

Global reach supports global acquisitions



Case study

Client name:
Voxx International Corporation

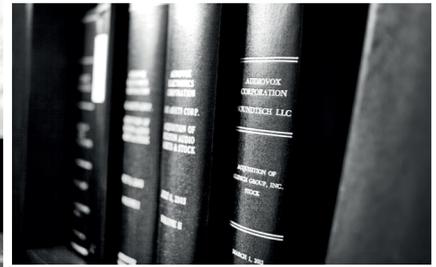
Sector:
Global manufacturer of automobile and domestic entertainment systems and accessories

Annual turnover:
US\$835 million

Client challenge:
Global acquisition

Grant Thornton services:
Group audit, Statutory audit, International tax advisory, Transaction advisory services*

Geographies served:
United States, Canada, France, Germany, Hong Kong, Hungary, Mexico, Venezuela.



Above: Chronicling Voxx International's growth
Left: Mike Stoehr, Chief financial officer at work

In 2004 Voxx International Corporation took the very bold strategic decision to sell their cellular division – responsible at the time for US\$1.1 billion of the group's US\$1.6 billion revenue. Since then, with help from Grant Thornton firms in seven countries, the business has made ten acquisitions driving revenues to over US\$835 million in fiscal 2013.

“We utilise Grant Thornton right across the board, making the most of their international expertise as a sounding board to bounce ideas off. I don't think there's a Grant Thornton service that we haven't used.”

Mike Stoehr, Senior vice president and Chief financial officer

“As a mid-market company it is simply not cost effective to employ the quality of people that Grant Thornton can provide us with internationally on a full time basis.”

Mike Stoehr, Senior vice president and Chief financial officer

**Client challenge:
Asset disposal**

Back in 2004 Voxx International’s cellular group was responsible for US\$1.1 billion in revenue but with only a 5% gross profit margin. The cellular group only had one or two technology suppliers, one of which was pulling out of the US market, and 85% of the sales went to one customer. A strategic decision was taken to dispose of the cellular division.

The Grant Thornton solution

The Voxx cellular business was a very different business from the Voxx electronics business. The cellular business was very capital intensive. The margins were a lot lower and there was more risk in terms of obsolescence. “We decided to exit the business,” says Mike Stoehr “and when a Chinese phone manufacturer looking for a turnkey operation offered us a price, we couldn’t refuse. Grant Thornton provided consulting advice around the structure from a tax point of view both in terms of identifying the most appropriate strategy and treatment for us to consider. They were involved in the transaction from beginning to end from an advisory capacity.”

The outcome

“Our basic strategy,” Mike says, “was to get out of commoditised products, increase our margins, build some stability into our revenue base, and with Grant Thornton firms providing global support, grow through acquisitions worldwide.”

**Client challenge:
Global acquisition**

Armed with funds from the sale of the cellular division together with a strategy to rebuild the company to an annual turnover of US\$1 billion, Voxx embarked on an aggressive acquisition campaign. In the last seven years Voxx has made ten major acquisitions: four in Germany including Hirschmann and Schwaiger, as well as other entities with international reach such as Klipsch that was headquartered in the United States and had operations in over eight countries. These have helped increase revenue to approximately US\$835 million. Voxx has broadened its product offerings to include Original Equipment Manufacturing (OEM) for the automotive industry.

The Grant Thornton solution

“Grant Thornton has assisted in our due diligence process,” says Mike, “we use them for tax filings and advice, statutory audit and whatever assistance we need on the ground. As a mid-market company it is simply not cost effective to employ the quality of people that Grant Thornton can provide us with internationally on a full time basis. As an international company with opportunities worldwide we need to be able to tap into expertise on a number of service levels immediately.”

The outcome

Voxx International has been able to use Grant Thornton’s global reach in places such as Canada, China, France, Germany, Hong Kong, Hungary, Mexico and Venezuela.

**Client challenge:
The audit**

“We just weren’t getting the support we were looking for from our previous accountants,” admits Mike, “and we’d been working with Grant Thornton in other areas of our business for years. Grant Thornton’s approach meshed nicely with ours. We recognised Grant Thornton as not just a domestic regional accounting firm. They are worldwide and are used to dealing with public companies. They are international in scope and we have international operations.”

The Grant Thornton solution

Grant Thornton teams maintain regular contact across audit and other service lines with Voxx counterparts in all active jurisdictions.

“I am just part of a great team here at Voxx in the United States and around the world who deal with Grant Thornton worldwide every day and it works,” says Mike.

The outcome

Having sold the largest source of revenue within the group, Grant Thornton has been continually developing the relationship with Voxx providing advice where and when required to help realise their strategic ambition to once again achieve annual revenue of over US\$1 billion.

A strong and consistent relationship

“We’ve been working with Grant Thornton since the 1980’s, many years before they became our auditors, when they were instrumental in putting in our Enterprise Resource Planning Systems (ERP),” says Mike, “which is actually the base of this company and what’s held it together over the years. They have been our auditors since 2004, and they are tough auditors – which is great. We have a good relationship and we work as a team: it’s not about delivering the one thing and then that’s it. We utilise Grant Thornton right across the board, making the most of their international expertise as a sounding board to bounce ideas off. As the CFO of this company for the last 35 years I’m not looking for one bright glorious moment and then that’s it, I’m looking for a strong and consistent relationship.”

Do you have similar challenges?

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