



Boeckermann Grafstrom Mayer

CASE STUDY: A “TURN-AROUND” STORY

BACKGROUND:

Principals: Roben Hunter and Dane Boeckermann

A 20-year client of BGM sold his very profitable company and was receiving installment payments from the buyer. After the sale, the new owner experienced challenges, the company's profitability was reduced by 30%, and the buyer ceased making payments to the seller. A large portion of the seller's retirement was based on the payments that he was receiving from the buyer.

GOAL:

The seller negotiated a buy-back of the business with the goal of increasing profitability and re-selling it.

ACTIONS:

Once the original owner regained ownership and control of the company, BGM assisted him with the turn-around process.

Working closely with the client, BGM performed profitability studies and diagnostics by analyzing the main elements contributing to the company's bottom line problems. BGM determined the critical areas of profit improvement and then established goals and objectives for the business to reach its full profitability potential.

BGM performed the following:

- *Acted as a CFO and Controller.*
- *Identified strategies for improving profitability in key areas of the business.*
- *Structured a budget and forecasting models to control costs and monitor profit enhancement strategies.*
- *Developed a cash flow model for planning the most efficient and effective use of available cash flow.*
- *Assisted in developing a financing arrangement suitable for future buyers.*
- *Consulted on the transaction documents related to the sale and buy-back of the company.*

RESULTS:

After approximately a year and a half, the company became more profitable: the company's revenue and profits had increased by 33% and the owner accomplished his goal of selling the company again (for a second time). The seller is consulted for two years on a paid contract basis. With a new buyer and new financing arrangements, which were more strategic and involving less financing, the transaction was a success and the client retired, while receiving the proceeds of the sale of the business. BGM developed the entire structure of the second sale, including how the proceeds would be received by the seller to maximize all related tax benefits.

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