

CASE STUDY: PULSE



KEEPING A FINGER ON THE PULSE

Pulse Home Products (Pulse) was one of the leading providers of branded goods to the UK home products market, most notably under the Breville name. Pulse's products were designed and engineered in the UK, then manufactured by third parties in China. Many products had leading market positions and were sold through a wide range of catalogue, grocery and other retail channels in the UK.

A Complex Situation

At acquisition in 2007, the Pulse brands were sitting in a distressed public company that urgently needed to divest assets to raise cash and focus on its core activities. However, the situation carried the complexity of Pulse's operations being integrated with other activities of the vendor and a lack of visibility of performance on a standalone basis.

Following a failed auction process, Rutland, with a strong reputation in the turnaround space, was invited to work with Pulse's management team on an exclusive basis to develop a deliverable divestment proposition. Rutland's plan centred around the separation of the logistical, supply chain and administrative functions of the business from its parent and thereby transition it to an efficient standalone entity.

In Need of Turnaround

Pulse had a leading market share with its core Breville brand, which David Allen, the incumbent CEO, had spent 10 years building from virtually nothing to a market leading position in the UK, on the back of a reputation for strong new product development, customer relations and robust sourcing capabilities from Chinese manufacturers. However, other brands in the group had not benefited historically from this style of development.

Having achieved separation from its former owner, Rutland's strategy was to roll out key commercial disciplines for the underperforming brands and to develop new management reporting that focused on KPIs. To optimise the company's market position, Rutland invested in brand stretch and product innovation, migrating distribution towards grocers in addition to developing new channels to market through the internet and European distribution.

Plugged in to a Bright Future

The Breville brand, in particular, continued to be a market leader showing great resilience during challenging consumer market

conditions throughout much of Rutland's period of ownership. Important to this was not losing sight of the key valuation drivers, being the maintenance of gross margin disciplines and new product development, both essential ingredients of brand strength preservation. Along with a continued focus on cash flow, this provided the business with both stability and investment returns against a backdrop of more limited market growth opportunities.

Exit Reflects Brand Strength

With its proven brand strength and following pro-active shaping of the business to maximise its attraction to potential trade buyers, Rutland sold Pulse strongly in an off-market process to US trade buyer, Jarden Corporation in 2012. This left the business well positioned to benefit from the synergies of being part of a larger player in the market.

CATALYST FOR CHANGE



“ Rutland was highly supportive of Pulse over its period of ownership. Pulse is now a well positioned business and we are all excited about the opportunities that the next chapter in our history will bring.

David Allen, CEO of Pulse