

# TURNING LEMONS INTO LEMONADE

## UTILITY CONTRACTOR

### BACKGROUND

With just a few hundred thousand dollars of revenue and no capital, Joe jumped off and started his own company. He was the head technical person, the head production manager, the bookkeeper, the HR director, and the head sales person. It took just a couple of years to reach \$1M in revenue and a total of 7 years to break \$2M, but from the beginning, he struggled consistently with cash flow shortages. His company was so debt-heavy that he was unable to obtain traditional bank financing and relied heavily on very expensive factoring money to fund his company. What kept the company alive was its good reputation, quality work and good relationships with some key customers.

### CHANGE LACY RECOMMENDED

Dan Lacy initially did a forensic analysis of the company and found large irregularities. Assets were missing and liabilities were overstated and missing. The profit and loss statement was not in much better shape. Lacy restructured the balance sheet and profit and loss statement creating a management tool the owner could use to determine which departments were making money and which were losing money. The company now had a plan that would create profitability, easily identify problem areas, and give management a tool to move the business forward.

After a few months on the new plan, Lacy was able to recommend a new \$1.5M financing package to a local bank which eliminated the factoring company's refinance of existing equipment loans, provided \$300k in new working capital, and reduced the monthly debt payments by \$238,000 a year.

