



Turn your company into a highly profitable group – a CMR Catalyst Group™

Catalyst Groups comprise synergistic companies (operating in same general market area with similar or diverse products/services) who come together to achieve a greater market presence, combining sales and gross profits whilst reducing operating costs – enabling much higher profit and sales growth with long term stability and value. Individual owners become shareholders in the Group and benefit from the much higher security and growth potential. The CMR Catalyst Group™ concept was originally developed by CMR to help businesses facing difficult times – it is the only way we know to help businesses not only survive, but move onto a much higher profitable level whilst importantly preserving and growing the value owners have in their business. The concept also works equally well for growing companies who would like to grow even faster and more profitably as part of a larger, more cohesive and stronger group.

The CMR Catalyst Group™ Concept:

Many small to medium-sized businesses (SMEs) find that a reduction in sales during a recession can threaten their very existence. Of course, businesses will try to compensate by reducing their staffing and other costs, but sooner or later, this reaches a point where further cuts start to seriously damage the company or make continued survival impossible. In such circumstances, most companies will liquidate through an insolvency procedure and usually the owners will lose everything they have probably spent years in building.

There is an excellent way forward that not only preserves the owner's capital in their business, but can also make the business almost immediately more profitable and cash generative. This is a unique and highly innovative solution from CMR – we call it our Catalyst Group Program™ – CMR is the catalyst and resource provider to make it happen. It is highly successful in converting even loss-making companies into highly profitable groups. Mostly we use normal commonsense in doing this – backed up by the experience of the CEO's running each component business, together with the senior management expertise and resources of CMR (all of CMR's executives have held senior, director-level positions in major companies). CMR Catalyst Groups usually comprise about five companies or so.

We bring together a number of suitable companies who have synergy within a market sector, with either similar or different complementary products/services giving the group a greater market presence than each component company could ever hope to achieve by themselves. By eventually condensing down administration costs and buying efficiencies, the whole group benefits from a much higher sales and gross profit base with streamlined overhead costs, to produce good profitability growth and a much higher valuation for the Group than just the sum of its component parts.

The process is straightforward, but the timing will depend on overall economic conditions and the stability of each component business. In normal times the formation of the Group will be phased over a year or so, but in emergency times, it must happen much quicker. The process is in several stages:

1st Stage – CMR in conjunction with the companies involved will identify which other companies to invite into the Group. These will be companies who have a product or service that is compatible with the overall market the Group will be addressing. It will obviously be the decision of the owners/CEOs of those businesses if they wish to join the Group and on the terms outlined (summarised below).

2nd Stage – The Group will be formed and the Group's board of directors will be appointed to include all the component companies. A Chairman/CEO will be appointed, usually from CMR. From this point onwards, the Group will be managed by the Board, but respecting the rights of all component companies, who at this stage have a veto on any matters affecting their company.

3rd Stage – At this point, the Group will collectively decide if they want to keep each component company in the Group – and of course, each company decides if they want to stay in the Group. In normal circumstances, these decisions will be made within one year of the Group's formation – but in emergency conditions, it may need to be made much sooner, if not immediately. For those companies remaining in the Group, there will be a 100% exchange of shares in each component company, for shares in the Group Company based on an equal value assessment made by an independent firm of Chartered Accountants at the time of the Group's formation. Each component company can decide whether they accept the valuation and Group share allocation. At this point the Group becomes wholly owned by the component companies and CMR (who have a 25% share). The Group now operates entirely as a Group – not as a collection of individual companies. This will allow greater cost reduction and consolidation of infrastructure resources.

4th Stage – The Group now operating successfully and profitably; if any shareholder wishes to retire or exit, they may sell their shares, with pre-emptive rights to the other shareholders. So by converting each component company into a far more valuable and successful Group – it also solves any succession issues for directors retiring, etc., giving much greater financial stability for all shareholders.

The above process usually starts with an approach by CMR to companies they think could be beneficially added to the Group – this will explain the concept and process – and help to determine whether the company is actually suitable as a candidate for inclusion and of course, whether the company's owners would like to join. It is possible that some companies may need to join the Group through an insolvency procedure if their circumstances warrant.

When the Group is complete, the first board meeting will be held and the overall strategy and operational aspects will be determined and acted upon. All the rest will follow as a normal group business – as decided by the shareholders and directors.

For many companies when times are difficult, this is the only way that owners can be sure to preserve value in their businesses and grow rather than possibly die. At other times, this process can help to move successful businesses onto a much higher operating plane, seamlessly with enormous increases in market presence, profitability, stability and shareholder value.



Take the next steps into your future - a Catalyst Group will work for you



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