



Capital Restoration LLC

Leaders in Corporate Renewal

Financing Turnarounds

What is transpiring in the market today:

- Companies have done a good job in cutting costs
- Banks waiting too long to recommend qualified turnaround consultants
- Banks continue to put their heads in the sand to avoid booking reserves
- Economy is not improving

Financing Turnarounds

What are we working on in the market today:

- Sale of the last US made baseball glove company
- Assessment, budgets and turnaround recommendations for national limousine company
- Assessment for X Bank regarding a potential equity investment in troubled company
- Ongoing fraud case for X Bank – litigation stage against CPA firm
- Providing guidance to senior workout officer to collect SBA loan for a retailer downsizing to remain in existence.

What makes for a successful turnaround

Truly depends on the situation

Identification of someone to lead the turnaround and assessment of management.

- Integrity of ownership / management
- Canada – sociopath
- US – extreme compulsive disorder
- Airbag fabric Mfg - Cooking the books for tomorrow will be better
- Glove Company –

Does the company have a reason to exist

- For many small companies having a market niche is critical
- Identification of product lines to grow business around
 - The Gloucester Company - Does it all

Sufficient resources – financial / human / raw materials

Eliminating CEO pet projects

Critical Steps in a Turnaround

Assess Management -Who is going to lead Turnaround

Analysis of Situation:

Are there sufficient:

Financial Resource

Human Resources

Demand in the market

Prepare crisis cash flows / operating budgets

Use of computer simulation models

Numbers a common language

Plan sell off of excessive inventory

Accelerate collection of AR

Identify other non productive assets and sell off

Take Control of Cash

Can the company

Survive

Get to a positive cash flow

Raise cash to execute the turnaround plan

Breakeven

Sustained Profitability