be the most profitable and sustainable track. An important requirement is to take into account possible synergies with the existing main family business. The management consultants are in a position to suggest an attractive niche industry fitting most requirements in addition to potential acquisition targets.

### Implementing the solution

Due to a deep trusting relationship between client and consultant the assignment for the next phase to find the «right» acquisition target commences. It is very advantageous that a «neutral» consultant approaches the owners of the target companies, thus creating more flexibility to increase their interest in strategic talks. Based on the consultant's approach a first, followed by a second firm in the same niche industry can be successfully acquired.

### Outcome

The expanded family firm structure enhances the profit and value of the whole group. In the subsequent five years, the management consultant helps govern and develop the newly acquired firms to profitable and sustainable growth success. Although it had not been planned from the beginning, the family entered into a situation which resulted in them deciding to sell the new structure. The proof of a very successful strategy consulting job was the sale result: A tripling in price five years after the investment.



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