

Restructured and ready for exit



Kaufman Rossin helped a long-running wholesale distributor restructure in preparation for a sale.

CLIENT

Our client, a family-owned and operated wholesale distributor, had been in business for over 40 years when the organization was faced with significant challenges.

INSIGHTS

Through an initial two-week diagnostic assessment, our Business Consulting Services team was able to identify and prioritize five key performance improvement initiatives, which we executed over an 18-month period:

1. *Cash flow stabilization (short term)*
2. *Working capital and expense management (mid term – long term)*
3. *Operational improvement (mid term – long term)*
4. *Sales strategy (long term)*
5. *Transaction advisory (long term)*

CHALLENGE

The company, with net sales ranging from \$20 million to \$50 million, was experiencing liquidity management issues and had strained relationships with its bank and several of its key vendors.

Facing insolvency, the company's management team engaged Kaufman Rossin to explore restructuring opportunities that would stabilize cash flows and allow for a sale of the business at a suitable multiple of earnings before interest, tax, depreciation/ amortization (EBITDA).

SOLUTION

Implementation of quarterly cash flow budgeting and reporting model and adoption of performance improvement recommendations resulted in improved operating cash flow stability from an average monthly deficit of (\$350,000) at project onset to an average ending monthly balance of \$250,000 for the ensuing fiscal year.

Process re-engineering and outsourcing efforts led to more efficient route scheduling and tracking, resulting in reduction in driver overtime by 80% and improved gross margin by 10%.

Our team also assisted the company in the selection and implementation of an ERP system, which complemented these efforts and gave the management team additional insight into business performance.

RESULTS

Kaufman Rossin helped to restructure the company's operations and finances over a three-year period, taking the business from negative shareholders' equity to a 6X EBITDA acquisition.

Additionally, Kaufman Rossin led reporting of weekly working capital trends with creditors, and helped the company negotiate a significant reduction in tax liability with the Florida Department of Revenue.



2.4%

EBITDA margin
for Year 3



80%

Reduction in
driver overtime
costs

Focus on operational and performance improvement

OUR ROLES

- *Performance improvement*
- *Corporate finance & strategy*
- *Transaction advisory*
- *Assurance services*

Disclaimer: Certain details have been omitted or obscured to protect the client's privacy.