

# FINANCIAL

We provide financial service executive leadership for all financial situations.

## Case Study: Forbearance Renegotiations

### OVERVIEW



A distressed company with a successfully negotiated forbearance agreement, expiring in 30 days, needed a CFO to step in to re-align the cost structure and negotiate the refinance of their loan. The Company required someone who could quickly step in and get up to speed. They reached out to CSuite to provide a CFO who could take the lead on the renegotiation.

### CHALLENGES



- Sales were forecast to decrease by over 35% during the next two years.
- The financial statements were inaccurate and not in compliance with GAAP.
- The company was out of cash, and past-due payables threatened the supply chain.
- A forbearance agreement was expiring at the end of the month; a default would result in the lender assuming control.

### SOLUTIONS



- Restructured the company's costs to align with the sales forecast to enable profitability.
- Improved the 13-week cash flow forecasting accuracy and delivered payment plans to maintain the supply chain.
- Revised, accurate forecasts were used to successfully renegotiate the Forbearance Agreement to solve the company's short-term cash issues.
- Financial reporting procedures and controls were established to ensure consistent and accurate financial statements.

### RESULTS



Despite a 37% decline in sales, the company was able to turn a loss of 11.6% to profits of 2.9% and 5.9% in the next two years. With the revised cost structure and accurate forecasts, the company was able to attract a new lender, receive an infusion of additional equity and attract a new C-level executive staff to take the company to the next level.