

## Saunders Brothers Manufacturing Case Study

### Challenged, “Old Industry”, Manufacturer

**Situation** – Multi-generational, business-to-business manufacturer of relatively low-tech products had gone from being the long-time dominate industry player to a company with issues due to a decade long decline in sales and profitability, primarily as a result of foreign competition that had devastated its industry. Consisting of the last remaining four divisions with combined revenue of \$19 million, including two aged manufacturing facilities, significant issues also included a potentially volatile raw material supply situation, modest environmental problems and difficult internal financial reporting that was largely the result of the company’s past combining of the financial results of existing and previously sold, closed or merged divisions in a manner which hindered the availability of historical financial results for the divisions being marketed. The one bright spot – there were a lot of assets included in the sale on an, arguably, discounted basis.

**Challenge** – Finding someone willing to take on all of the above when there were so many reasons to stay away from both this industry and this company, or to even invest the financial resources and time required to determine if there was a viable opportunity. Industry players were not considered an option as the industry decline had caused a significant percentage to close and left the remaining few either incapable or unwilling to take on such a venture.

**Solution** – CVG worked hard to develop interest from a multitude of sources, while at the same time providing sale viability support that encouraged the client to continue to allow the marketing/sales process to unfold. Ultimately, the buyers that emerged came from within CVG’s existing contact base; being principals of a small private equity group that had previously purchased another company (different industry) through CVG. Within the first few months following the sale, a number of operational and capital improvements were made, and the signs of a turnaround, though still nascent, are encouraging. Besides representing a successful sale, in excess of 110 manufacturing jobs located in a region of few opportunities, were at stake.