

Maximizing Value of Challenging Situations

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Selling or refinancing any company is a complicated task but when the company is undergoing financial or operating challenges the complications are magnified dramatically. Often in distressed situations critical information is difficult to obtain, transactions must be completed in compressed timeframes, employee morale is low, and the interests of other constituencies must be considered. In these circumstances a financial advisor with relevant experience and resources can lead the company through the sale or refinancing process and achieve a superior result.

Generally, distressed businesses end up that way for one of three reasons: 1) management is not capable of running the company; 2) the industry or market the company serves is in a cyclical downturn; or 3) demand for the company's products or services has permanently declined. Before accepting an assignment to refinance or sell a distressed company, a seasoned financial advisor will evaluate the reasons for the company's distress and make an objective assessment as to the receptivity the company will encounter in the market.

Moreover, a creative and experienced advisor may be able to make suggestions to the client that are not readily apparent to less experienced advisors, such as divesting only one operation

to pay down debt on the remaining business or instituting cost reductions or select price increases that generate immediate and quantifiable long-term profit improvements. Other improvements that seasoned practitioners of distressed corporate finance may be able to recommend and help implement include working capital reductions, organizational and operational changes, and plant or product line consolidations, all of which improve value for clients.

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The current economic downturn, especially in housing and automotive related areas but increasingly spreading to other sectors of the economy, combined with the aggressive lending practices earlier in the decade, has left many companies with overleveraged balance sheets. For many of these companies however, the underlying fundamentals of their business remain sound. A seasoned financial advisor in distressed situations with the ability to devote the extra resources needed to address the challenges of these companies can navigate these pitfalls and roadblocks and achieve superior results for their clients.



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Fort Dearborn ADVISORS

From Relationships to Results

Fort Dearborn Advisors' Special Situations Group is comprised of dedicated and seasoned investment bankers from our Special Situations Team and is complemented by individuals that lead our other industry practices and professionals working in our affiliated management consulting firm, Fort Dearborn Partners.

These team members each have decades of experience advising companies that are undergoing tight liquidity, facing operational challenges or addressing severe competitive threats. The combination of our operational expertise and financial knowledge enables us to refinance or sell many companies who face challenging circumstances.

Dennis Bamber, Inc.
has been acquired through a U.S. Bankruptcy Code Section 363 sale transaction by

American Rubber Products Corporation has divested its Tonawanda operations through a UCC Article 9 sale transaction to

National Fruit Product Company, Inc. has been acquired by

NFP Holdings, LLC

SpecialtyChem Products Corporation, a subsidiary of ChemDesign Corporation, has been acquired through U.S. Bankruptcy Code Section 363 sale transaction by

Resilience Capital Partners

Haggerty Enterprises, Inc. has sold Lava World International to

Lava Lite LLC, an affiliate of Talon Asset Management

\$80,000,000
Line of Credit
and
\$27,000,000
Term Debt Facility
has been arranged for a
Specialty Food Distributor

\$35,000,000
Line of Credit
has been arranged for a
Distributor of Packaging and
Janitorial Supplies

\$12,000,000
Line of Credit
and
\$5,000,000
Term Debt Facility
has been arranged for an
Automotive Plastic
Component Manufacturer

\$10,000,000
Line of Credit
and
\$8,000,000
Term Debt Facility
has been arranged for a
Specialty Food Distributor
and Manufacturer

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