



Case Study: FORWARD Program

Transitioning a Family Business to a PE-Backed Environment

CHALLENGE: Lack of Infrastructure, Skill Set for Transaction

While conducting due diligence to acquire a family-owned oil/gas service provider, a private equity fund found the financial function did not have the infrastructure, organization or skill set to provide the necessary financial reporting to complete due diligence or meet new owner and lender requirements post-transaction.

The fund sought an expert resource to:

- Work with finance personnel to complete due diligence
- Manage the post-transaction accounting/finance function and fill key roles as interim CFO and controller
- Establish department infrastructure and reporting systems required for fund visibility and bank covenant compliance

SOLUTION: On-the-Ground Financial Transition Oversight

Over the next 120 days, the CMF team effectively rebuilt the finance department, including:

- Instituting basic controls and processes and establishing a weekly “base metrics” reporting system
- Leading the migration to a customized Great Plains financial system, and ensuring all required monthly, quarterly, annual and covenant reporting was completed accurately and on time
- Completing the highly technical purchase accounting process
- Implementing a new asset utilization methodology

OUTCOME: A Strengthened Finance Function for Growth

- The successful transition led the portfolio company to hire the interim CFO provided by CMF as its full-time CFO.
- Management adopted CMF’s asset utilization methodology, which resulted in an annual incremental increase in EBITDA of approximately \$3 million.
- The company realized significant growth and went on to acquire other entities, for which CMF was again engaged to first perform pre-acquisition due diligence and then provide financial management to smooth the transition to new ownership and financial reporting requirements.

CMF ASSOCIATES, LLC

CMF provides financial consulting, M&A advisory, financial executive search, and interim staffing solutions to private equity, middle-market and small cap public companies. Key services: interim and full-time CFO/controllerships, financial due diligence, post-transaction transitions and integration, turnaround management, preparation for sale, and acquisition search.

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