



The Royal Group

AT A GLANCE

TATUM CFO SERVICES

The sale of The Royal Group was threatened due to the quick departure of the longtime CEO. Rapid establishment of a working relationship between Tatum and the prospective buyer relieves uncertainty and allows due diligence process to proceed without disruption.

TATUM BUDGETING & REPORTING SERVICES

Tatum oversees upgrade of QBE's financial accounting systems to yield sharp improvements in information analysis and decision support resources.

TATUM INTERNAL CONTROLS & RISK SERVICES

Challenges loom over QBE as multiple audits await completion while day-to-day financial operations require oversight. Tatum established an approach and forum for a confidential audit team review while providing ongoing financial management and financial modeling for post-transaction entity.

Manufacturing company seeks financial leadership during M&A transaction.

Brief Overview

The Royal Group is 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.

The Royal Group has been making product packages and containers for more than 75 years. Royal Group 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."

Situation

Closely held Royal Group had just signed a letter of intent to sell the company to an investment holding company when their long standing CFO announced his resignation with just two weeks' notice. CEO Robert McIlvaine immediately became concerned 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

"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

and accounting advisors for recommendations about possible assistance. “Each one of them suggested I call Tatum,” McIlvaine said.

Within three days of contacting Tatum, McIlvaine had met, interviewed and 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” allowing 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’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 improving 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 The 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 The 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 The Royal Group engaged Tatum, the transaction was completed on schedule and for the originally negotiated price.

Even after the transaction closing, Tatum 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.”

– Robert McIlvaine, Chief Executive Officer,
The Royal Group

To McIlvaine, who has remained with the new ownership group as The 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.” 

About Tatum

Companies turn to Tatum when critical business challenges arise because we immediately deliver C-level financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and our VELOCI-T solutions were designed to help business leaders accelerate results to *create more value™*.