

Case Study: Private Equity-Owned Tool Distributor

Improved performance through enhanced operations, process, and leadership

Goal: Assess portfolio company with poor financial performance

Situation

Sales and profit projections had been missed for several quarters, which the firm's President maintained was the result of a slow-down in new home construction. The Private Equity partners wanted to have an objective set of eyes help them understand the situation.

FortéONE Process

FortéOne began work with their OneLook Assessment. The review was conducted onsite by a FortéOne Team including industry and financial expertise and was completed in two weeks.

Immediate pay and job reductions were enacted, along with renegotiation of prices and terms with key vendors. The company extended payables, while also working closely with customers to keep receivables under control. Major changes were also made to fine tune pricing, vendor selection and terms, targeting and quantity of advertising, and financial controls and reporting.

Establishing a Foundation for Performance

The Assessment changes to the company's business model that significantly impacted the firm's competitive position and cost them market share. The Private Equity owners and their lenders agreed that FortéOne should immediately step into the President's role and quickly replace the controller. The new President reduced overhead by more than \$1MM by eliminating the entire unproductive outside sales force.

Results

- Within 180 days, reversed market share decline by selectively repricing and increasing quality and quantity of advertising
- Completed organizational changes, including hiring new CFO and financial staff
- Development and implementation of turnaround plan to survive financial crisis
- Reduced budget through organizational restructuring, negotiation with vendors, extending payables and closely managing receivables
- The Board then hired the engagement lead as the permanent CEO.

