



**S H E P H E R D**  
**P A R T N E R S**

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*Advisors To Companies In Transition*

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*Shepherd's focus is on financial advisory, turnaround consulting or interim management for middle-market (\$25 million - \$250 million revenue) and family-owned businesses. Our clients frequently require capital and can be quickly and credibly introduced to financial sources appropriate to their needs and situation. Our consultants bring experience from many industries and functional specialties. This experience can be used to guide clients through a particular business problem, restructure an area of their business or provide interim management (i.e. President, Chief Restructuring Officer, VP/Manufacturing, or Chief Financial Officer) to stabilize and grow the business.*

*You may require one person or a team to assist you. In either case, Shepherd's advisors are all experienced, full-time consultants who get to the heart of the matter quickly and don't waste your time or money. Our services are broadly defined as:*

- **FINANCIAL ADVISORY**
- **TURNAROUND CONSULTING**
- **INTERIM MANAGEMENT**
- **DIVESTITURES/LIQUIDATIONS**

*Within these categories, we are often called upon to provide a broader range of services that include:*

- *Assignments for the Benefit of Creditors*
- *Bankruptcy Planning*
- *Board Advisory and Membership*
- *Business Planning*
- *Business Sale or Divestiture*
- *Capital Sourcing*
- *Cash Forecasting*
- *Corporate Restructuring*
- *Crisis Management*
- *Due Diligence*
- *Expert Testimony*
- *Family Business Advisory*
- *Forensic Accounting*
- *Liquidations and Asset Sales*
- *Operations Review*
- *Out-of-Court Workouts*
- *Performance Improvement*
- *Process Redesign*
- *Viability Assessments*

*FINANCIAL ADVISORY*

*When you can't get the money or borrowing flexibility you believe your company needs or deserves, what do you do? Often, a lengthy, frustrating search for capital begins. It becomes a major distraction from running the business. And despite previous success in obtaining money, a change in profitability, business outlook, management, or trade support can change your access to capital overnight.*

*Changes such as these alter the lender's openness to providing additional money, allowing structure changes (advance rates, repayment schedules, covenants), or other latitude you seek. You may even be faced with the lender's request you seek a replacement for its funds.*

*When this happens, it is often a sign of "lender fatigue" or reflects a perceived loss of credibility. To save management or ownership from the massively time consuming and many times bumpy process of addressing its funding needs, Shepherd can be an invaluable resource. We maintain contact daily with a complete array of funding sources: cash flow lenders, asset based lenders, real estate lenders, Tranche B providers, mezzanine funds, and private equity funds. And we know the structures and customer profiles that each funding source prefers.*

*Through this broad base of sources and knowledge of their risk profiles and relationship styles, we can very quickly assemble the financing proposals right for your business and selectively present your financing needs to the right money sources.*

*TURNAROUND CONSULTING*

*Many of Shepherd's client companies face a combination of financial, managerial and emotional challenges. Frequently, profits are falling or cash flow is negative. Accounting and cash information is often too late, inaccurate or inadequate. Making and achieving credible plans is a matter of chance. And these factors have led to an erosion of creditor support and severe cash constraints.*

*At the management level, equally significant issues need to be resolved. Decision-making is delayed and a bias to maintain the status quo sets in. Fresh thinking is often inhibited and prompt, objective decision-making is needed. There may be family issues such as succession, image and cash support which can become critical. And if ownership is concentrated in a few hands, the real or threatened loss of power is a major issue to overcome.*

*Under circumstances such as these, a turnaround advisor is called for to work through these challenges, overcome the status quo, focus on critical issues and help stabilize the business. This is usually done through the work of one to three on-site, full-time consultants and an occasional specialist. Their work is usually accomplished in two phases. The first phase essentially is a status report on the business. This is sometimes more formally done in the form of a business viability assessment. In the second phase, recommendations are implemented and early analyses are expanded as needed.*

*Overall, our goals are to provide quick, constructive, and cost-effective advice regarding the critical issues the business faces. Then we work immediately with clients to implement the turnaround strategy.*

## *INTERIM MANAGEMENT*

*Interim management may be deemed appropriate in certain cases. Some common situations where business owners, managers or Boards may fill a position with an interim manager are:*

*1) A key executive (e.g. Chief Financial Officer) has left and the time and expense and risk of finding an immediate replacement are too great. 2) The board of directors has lost confidence in the Chief Executive. 3) The company's creditors will not fund the business under existing management. 4) Your business faces a financial crisis and existing management has limited experience in handling such matters. 5) Family disputes over succession, strategy or financial management have paralyzed decision making to the point of value destruction. 6) You are contemplating selling the business. This has led to the departure of certain key executives. It is too costly, untimely or inappropriate to hire permanent replacements.*

*In cases such as these, having an experienced pool of professional interim managers to call upon is ideal. Our agenda is to address your needs quickly, take charge of very difficult situations, and provide the leadership and visibility all the company's constituents require.*

## *DIVESTITURES AND LIQUIDATIONS*

*For owners and lenders, the decision to sell or liquidate assets is difficult. And how this is done can determine the dollar amount of recovery and the associated liability (e.g. for loan guarantors) or write-off (e.g. sponsor groups or lenders) that is experienced. We will help you assess the value of your company, its lines of business, or its excess assets. And if the decision is made to sell a business or product line or to dispose of excess assets, we will create a plan to obtain the highest values.*

*Sometimes, a business must be liquidated to preserve or increase value, limit liability or reduce guarantee exposure. Experience with various ways of capturing and preserving value need to be explored. Can an out-of-court solution such as an Assignment for the Benefit of Creditors be crafted? Do circumstances merit a liquidating Chapter 11? Should hard assets be sold individually or should they be bundled with a product line? What Intellectual Property exists and how can it best be sold? Is an auction the right way to go? And what should be done with the real estate or leasehold interests? Shepherd Partner can answer these questions and create plans to achieve superior results. So, if it's a straightforward liquidation or a complicated sale, our advisors have the experience, integrity and determination to provide you with the best possible results.*

We believe business issues, especially for those businesses facing a turnaround, are frequently common across industries. Yet, many of our clients gain comfort from our knowledge of their industries. Here are some examples of industries where we have worked as advisors or interim managers:

- *Automotive*
- *Apparel Manufacturing*
- *Chemicals*
- *Computers-Hardware/Software*
- *Construction Products*
- *Consumer Products*
- *Custom Motor Manufacturing*
- *Defense Contracting*
- *Direct Marketing*
- *Distribution*
- *Durable Goods Dealers*
- *Electronic Mfg. Services*
- *Engineering and Construction*
- *Equipment Rental*
- *Food Processing/Branded Foods*
- *Health Care*
- *Injection Molding*
- *Industrial Gases*
- *Metal Recycling*
- *Oil and Gas*
- *Pre-Cast Structures*
- *Printing*
- *Pulp and Paper*
- *Real Estate*
- *Retail - Apparel*
- *Retail - Franchising*
- *Retail - Hardware*
- *Self Storage*
- *Software Duplication*
- *Steel*
- *Toys*
- *Utilities*

*Broad experience with key players in a turnaround helps get things done quickly. Here are some of the firms that have worked with us in crafting business solutions, providing refinancing, or setting and carrying out debtor or creditor strategies.*

**FINANCIAL**

- *Antares Capital/GE*
- *Bank of America*
- *Chase*
- *Bayview Capital/Tonka Bay*
- *CIT*
- *Congress Financial*
- *Dominion Ventures*
- *Hilco Capital*
- *JP Morgan*
- *Keystone Funds*
- *Marlborough Capital*
- *Mason Wells Funds*
- *Monroe Capital*
- *US Bank*
- *US Bank Bus. Credit*
- *Wells Fargo Bank*
- *Wells Fargo Bus. Credit*
- *Wells Fargo Foothill*

**LEGAL**

- *Duane, Morris*
- *Foley & Lardner*
- *Godfrey & Kahn*
- *Goldberg, Kohn*
- *Gratch, Jacobs, Brozman*
- *Leonard, Street Deinard*
- *Mayer, Brown*
  
- *McDermott, Will & Emory*
- *Michael Best*
- *Much Shelist Freed*
- *Quarles & Brady*
- *Rhinehart, Boerner*
- *Saul, Ewing*
- *Shaw Gussis*
- *Whyte Hirshboeck Dudek*
- *Winston & Strawn*

*Your success, like ours, is a function of the people you work with. Our people are professional consultants, industry experts or functional specialists. Their mission is to deliver high value results quickly.*

*The hallmarks of a successful consulting firm are where its clients find a marriage of judgment, experience and credibility. We have provided these valuable intangibles to our clients over time and over situations.*

*We also believe that applying the right talent to a situation makes an enormous difference in how quickly you get the results you want. And few people are experts in all facets of a business. So, through experienced leadership, we know if and when to bring in a specialist to deliver additional services. The result: tightly focused, high value-added, cost effective assignments.*

*These featured sample profiles illustrate the type of experienced people you will work with when you hire Shepherd Partners. We have 15-20 other professionals available to meet your specific needs.*

*Over the past 20 years, Tony has led a variety of turnaround assignments. These were done independently, through Shepherd Partners, and at Coopers & Lybrand. Prior to these activities he managed new business and loan workout activities with The First National Bank of Chicago.*

*Tony is hands-on and decisive. These attributes serve him well in consulting and interim management assignments. The nature of turnaround engagements requires leadership and the ability to develop a workable strategy in the face of inadequate and often conflicting information. Tony's solid judgment in these circumstances has proven highly valuable to the multiple constituents in a turnaround. These skills have been demonstrated in the development and implementation of out-of-court strategies, in court cases and with numerous family and closely held businesses. He has been deeply involved in dozens of such matters, some of which are highlighted below.*

- *President & CEO of an Injection Molder of Licensed Toys. Revised pricing/costs, trimmed SKU's, consolidated distribution, prepared offering documents and negotiated the company's sale.*
- *Financial Advisor and Interim Operations Manager for one of the largest Self Storage operators. Created and implemented a successful performance improvement plan for this healthy but under-managed company.*
- *Interim CEO of a Custom Motor Manufacturer. Split into four business lines and sold all segments. Recovered nearly 60% more than anticipated.*
- *Advised a 200+ store Clothing Retailer on viability, options, turnaround plan, valuation and sale issues.*
- *Created and sold a turnaround plan for one of Brazil's largest Engineering and Construction firms.*
- *Interim COO of a 50 location, private equity-owned Equipment Rental firm.*
- *Led consulting team advising owners of a \$450 million family-owned Manufacturer.*
- *Interim CEO of a private equity-owned manufacturer.*
- *Advised a Real Estate client on going concern matters. Developed and executed debt strategy for 42 holdings, 18 lenders and \$270 million in debt.*
- *Performed viability assessment and managed the out-of-court liquidation of an \$80MM PC Maker.*
- *As Interim COO, led the operational and financial turnaround of a VC-backed roll-up in the Technology (EMS) field.*

*Tony earned his MBA from Northwestern University's J.L. Kellogg Graduate School of Business and his undergraduate degree in Finance and Accounting from Southern Methodist University. Tony has received his CTP designation from the Association of Certified Turnaround Professionals, an adjunct to the Turnaround Management Association.*

*Chris began his operations career 19 years ago. His energies have been devoted to plant level operations; from safety, management, process improvement, maintenance and overall Supply Chain management. Specific targets of his efforts have been operations reliability and flexibility, production planning, inventory management, supplier partnerships, purchasing, demand management and communication, and performance metrics.*

*Some illustrative assignments include:*

- Identified supply chain improvement opportunities and implemented a new forecasting process for a consumer sporting goods manufacturer. Total improvement opportunities included \$6.5MM operating cost reduction, \$12.1MM inventory reduction, and 118 day cycle time reduction for the company.*
- Managed the major portion of restructuring efforts for a consumer appliance company and a major food manufacturer. The restructuring analyses yielded savings opportunities of 17% and 24%, respectively. Each restructuring effort required manufacturing supply chain strategy development, cost improvement analyses, and detailed implementation plan development.*
- Helped manage an indirect materials improvement project for a major papermaking operation. The project entailed strategy development and implementation of major cost improvement initiatives, including outsourcing recommendations.*
- Reengineered the product delivery process for a Fortune 40 global communications company. The consulting project included analysis of the root causes for the product delivery problems, redesign of the business processes, and implementation of the identified improvements.*
- Facilitated an indirect materials outsourcing strategy for a large chemicals producer. The strategy development included detailed analysis of the indirect materials environment at eight locations, meeting facilitation to determine outsourcing requirements and strategies, vendor qualifications, and final vendor selection. Savings opportunities totaled \$1.3 million.*

*Chris began his career with Procter & Gamble, has worked at Coopers and Lybrand within its Consumer and Industrial group consulting practice, and was a Director of W.W. Grainger's Consulting Services Division. He earned his Bachelor of Science in Chemical Engineering with High Honors from Michigan Technological University.*

*Otavio has 16 years of industry experience and 12 years of consulting experience. His primary roles for Shepherd clients are in market strategy development and interim management. His executive leadership includes his role as President of Liquid Carbonics' U.S. Industrial gases segment where he was responsible for \$400 million in sales, 45 production facilities and 1,800 people. He has served as interim President of a middle-market start-up. He began his career in marketing and product development and shaped his consulting and analytical approach at Booz, Allen & Hamilton in New York and Brazil.*

*As a business leader of companies in transition, Otavio is adept at change management, profit improvement and strategic repositioning. Added to these skills is a fluency in the cultural, political and emotional dimensions of demanding project assignments. This experience and maturity, as well as a hands-on style, fosters a constructive, results-driven, consulting approach.*

*Some of Otavio's accomplishments include:*

- Interim CEO of Kemgas where he performed a viability assessment, validated technology under development, created a revised business plan and established supplier and customer alliances.*
- Evaluated numerous chemical and manufacturing companies for acquisition or divestiture.*
- At U.S. operations of Liquid Carbonics, conceived and implemented a broad-based process redesign aimed at cutting customer service costs through cycle time reduction, standardization and work simplification/elimination. Reorganized sales and marketing along customer segments and shifted strategy from volume-oriented to value-added, customer-focused product offerings. Consolidated 16 regional offices into four and reduced headcount by 30%.*
- As President of Bulk Atmospheric and Cylinder Gases (\$160mm), created and executed new strategy. Divested 14 locations. Increased profits 20%.*
- As Vice President for BOC Gases, negotiated numerous acquisitions and divestitures in South America and the Caribbean. Developed entry strategies for Mexico and Chile. Became low cost supplier in the United States by reducing distribution and production costs through construction of new plants. Identified, analyzed and obtained approval for building over 20 new plants in North America with combined investment of \$200mm.*

*Otavio has been an industry spokesperson for numerous magazines and newspapers. He was selected as a Rising Star by Chemical Week magazine and serves on the board of several volunteer and artistic organizations. He is fluent in English, Spanish and Portuguese and has a working knowledge of Italian and French. He earned his MBA from Fundacao Getulio Vargas in Sao Paulo, Brazil and his BSME from the Instituto Tecnologico de Aeronautica, Sao Jose, Brazil.*

*Ralph has over 28 years experience at various management levels in the manufacturing, telecommunications, construction and consulting businesses. Included are sales and service responsibilities for regional areas of the U.S., material management at the sourcing and distribution areas and business development for client accounts. His background is in consumer products, retail distribution, fiber and textiles, chemicals, aerospace, steel, telecommunications, and electric and gas utilities.*

*Working directly with business organizations, Ralph has improved customer service, reorganized service supply networks, outsourced inventories and processes, and developed and installed supplier management processes in several industries. Working with project teams, Ralph has trained and coached members in process consulting and direct intervention methods. He has lead analysis and implementations with strategic and tactical responsibilities.*

- Aligned requirements planning and genuine sales demand for a major computer manufacturer: improved on-time deliveries to over 90% (from 4-year average of less than 70%) and reduced in process and finished goods inventories by \$79 million.*
- Developed and implemented forecasting and production planning processes for a "Fortune 50" chemical producer. Improved production scheduling, reduced inventory, cut waste, increased on-time shipments by 15% and increased profits by \$18 to \$20 million.*
- Developed and lead analysis approach to identify improvement opportunities for a Midwest electric utility in preparation for de-regulation. Developed process capture techniques and probes for complex multi-shift environment. Initial opportunities exceeded \$35 million in expense reductions and revenue gains.*
- Reduced telecommunications inventory at 55 locations for national service organization. Improved service levels by 40% and reduced write-offs by 35%. Developed outsourced opportunity for supply and information technologies. (35 positions, \$7.5 million savings)*
- Co-authored 1998 edition of the Production and Inventory Control Handbook (APICS), chapter 20, "Distribution Requirements Planning".*

*Ralph received his Bachelors of Arts degree in Business from Belmont Abbey College and his Masters of Business Administration from Lake Forest Graduate School. He is an active contributor to the American Production and Inventory Control Society (APICS) and the Association for Manufacturing Excellence (AME). He is a veteran of the US Air Force as a Loadmaster and Air Cargo Supervisor.*

*Jim has over 17 years consulting experience. He has delivered high impact results to middle-market turnaround clients and Fortune 1000 companies. After spending 10 years within a Big 5 accounting firm consulting practice, Jim has devoted his skills and energy toward mid-sized companies, helping them develop strategies and the required capabilities to improve performance for their owners.*

*Efforts have ranged across the full operational and administrative functions of client companies. These have included strategy development, acquisitions and divestitures, supply chain management, process reengineering, and cost reduction. A particular strength of Jim's is his ability to partner constructively with client teams during analysis and implementation. By doing this effectively, clients are educated in the project tools and methods and are capable of continuing to achieve high-impact results after the consultant leaves.*

*Jim's broad experience has encompassed many manufacturing and service industries. He has spent considerable time within consumer products and financial services. Some sample projects include:*

- Helped COO develop, plan and build capabilities to turn around a struggling \$100 million consumer products company. In the first year, sales increased by 50% and profit margins improved by 8 points.*
- Helped management team and two equity partners assess the attractiveness of acquiring a group of businesses being divested from a Fortune 500 company. As part of the due diligence process, assessed growth prospects, cost reduction and post-divestiture integration issues.*
- Trained team of company personnel to reengineer various units and key business processes for a large, full service real estate development services firm. Identified savings of nearly \$20 million.*
- Worked with a large pet food division that was experiencing service problems and was contemplating a large capital investment to remedy the situation. Instead, helped them significantly boost the use of existing capacity. As a result, service levels improved, costs declined by 5%, inventory was lowered 50%, process reliability increased by 40% and changeovers cut 75%.*
- Developed a turnaround plan for a troubled manufacturer of fuel cells for a prime defense contractor. Led a team of manufacturing personnel in assessing the viability of the business and developed a get-well program.*

*Jim received his Masters of Management degree from Northwestern University's Kellogg Graduate School of Management and his Bachelor of Business Administration in Economics from Northwood University in Midland, Michigan.*