



AT A GLANCE

TATUM RAISING CAPITAL, TRANSACTION SUPPORT

TLC's pace of growth was exceeding its working capital. Tatum's preparation of a comprehensive loan package and a bank "war room" led to three financial institutions offering term sheets during a historically challenging lending period.

TATUM C-SUITE MANAGEMENT, STRATEGY SUPPORT

TLC's future growth was hindered by outdated and incomplete financial records and weak processes and controls. Tatum aligned the company's capital structure with its business strategy including a 36-month operating plan and an acquisition valuation model that was quickly put to use in the purchase of a pivotal new product line.

TATUM SYSTEM SELECTION

Dysfunctional technology was not up to supporting TLC's financial and accounting operations into the future. After a thorough review of requirements and needs, Tatum introduced potential solutions for TLC's ERP evolution.

The Legacy Companies seek capital.

Brief Overview

Since 1998, The Legacy Companies have served the commercial food service industry under the leadership of its founder Neal Asbury. The business positioned itself as a one-stop resource for clients connecting them to leading global manufacturers and proprietary brands and assisting with warranties, parts and importation.

Like many entrepreneurial ventures, the company was historically funded by the owner and its operations to tremendous success. Recent expansion efforts had resulted in 20% annual organic growth earning Asbury recognition as an Ernst & Young Entrepreneur of the Year® 2010 Award Finalist in Florida.

Situation

The 2009 recession did not deter Asbury's plans to continue to build the company through continued organic growth and strategic acquisition. However, plans to take the company to the next level hit two obstacles:

- ... insufficient working capital to support growth activities
- ... one of the harshest business lending environments in decades

Asbury faced the possibility of having to bring in an outside investor to reach his growth goals. This was not an amenable option for the fiercely independent entrepreneur particularly given company valuations were at historic lows.

Bank financing was another possibility albeit a seemingly distant one. Lenders in the current climate demanded extensive and impeccable bookkeeping. The Legacy Companies, a predominantly sales and growth-driven venture since its inception, did not have the necessary processes and controls in place. The financial records were three months behind.

"As an entrepreneur, financials are something we sometimes don't think about," Asbury said. "We manage chaos. We manage by the seat of our pants. We bite off more than we can chew."

To get the working capital to grow in today's financial climate, Asbury faced the prospect of having to give up part of his company at terms far less than ideal. That is until Tatum entered the picture.

"Tatum took us from where we were and helped us to put a framework together to keep moving."

- Neal Asbury, President and Founder, The Legacy Companies



Why Tatum

Knowledge of term sheets was just the beginning of what Tatum brought to The Legacy Companies' situation. With Tatum's expertise came the seasoned executive leadership and perspective necessary to present the company with all of the options not just the one currently on the table.

Tatum realized a working capital loan was a realistic possibility even in the middle of a recession. But before approaching potential lenders, Tatum knew work needed to be done to add discipline to The Legacy Companies' financial statements and internal processes and controls. Banks would need to feel confident this was a company with the framework to support continued growth.

Tatum helped The Legacy Companies flesh out the balance sheet and cost side of the business. Because the situation involved asset-based lending, inventory control was a key piece to the equation. Special consideration needed to be given to factors such as slow-moving inventory that could impact the

amount and terms of the loan. Tatum facilitated a budgeting process matching each SKU against the 118 countries which the company ships to.

Concurrently, Tatum worked with Asbury to assemble a "war room" of important documents and a loan package for the bank. "They worked with us down in the trenches," said Asbury.

Results

In one of the worst lending environments in decades, Tatum helped The Legacy Companies land offers from three financial institutions and then worked with the company to negotiate covenants and terms.


But the engagement's value did not stop there. The process of getting The Legacy Companies "bank ready" also resulted in a 36-month operating plan and a financing strategy to fund future growth. As part of this, Tatum developed a financing model for acquisitions enabling Asbury

and his colleagues to put together a pro forma for an acquisition within hours. This model played a pivotal role in the acquisition of an ice-machine line filling a key product gap.

"Tatum helped build that foundation in the financial modeling side of the business,

- Neal Asbury, President and Founder,
The Legacy Companies

Tatum also evaluated the company's existing technology systems and processes. Drawing from its substantial mergers and acquisitions experience, Tatum introduced potential solutions for The Legacy Companies' evolving ERP.

According to Asbury, "Tatum helped bring to light a lot of the issues we needed to think about now and into the future." 

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*™.