CASE STUDY

ENHANCING LENDER CONFIDENCE THROUGH DISCIPLINED LIQUIDITY MANAGEMENT AND FORECASTING

Kaufman Rossin helped a consumer products company improve financial transparency, stabilize liquidity, and provide lenders with independent visibility into cash flow and capital planning during a period of covenant pressure.

COMPANY

A privately held manufacturer and distributor of home repair and DIY products, serving major national retailers with customer concentration and pronounced revenue seasonality. The company operated under a substantial credit facility with active lender oversight.

CHALLENGE

As financial performance declined, the company's lending group required greater visibility into its liquidity position and forward outlook. Management needed to demonstrate control over cash flow, improve forecasting accuracy, and provide consistent, credible reporting to support ongoing lender discussions, while managing day-to-day liquidity needs and evaluating cost structure, working capital, and capital allocation decisions.

Kaufman Rossin was engaged to enhance cash flow transparency, strengthen forecasting discipline, and provide a more structured financial framework to support lender communication and decision-making.

WHAT OUR DIAGNOSTIC REVEALED

- Revenue seasonality and customer payment timing drove recurring working capital pressure
- Increased leverage and declining performance reduced flexibility under the credit facility
- Limited near-term liquidity visibility constrained proactive decision-making
- Inventory and receivables dynamics extended the cash conversion cycle
- Lenders needed greater transparency and more reliable forward-looking financial information

SOLUTION

Kaufman Rossin leveraged its corporate finance & strategy expertise to establish a disciplined liquidity management and forecasting framework, integrating near-term cash visibility with structured financial planning and consistent external reporting. This approach positioned Kaufman Rossin as an independent, third-party advisor helping bridge the information gap between management and lenders.

Key elements included:

- Developing a rolling 13-week **cash flow model**, updated and reviewed weekly
- Refining a **multi-period financial projection model** to support strategic planning and lender discussions
- Aligning **revenue forecasts** with seasonal demand patterns to improve forecast reliability
- Analyzing receivables, payables, and inventory to **identify working capital** opportunities
- Evaluating **cost structure and capital deployment** to support cash preservation
- Establishing a recurring **lender reporting cadence** to increase transparency into liquidity and performance

IMPACT

Kaufman Rossin helped the company improve financial transparency and establish a more disciplined approach to liquidity management, giving lenders greater confidence in the company's financial oversight and planning capabilities.

Improved short-term liquidity visibility through a structured weekly cash flow process

Strengthened credibility of financial information presented to lenders

Enhanced ability to manage working capital and prioritize cash utilization

Strengthened forward-looking decision-making through scenario-based forecasting

Established a consistent reporting framework to support ongoing lender dialogue

HIGHLIGHTS

- Implemented a rolling 13-week cash flow model, monitored weekly against actual performance
- Identified the extended cash conversion cycle as a key driver of liquidity pressure, informing targeted working capital initiatives
- Developed multi-period financial projections to support lender communication and planning
- Established an enhanced reporting cadence to sustain lender transparency

Client details have been anonymized for confidentiality.