

# Case In Point

## CHALLENGES

- The CEO, CFO and COO had abruptly resigned.
- Absentee owners had approved questionable and possibly fraudulent acts.
- Sales and production volumes were quickly slipping well below acceptable levels.
- The bank had ceased funding.
- Needed to properly manage a growing backlog of orders before customers cancelled their orders.
- Raw material inventory levels were plentiful but in all the wrong SKUs.
- WIP levels were high due to the lack of materials at various stages of the process.
- Cost systems had not been updated for several years.
- Union contract was up for renewal and a workforce reduction was expected.
- Suppliers had stopped shipping materials and providing services due to lack of payment with some having past due balances of one year.
- Needed to find a buyer that could provide a good strategic fit for the business.
- A bankruptcy filing was eminent.

## SOLUTIONS

- Aurora was appointed as CRO and immediately began managing all key personnel. Improved bank relations and resumed bank funding.
- Implemented a weekly cash management system to ensure all obligations were paid on time.
- Implemented the changes needed to correct the costing system.
- Provided the management team, accounting personnel and production staff with regular updates on both financial and production matters.
- Negotiated with the largest customers to piggyback their purchasing power.
- Negotiated with suppliers to open up additional supply chains.
- Negotiated with the Union to avoid a strike, reduced the workforce substantially and signed a new bargaining agreement.
- Jump-started the production lines, moved WIP through the process to fill orders, reduced backlogs and all inventory to acceptable levels.
- Created the Sale Book and reorganized historic and projected financials for potential purchasers.
- Led and managed all communication with the unsecured Creditor's Committee to maintain the committee's confidence.
- Ensured reliability of financial and operational data provided to all constituents.

## RESULTS

- Identified and led negotiations with the bidder that purchased the majority of the assets of the bankrupt entity and then by a court approval, auctioned off the remaining assets.
- Brought numerous potential purchasers to the bidding table which helped raise the final purchase price to an acceptable level for all constituents.
- Developed procedures to maximize the recovery to the estate and coordinate transaction documentation efforts with Debtor's Council. Aurora brought credibility to the process that the debtor did not possess, thereby avoiding the appointment of a trustee.



## INDUSTRY

- Specialized Industrial Instruments and Measuring Systems

## SERVICES

- Interim Management,  
Turnaround Management,  
Sale/Liquidation



4485 Tench Road, Suite 340  
Atlanta, GA 30024  
Tel: 770-904-5209  
Fax: 770-904-5226

[www.auroramp.com](http://www.auroramp.com)



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