

Smart growth? *Know how.*

With funding from the European Union, we helped Matanat A, a cement and gypsum manufacturer in Azerbaijan, to improve their strategic planning and dramatically improve their business performance, utilising its economic resources 14% more efficiently.



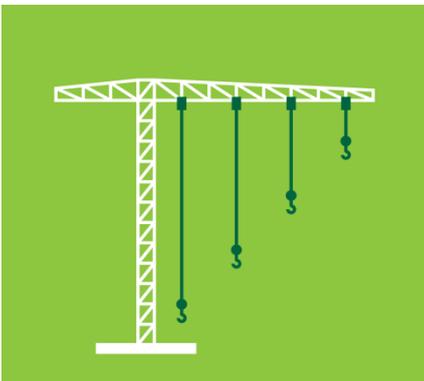
Cement and gypsum producer, Azerbaijan

We helped Matanat A, a cement and gypsum manufacturer in Azerbaijan, to improve their strategic planning and risk management. The company increased absolute profit by 73% and enterprise value by 60% by the end of the project.

Founded in 2000, Matanat A was the first manufacturer of cement and gypsum products in Azerbaijan. Since then, the company has achieved a strong position in the local gypsum plaster and tile adhesives markets..

Matanat A is an ambitious company looking to increase its global business, including export sales mainly to southern Russia, and to secure its current strong home market position. To exploit that growth potential, Matanat A was prepared to build up the sufficient production capacity. However, even within its home market, Matanat A faced some major risks. The construction industry is heavily dependent on the national economic cycle, and there was the potential entry of strong global competitors into the Azeri market. On top of those, planning an eventual global expansion would include additional major risks, which needed to be combatted by improved competences among key managers, and organisational development.

We connected the company with Dr Lauri



Palojarvi, a seasoned executive and construction industry expert from Finland with more than 35 years of experience, to share his know-how with Matanat A's senior management. The adviser:

- provided growth strategy for both the global and home markets based on market potential
- prepared a Matanat A SWOT analysis, and identified and developed a management plan for the major risks. As Matanat A has a very large number of products – roughly 1,000 – the plan calls for an immediate product profitability analysis to eliminate the worst loss-makers and develop the best profit-makers further.
- suggested an approach to encourage professional development to enhance efficiency, particularly at the top-management level with the implementation of Management Intelligence and Information Systems and a Training and Coaching Program for the key managers.
- recommended the company assign an “Agent of Change” to coordinate and report the proposed progress along with the growth strategy

At the end of the project, Matanat A's strategic thinking capacity is stronger. The strategic and risk management plans prepared by the adviser can easily be updated. And, over the 18 months of the projects, Matanat's business performance has significantly improved. Powered by a lift in the EBITDA ratio by 7.7%, absolute net profit increased by 73%. The company also has an ongoing production capacity investment project of €12 million, partly financed by the EBRD. Now, the company has the tools in place to implement its ambitious plan to expand production capacity abroad and develop its global business.

www.ebrd.com/knowhow

Turnover

+32%

Export

+68%

Net profit

+73%

Enterprise value

+60%

Company paid

63%

of local consultancy equivalent