

Client Value Study

The Royal Group

Brief Overview

Introducing The Royal Group: one of the most visible companies you may not recognize.

Products produced by the Illinois-based manufacturer are on display and familiar to millions of consumers – even though almost none of them realize it. But as a manufacturer of customized product packaging and cardboard boxes, Royal Group boasts an impressive client list that includes leading brands of mobile phones, hair care products, cooking ingredients and other major consumer products.

Royal, which has been making product packages and containers for more than 75 years, maintains demanding standards for its products and wins business in a competitive market by delivering superb customer service that sets it apart. The company also has developed a keen facility for customization of packaging, with innovative approaches for producing custom die-cuts, point-of-purchase displays and graphic packaging that help Royal Group stand out in the packaging products category. As The Royal Group proclaims, “If it goes in, on or around a box, we have it.”

Manufacturing company on the verge of a sale to an investment holding company under pressure to find competent financial leadership and allay concerns about management disruption.

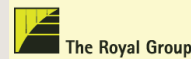
Situation

Closely held Royal Group had just signed a letter of intent to sell the company to an investment holding company when their longstanding chief financial officer announced his resignation with just two weeks’ notice. Chief Executive Officer Robert McIlvaine immediately became concerned that the vacancy of an important executive position could cause the buyer to reconsider its acquisition. “When I called the potential buyers and told them, they were very concerned,” McIlvaine said.

Why Tatum

Recognizing a need to reassure the buyer, Indianapolis-based Schwarz Partners, and to complete a series of important financial tasks, McIlvaine asked legal and accounting advisors for recommendations about possible assistance. “Each one of them suggested that I call Tatum,” McIlvaine said.

Within three days of contacting Tatum, McIlvaine had met, interviewed and



SITUATION

Departure of longtime CFO on eve of company sale threatens to unsettle the proposed transaction.

TATUM SERVICE

Tatum CFO Services:
Rapid establishment of working relationship between Tatum and prospective buyer relieves uncertainty and allows due-diligence process to proceed without disruption.

SITUATION

Finance department's reporting to management yields limited visibility into key business metrics and influences.

TATUM SERVICE

Tatum Budgeting & Reporting Services:
Tatum oversees upgrade of financial accounting systems to yield sharp improvements in information analysis and decision-support resources.

SITUATION

Challenges loom as multiple audits await completion while day-to-day financial operations require oversight.

TATUM SERVICE

Tatum Internal Controls & Risk Services:
Tatum establishes approach and forum for confidential audit team review while providing ongoing financial management and financial modeling for post-transaction entity.

"Tatum was able to step into the due-diligence process and not miss a beat. I would recommend Tatum to any company that needs high-level financial management." – Robert McIlvaine, Chief Executive Officer, Royal Group

selected an interim CFO from Tatum's Chicago practice. Tatum's ability to respond quickly to Royal Group's situation and to provide experienced mergers and acquisition leadership convinced McIlvaine Tatum was the right choice.

Results

Tatum's immediate responsibilities spanned both day-to-day financial management, and preparations for the pending transaction. After spending several days with the departing CFO to understand Royal Group's finance systems and practices, Tatum had learned enough about the company's financial workings to keep the day-to-day movement of cash and related accounting routines running smoothly. During that same period, Tatum met with representatives of the buying group to develop a working relationship and to understand expectations around a forthcoming due-diligence process.

Tatum quickly began orchestrating a series of financial audits and due-diligence procedures required by Schwarz Partners and its bankers. Working with Royal Group's incumbent finance personnel and drawing on the knowledge base of the Tatum organization, Tatum assembled a confidential "data room" that allowed auditors to review documents and

satisfy detailed questions about the company's financial condition without disrupting normal operations. Tatum's presence allayed concerns about the management disruption adroitly, according to McIlvaine. "Tatum was able to step into the due-diligence process and not miss a beat," he said.

Tatum's contributions went beyond overseeing a successful audit process. Aside from providing ongoing transaction support, Tatum was able to evoke from Royal Group's existing enterprise resource planning and accounting systems improved visibility into financial performance – an added value that elevated the finance department into the role of a management partner, rather than just a support organization. Tatum captured more relevant and timely data by implementing an upgrade to a more facile release of accounting software from Royal Group's ERP software provider.

The improved competencies proved especially valuable as Royal Group worked under intensive deadline pressure to complete its own financial audit for its fiscal year, and to produce highly detailed financial modeling – including bank covenant compliance and cash flow projections – for the post-transaction entity. Tatum also developed a multi-division operating plan for Royal Group's then-current

fiscal year that met with parameters established for the company's sale, and was demonstrably achievable with a high probability level. Slightly more than three months after Royal Group engaged Tatum, the transaction was completed on schedule and for the originally negotiated price.

Even after the transaction closing, Tatum has continued to help. Tatum executed a financial staffing program that led to the recruitment and hiring of a permanent CFO, who joined the new company shortly after the acquisition. "Tatum helped us find a fantastic person," said McIlvaine.

To McIlvaine, who has remained with the new ownership group as Royal Group's CEO, Tatum was instrumental in preserving and completing a successful acquisition during a delicate time. "During this trying process, Tatum exhibited true professionalism and leadership. I would recommend Tatum to any company that needs high-level financial management," McIlvaine said.



About Tatum, LLC

Companies turn to Tatum when critical business challenges arise because we immediately deliver financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and we leverage nearly 1,000 executives and consulting professionals nationwide to accelerate results to create more value.™

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