

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

GP Strategies Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator's instruction) We will pause for just a moment so that we can pile that Q&A roster. And your first question comes in the line of Josh Vogel

Josh Vogel - Sidoti & Company

Hey good morning, thank you.

Doug Sharp

Good morning Josh,

Josh Vogel - Sidoti & Company

My first question was with GM. I was wondering if you could just discuss the relationship and what impact if any that the mess amounts or layoffs you are seeing over there is having on your business.

Doug Sharp

Obviously, a very good question. As Sharon mentioned, we do roughly 20% of our revenue with GM. As the business is growing that has been shrinking as percentage since the acquisition. Sandy has been doing work for General Motors for over 30 years. They are provider of product sales training. We obviously believe that despite the downturn at General Motors, one thing that is required is sales. The Company needs sales and that is what we do, we help and provide them with training that trains their salesmen on new products, current products, and how to sell products.

As you can see, the revenue for the Sandy group was up 6% for the quarter and predominantly, it is up in the quarter due to the incremental revenue we are generating from Hyundai and Toyota Corporations and Ford as well. Basically on the GM front, our revenue is held stable. It is tough out there but we have been able to offset that by the new products we have been doing. We do know that so far, the cost we have gotten from GM that we have been able to offset in other areas represents a very small portion of our trainers and approximately a million dollars a year of revenue run rate.

But again, we have been able to offset that in other areas. So GM continues on. We are hoping that it remains an account for another 30 years and we are obviously doing our best to increase the sales at that level.

Josh Vogel - Sidoti & Company

Okay, it is helpful thank you. Now with the equity offering that your Board, could you maybe give us a sense of how much you were looking to raise?

Scott Greenberg

Yes. Basically Josh, most of the costs were related to legal as we are looking at alternatives. We were looking at a few larger acquisitions. Our stock price was much higher. Based upon our future outlook of the Company, we thought it would even be higher than what it closed at yearend but not lower. So we were looking at various alternatives as far as the acquisition strategy we were doing.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.