



CASE STUDY: GROWTH PLAN AND FINANCING

FAMILY-OWNED MANUFACTURER INCREASES REVENUES BY NEARLY 50%

Asking the Hard Questions

A family-owned manufacturer was planning to open a new facility dedicated to a new product line, which would potentially increase revenues by 50%. What would their financing needs look like? How should they restructure the balance sheet to fund the new facility and make sure they did not spread their capital too thin to support projected growth?

Giving Honest Answers

EKS&H worked with the CEO to develop a detailed financial model for the facility investment and planned growth. The model provided an integrated projection of the balance sheet, income statement and cash flow, and included comparisons to industry benchmarks for key metrics including profit, liquidity and financing ratios. We linked the model to the company's incentive compensation plan, so that the impact of various growth scenarios on employees' bonus potential could be evaluated. Our solution not only determined the financing needed to add the new facility, but also stimulated discussions concerning additional impact the facility might have on the performance of the business. This included employee incentives, financial statement health and cash flow available for other investments. With this comprehensive approach, we assisted management in evaluating the decision strategically and helped them weigh the various debt-structuring scenarios.

Providing Actionable Solutions

With the decision support provided by EKS&H's business finance team, the client chose to move forward with plans to open the new facility. To date, operational results have been consistent with initial targets. The detailed financial model allows management to continually evaluate the returns on this investment as well as other financing and capital structure needs.

EKS&H

Talk to an EKS&H Business Consultant today: **303.740.9400**

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