



Meguiar's Appearance Care

Challenge: As President & CEO, Lou Basenese was charged with transforming Meguiar's into a viable player in the appearance product category. The company had been in business for 92 years and had many ups and downs in their history. The Meguiar's business was a family owned business that was not focused due to the adversarial relationship among the family. The Board of Directors were hand picked by each family member who, individually, protected the interests of the family member thereby, adding to the adverse conditions. An outside CEO was needed to re-focus the business, create harmony among family members and the Board and to grow top and bottom line results.

Some of the key challenges were as follows:

- The business was too complex. There were too many segments to the business that could not be sustained due to limited resources. Business was being pulled apart by the resource requirements of the following segments: Professional, Consumer, Marine, Direct, Mold Release, Furniture, Int'l
- G&A was excessive
- Family and Board members were overly active in the business
- Employees were risk adverse due to family involvement
- Company had great products, history and heritage but failed to leverage these assets
- Brand was in need of makeover
- Manufacturing plant ran at 25% capacity with a high cost of goods
- Distribution was fragmented and layered
- Commissioned reps and brokers were "C & D" players
- Poor marketing
- Poor sales execution
- Weak distribution – Revenues were 18 million

Actions: Under the leadership of Lou Basenese the following actions were initiated and implemented by the Meguiar's management:

- Developed and executed comprehensive business plan
- Reorganized company to reduce G&A
- Accomplished marketing and sales people were employed
- Business was simplified by focusing on the core Professional and Consumer segments
- Company's strengths were optimized; history, products, quality
- Limited and optimized family involvement by focusing them on one aspect of the business
- Focused Board of Directors on areas of strengths centered around business plan

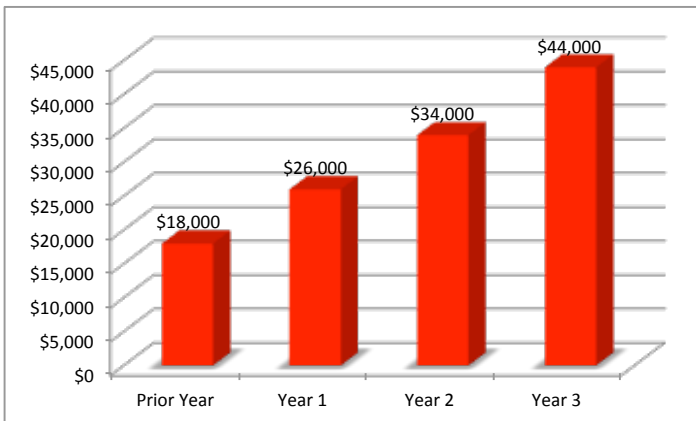
- CEO focused on sales efforts by making calls on all key retailers and made the retailers part of the growth plan
- Exited wasteful spending in endorsement and sponsorship
- Focused on increased distribution with creative product offerings/new products
- Optimized manufacturing
- Exited or de-emphasized various business segments
- Instituted a bonus plan for all employees on a “pay for performance” plan
- Instituted a “Full Disclosure” policy. Held weekly meetings with employees and updated them on financials on a monthly basis
- Instituted an “Open Door” policy to encourage free flow of thoughts and communication

Results: The following results were achieved:

- Top line sales grew from \$18 million in to \$44 million by Year 3
- Bottom line EBITDA results grew from 8.4% to 27.5% by Year 3
- 80 new products were introduced
- Optimized manufacturing by increasing plant utilization from 25% to 78%
- Elevated brand image with Mercedes Benz/Meguiar’s co-branded appearance product line (7 products)
- Obtained co-branded product with Chrysler and General Motors
- Successfully penetrated the Detailer business
- Quality increased – Meguiar’s Cleaner/Wax was rated #1 by Consumer Reports
- Realigned distribution channels and eliminated layered distribution
- Optimized inventory while increasing turn ratio
- Created demand for 6 new products at all channels of distribution

Meguiar’s Revenue & EBITDA History

Revenue (\$000)



EBITDA

