

Case Study:

**Lease Company – Operational Due Diligence and Market Assessment**

Situation

- A business leasing significant stamping equipment to a large vehicle manufacturer, valued over \$500 million
- Lease due to expire in eight months
- Product being assembled could potentially be moved to another location after lease term and the lease company could receive all the equipment back to them

Goal

- Position the business for optimal negotiation

Role

- Determine feasibility of product moving to another location, plus cost associated with the potential move
- Conduct a Market Assessment of possible locations for the product to be assembled
- Provide Lease Due Diligence, asset valuation and sale ability of equipment
- Conduct plant assessment of current operations, process flow, layouts and production volumes

Approach

- An in depth study on feasibility of moving the product with numerous locations and the percentage likelihood of those locations given demographics and supply base studies
- Investigate what was owned by both parties, with a thorough asset inventory
- Develop a liquidation analysis, with general values of equipment and options of potential buyers
- Perform market analysis of other products that could potentially be made at the facility

Results

**Overall results:**

- **Provided a significant amount of automotive intelligence to the client to help position them for negotiation with the automotive assembly operation**
- **Saved the capital leasing company \$50 million due to their ability to negotiate from a position of knowledge relative to the OEMs inability to move the parts without significant cost impact**