NARRATIVE
FINANCIAL MANAGEMENT

CASE STUDY

DEBT RESTRUCTURE

Protecting majority shareholder from personal risk through debt restructure.

SITUATION

A privately held B2B service business had a credit facility with a global bank. The credit was secured by the personal guarantee of a majority shareholder.

OPPORTUNITY

The Client had been operating profitably for a number of years and had a national presence with offices on both US coasts. The line of credit, secured during a brief period of lower profitability when cash flow was a challenge, was regularly renewed as the bank offered no other lending option.

ACTION

Within four months of retaining our fractional CFO services, the Client collateralized their receivables under an asset-based lending package of a similar size and cost to the previous credit line.

BENEFITS

This asset-based line needed no personal guarantee and had fewer covenants than the previous arrangement.

DISCUSSION

The large number of banking and other types of lending products on offer make it difficult for businesses to discover what's available and to know which options are best for them. Confusing information and the frequent changes to regulations make matters even worse. The fractional CFO:

- Understands which products are available
- Brings the tools to analyze the products for the specific client need
- Has access to a network of right-sized lenders
- Knows how to work with those lenders for the benefit of the client

This case study is based on an ongoing fractional CFO engagement to provide oversight of the Client's accounting, tax, financial planning and analysis, and its treasury management functions. Engagements like this are a very cost-effective way of accessing a sophisticated financial perspective. This case describes one of several valuable outcomes to the Client over the course of the engagement. These fractional engagements typically last until a client has grown enough to necessitate a full-time CFO.

NARRATIVE FINANCIAL MANAGEMENT

NARRATIVE FINANCIAL MANAGEMENT, LLC
858-367-9739 | info@narrativefm.com | www.narrativefinancialmanagement.com