

CASE STUDY

PROJECT SURF – OCTOBER 2023

HELP IS HERE.

G2 Capital Advisors is a different breed of financial advisory firm. We strategize around long-term growth and success, and that's how we create tailor-made operational, financial, and transactional **solutions for our corporate and investor clients.**

Our team is uniquely qualified to assess potential strategic alternatives, develop comprehensive restructuring plans, and execute alongside management teams to **maximize value and recoveries for all stakeholders.**

G2 provides financial sponsors, lenders, or other key stakeholders with a **quick and thorough assessment of the state of a business**, detailing financial or operational business realities and charting a customized course forward.

SITUATION:

A private equity-sponsored business services firm (the “Company”) with facilities in three states became unexpectedly liquidity-challenged due to difficulties managing seasonal labor, inventory, and cash flow fluctuations. Operationally, the Company also confronted the complexity of integrating recently acquired facilities.

01 Challenge

At the time of the Company's cash crisis, it was also struggling to integrate multiple acquisitions. Facing financial and operational stress, management had to simultaneously ascertain liquidity needs, develop a debt relief strategy with its lender, and overhaul its operations.

02 G2 Work

G2 was engaged to:

- Immediately understand the current liquidity situation
- Negotiate deferred payment plans with vendors
- Create a 13-week rolling cash flow projection and associated KPIs to properly monitor the results of operations
- Develop a strategy for a debt restructuring amendment

G2 worked collaboratively with management to achieve the above objectives, including quantifying the liquidity needs, proposing KPIs to support the budgeted financial and operating targets, and negotiating with the lender on behalf of the Company for the proposed debt amendment necessary to provide the liquidity relief desperately needed. In addition, G2 identified the need for and implemented an inventory integration system to align acquired facilities.

03 Impact & Solution

Within weeks, G2 had corrected the Company's key challenges by:

- Securing a new, signed debt amendment, allowing for term loan and principal payment deferment for several quarters
- Establishing several critical monitoring tools, including a 13-week cash flow model, to enable better liquidity tracking
- Leading inventory integration to overcome the inefficient consolidation of multiple facilities and improve system visibility, employee productivity, and customer satisfaction
- Deftly managing cross-state, multi-facility nuances, including labor policies, tax structures, and cultural perspectives to streamline operations and minimize costs

G2's efforts provided the Company with the necessary liquidity runway to maneuver through a difficult seasonal business cycle while providing the platform to drive growth back into the business.

Providing clients with corporate restructuring and a clear path to long term operational stability.

WHY G2.

We know the market.

G2's team of experienced operators possess a wealth of business knowledge capable of lending comprehensive insights in an array of challenging business scenarios.

We are cost effective.

G2 can complete an assessment in as little as three weeks and is a cheaper alternative for the client due to our blending capabilities.

We support creditors and debtors.

G2 can perform assessments for parties on both sides of the capital structure.

We have experience.

G2's team of experts has completed over 50 individual assessments.

KEY FINDINGS:

G2 SOLUTION:

The **Company's CFO** was not well-versed in managing dramatic seasonal liquidity fluctuations.



Immediate Improvements

G2 worked closely with the CFO to develop a 13-week cash flow forecast that accounted for seasonal shifts.

The suddenness of the cash crisis left **lenders** questioning the future of the Company. In addition, **vendor** relationships were already tense due to the CFO's lack of experience with seasonal undulations.



Near-Term Partner Practices

G2 used the 13-week cash flow forecast to assuage lenders' immediate concerns and instill the confidence to secure the debt amendment. Using similar tactics, G2 helped to build rapport and negotiate deferred payment plans with vendors.

The Company's poorly executed acquisition integration resulted in a dramatic drop in EBITDA and increased **customer** dissatisfaction.



Overdue Acquisition Integration

G2 led an inventory integration plan that optimized physical and digital system management. This work significantly improved operational precision and customer satisfaction.

The **Company's leadership team** was unprepared to manage dramatic seasonal liquidity fluctuations and the associated labor challenges, such as downcycle layoffs and weekly hour reductions.



Long-Term Infrastructural Enhancements

G2 established a weekly meeting during which the management team reviewed a 90-day action plan that included G2-generated operational KPIs.

Feel free to reach out to learn more about the approaches we are using across the 70+ clients we are actively service across our industries of focus.

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