

# PARTNERSHIP LIFETIME VALUE

## Specialized Labor Company - Business Transformation

### KEY RESULT SUMMARY

Since inception with Fintrepid:



Profitability has improved by over **\$1 million** through cost reductions and customer contract revisions



Obtained a new lending facility, saving the company over **\$240,000** annually in debt service and increasing borrowing capacity by **\$740,000**



DSO decreased from **45** days to **35** days



Successfully restructured the management team across all divisions and appointed a new controller to enhance operational efficiency and drive strategic growth

## FINTREPID SOLUTIONS

### Strategic Leadership

- Developed the company's first strategic financial plan, which aligns with the owner's vision, and developed the process and model to be used going forward
- Utilized our existing referral network to introduce new strategic relationships to the owner – lender, attorney, and outsourced payroll solution
- Collaborated with the owner to consolidate divisional management and eliminate \$150,000 in annual payroll cost

### Capitalization

- Identified the true cost of capital of the company's existing lending facility, which was significantly higher than the CEO realized
- Recapitalized with new lender, saving \$240,000 and creating access to 18% more capital
- Act as primary point of contact for the company's new lending partnership

### Process Improvements

- Implemented a new overarching accounts receivable process including the proactive management and collection of delinquent A/R, best practices for consistent invoicing and training of the A/R clerk for regular ongoing monitoring
- Implemented streamlined daily bookkeeping practices, reducing manual journal entries and developed a robust monthly close process where none had previously existed, ensuring consistency and efficiency

## Human Capital

- Facilitated the recruitment, hiring and onboarding of a new controller, whose expertise brought stronger financial oversight and improved internal controls
- Implemented a new payroll service provider and materially upgraded technology, allowing for increased efficiency and visibility, and the elimination of a previously needed clerk role

## Financial Leadership

- Efforts led to over \$1 million in increased profitability, generating the first material net profit in 4 years
  - Identified two divisions that generated losses, leading the company to eliminate those divisions
  - Identified numerous areas for cost savings from labor headcount efficiency, overtime reduction, passing credit card processing fees to customers
  - Reviewed all customer contracts and identified multiple with negative contribution margin which the company then renegotiated or terminated
- Created a consolidated financial statement package for the first time that allowed for visibility into the multiple divisions within the business individually and in total
- Successfully migrated the company from cash basis financials to modified accrual for the first time, allowing for greater operational monitoring of the business and needed lender reporting
- Oversaw financial and treasury management including identifying and correcting errors in the prior lender's availability calculations, further maximizing the company's access to funds

