

## COLMEN TURNAROUND SERVICES

### Staying Ahead of the Market Demand Curve

A public company engaged in the marketing and sale of refrigerants and refrigerant reclaiming services lost \$12 million in its current fiscal year. The Company's management lacked direction and had been unable to adjust its strategy to meet changing market demands. Colmen was retained to develop, implement and operate a business improvement plan. As part of that plan, two senior Colmen partners assumed duties as Chief Executive Officer and Chief Operating Officer. Additionally, Colmen obtained two positions on the client's Board of Directors.

Colmen obtained a "standstill" agreement from the client's lender and was able to increase borrowings from the lender as it implemented the turnaround plan. Colmen initiated downsizing in selected areas, implemented sales and marketing initiatives, consolidated administrative functions and closed non-productive sales offices. Colmen also negotiated an agreement with the National Securities and Dealers Association (NASDAQ) which permitted the client to continue trading on the small cap exchange.

At the end of one year, Colmen's efforts restored the company to profitability, refinanced the debt and more than doubled the stock price.

### From behind the curve to in front of the curve in 12 months...

### Losing Focus---Losing Competitive Position

A manufacturer of disposable products was in complete disarray. Most major customer accounts were performing at very poor gross margin levels. The Company lacked direction and focus and lost \$2 million in the previous fiscal year. Colmen was retained by the Company to re-establish its focus.

Colmen converted the sales and marketing organizations from a factory direct sales force to a manufacturer's rep structure. In conjunction with the sales and marketing changes, Colmen evaluated the client's customer base and product mix. Unprofitable business was eliminated and product mix was redesigned. Additionally, production planning was placed on a strict schedule that maximized manufacturing efficiencies and greatly reduced unfavorable variances.

In cooperation with the Company's primary lender, Colmen was able to expand the client's working capital line by \$3.0 million. Through more effective credit and collection procedures and controls Colmen was able to reduce days sales outstanding by 20 days and reduce the amount of invalid deductions from customers--cash flow improved significantly

Under Colmen's direction, the client initiated overseas product sourcing, joint venture manufacturing/sales programs, started the complete overhaul of the management information systems and committed to an equipment expansion in key product and market areas.

**The end result--a \$2 million loss was transformed into a \$2 million profit in 9 months. Focus restored...**

[Click here to download printable PDF Document.](#)