

# Privately Held Consumer Product Company

**GOAL: Rapidly grow EBITDA and stabilize cash flow**

## The situation

- The board and investors were concerned about the company's history of missing profit projections and resulting future cash needs.
- Company had declining gross profit margins and EBITDA, and leadership had no credible plans in place to reverse trends.
- Relationship with sole link to suppliers in China almost irreparably broken.
- Out of covenant with lender.

## FortéOne Process

While working on the four-week business assessment, FortéOne uncovered the CEO and COO were inflating forecasts with unobtainable expectations for future sale growth. This led to immediate termination of the CEO and COO. FortéOne stepped in to lead the company and developed a rapid action plan which was approved by the board. The FortéOne team worked quickly to get the company's EBITDA back on track, rebuild employee confidence, develop reliable reporting and forecasts and get the supply chain flowing again. Actions included:

- Repaired relationship with China supplier and implemented stronger agreements and terms.
- Rapidly reduced overhead costs and excess inventory on-hand and in the supply chain.
- Re-forecast revenue and EBITDA based on information withheld by previous leadership.

## Establishing a Foundation for Performance

On the verge of losing the company's only supplier in China, FortéOne brought in a China-based consultant to personally deal with Chinese agent and repair issues regarding open orders, pricing penalties, costs, cost increases, and agreements. The local executive was able to resume shipment for the holiday season.

## RESULTS:

**Immediately implemented \$1.9MM in cost reductions**

**EBITDA was projected to be \$1.5MM when engagement began in September. Actual EBITDA was \$2.1MM.**

**Following year EBITDA on track to achieve \$3.9MM**

**New CEO hired and management team upgraded**

**Company on track to achieve a successful exit for investors and return to good standing with lender**