

**A management consulting firm helping privately held middle market companies  
Get Back in Control of Their Business**

(S California based companies, \$10mm to \$100mm in annual sales)

**"Transition Entrepreneurial to Professional Management"**

Improve Controls for Growth / Troubled Company Assistance / Fraud, Ethics Reviews /

/ Part time or Interim CFO / Company Sale Preparation

Your markets have dropped off substantially and suddenly?

Need to cut overhead quickly?

Your Bank does not understand your business?

Have you grown quicker than you anticipated?

Your procedures, management, systems and controls have not kept pace?

Profitable, but out of cash?

Need a CFO or COO but can't afford one?

Something not quite right with your Books, Staff, Partners or  
Investment Advisor's actions?

Want to avoid Bankruptcy, need a business advisor not another Lawyer?

Feeling stressed and out of control?

We can help!



## Who we are:

Founded in 2003, we are a group of experienced professionals with the common background helping companies experiencing trauma during a State of Transition. Trauma brought about by a Downturn in Sales, Explosive Sales Growth, Inadequate Financing, a Change in Key Staff, Entering a New Market, Fraud, or other "Unknown Reasons??".

## Our Extensive Experience:

Top tier professional experience with hands-on, attentive, and entrepreneurial service:

All of our associates have over fifteen plus years of operating from inside the company as an owner operator, or on-staff executive as well as outside the company as an outsource advisor or consultant. We are well rounded and versatile, often times doing the jobs of many with one, saving our clients time and money. We are "Plain Spoken", Efficient; and Results Oriented. Most of us have run businesses of our own, and know the significant difference between "Advice" and "Results"!!

## Our Reasonable and Performance based fees:

We do our best to structure our fees based upon meeting tangible milestones. We operate with low overhead allowing us to offer affordable solutions and flexible arrangements to suit your business. Due to our unique structure and versatile hands-on advisors, you won't find a better value in the marketplace for similar services.



Contact us to learn more about how we can help and the value we have created for our clients.

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

760-729-0554

**Having trouble meeting your bank covenants?  
The HGA is experienced in stabilizing underperforming and financially distressed companies**

We work with your management in a quick and cost effective fashion to stabilize your business by:

- Improving cash and financial visibility to management and investors
- Provide a Part time or Interim turnaround CFO/COO if needed
- Identify and execute opportunities to improve cash flow and profitability
- Negotiating expense reductions with key vendors
- Debt or Lease Restructuring
- Restore confidence to your Bank, Customers, Vendors and Employees
- Procure new or additional financing



**Want the most value for what you created?**

**Preparation, Timing and Presentation make all the difference in what you get.**

You have no doubt heard of "Staging" a Home for sale. A properly prepared business will appraise at a higher value, sell faster, and sell with fewer contingencies. Transition from Entrepreneurial to Professional Management!

Examples of issues inhibiting a successful sale and maximizing market value:

Poorly presented financial statements that do not capture true historical profits.

Current financial results to do represent the future potential

Prospective buyers want to pay you on future profits

Hidden opportunities not well presented

Family members hold key positions

Clutter on the Balance Sheet.

Wrong Sales Broker/Intermediary

Wrong Buyers

Too much sales concentration

Weak systems and controls

Accountant and Lawyer not vested in a Sale

Concern with Key Employees and Competitors

Not understanding or planning for the Net after Income Tax proceeds from the sale.



**"Blurred Financial Vision" brought on by Explosive Growth or a Turnover in your Financial Staff?**

Trying to run a business without timely, accurate Financial Information and Solid Financial Controls is like driving a car on a freeway in thick fog with loose steering. A smooth journey can quickly turn to disaster when unexpected obstacles divert your progress.

Having problems with?

- Not enough cash and credit
- Not meeting Bank Covenants
- Late and or, poor financial information
- Poor visibility to cash flow and profitability
- Low employee moral
- Overwhelmed staff due to workload or inadequate training
- Can't delegate anything important
- Poor financial controls
- Automated systems failing



Growth Controls



We can help by:

- Procuring additional, or new financing
- Getting your financial statements current and meaningful
- Upgrading your financials systems and controls
- Defining and implementing performance metrics and analysis systems
- Training existing staff, upgrading staff, and filling Management voids
- Redesigning your organization and reporting structure to accommodate your growth
- Developing new systems with continuous improvement mechanisms to keep controls in place

**(Monthly arrangements starting at less than the cost of data entry clerk!)**

**CFO\ Controller Tasks not typically performed effectively by Accounting Staff:**

Managing Capital

Providing a cross check and control oversight over accounting records and cash.

Tax Planning and Preparation

Financial Audit, Review and Compilation oversight

Budget preparation and review

Treasury, Working Capital and Credit Management

Cost, Productivity and Profitability Management

Automated systems oversight and Accounting systems conversions, upgrades  
Strategic Management

Contract, Lease and Bank negotiations

Benefits and Risk management

Structuring Reorganizations, Mergers and Acquisitions

Negotiate and contain outside Legal and Accounting costs

Other Services

**Investigative, Forensic and Reconstructive Accounting**

Outsource Information Systems and Network Management  
Fraud Examination and Forensic Accounting  
Corporate Investigative Services  
Investment Advisor Ethics Reviews  
Ethics Reviews of your Accounting Records, Partners, Employees, Investors, or Investment Advisors.  
Disaster Recovery

**Management Advisory Services**

Sales Management, Marketing and Promotions Assistance  
Tax Advisory  
Executive Coaching

**Corporate Finance**

Turnaround Financing  
Sell Side M&A, Consolidations and Roll Ups  
Senior and Mezzanine Debt Financing  
Business Valuations

## Principals

### James Nakamura

- Founder, The Huntington Group Associates, Business Advisory Consultants.
- Partner Irvine Associates Corporate Finance Group.
- President and COO, Mad Catz Interactive (MCZ), Led turnaround and eventual sale of this electronic entertainment company that grew from \$2 million to over \$65 million in four years.
- Executive Vice President, Southwest Marine Inc. (Now BAE Systems Ship Repair: The largest Ship Repair Company in the US), During his tenure, this company grew from \$100 million in sales to over \$300 million in sales in just over five years.
- President of San Diego Harbor Excursions. Led turnaround of this \$5.0 million in sales Leisure and Entertainment company.
- President and COO of a \$8.0 million in sales Home Furnishing Manufacturer.
- President and owner of a small sub \$3.0 million in sales Electronics Manufacturer.
- Information Systems Director, \$40 million in sales Software Publisher.
- Auditor and Business Advisory Consultant for Price Waterhouse Coopers
- Xerox Corporation, Los Angeles.
- Executive Training, University of Michigan 1988
- MBA, Cal State University 1981
- BSBA George Mason University 1978

### Stephen Drgastin

- Founder, Irvine Associates Corporate Finance Group LLC
- Formed in 1984 to provide Corporate Finance Services to private and public middle market manufacturing, distribution and service companies.
- Corporate Treasurer, Western Digital Corporation (NYSE)
- Also managed the M&A activities and subsidiary development for Western Digital
- Security Pacific Capital Corporation
- Managed a portfolio of 20 Venture Capital investments
- First Interstate Bank (now Wells Fargo Bank)
- Corporate banker serving the banking middle market along with under-performing companies
- University of Nebraska, Omaha
- BA in Business Administration

### Bob Vesely

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# *The Huntington Group Associates*

## *Business Transition Specialists*

- CFO at Advantage Sales & Marketing from 1996 to 2007
- With CEO, led partnership roll-up at a \$10.0 million Southern California food broker which became a \$1.0 billion company, consisting of over 30 original member companies.
- Partner, Irvine Associates Corporate Finance Group
- Participated in numerous middle market financings, refinancings, mergers and acquisitions.
- CFO, Technology Marketing, Inc.
- CFO of a small public technology company
- First Interstate Bank, Washington
- Started and managed the Corporate Finance business in Seattle, WA
- Security Pacific Bank Vice President of Corporate Finance
- University of Chicago MBS, 1981
- California State University at Fullerton, 1978

### Jean Goddard

- Co- Founder, van Adelsberg Goddard & Schomberg, LLP, a Tax and Business Consulting Firm. A Specialist in Turnaround, and Forensic and Reconstructive Accounting.
- Led several high profile Forensic and Reconstructive Accounting teams in conjunction with the F.B.I. and U.S. Bankruptcy Courts.
- Senior Tax Associate with Price Waterhouse Coopers.
- Controller, Alarmtek Inc. for three years.
- Masters of Science Accounting, emphasis in Taxation. San Diego State University 1995
- BS Business Administration, San Diego State University 1991
- CPA, State of California
- CIRA Certification (Certified Insolvency and Restructuring Advisor).
- Member California Society of Certified Public Accountants, American Institute of Certified Public Accountants, American Bankruptcy Institute.

### Dennis Henderson

- Certified Financial Planner, Wachovia Securities: Broker and Financial Planner for High Net Worth Individuals
- Branch Manager, Montano Securities: Managed and trained 45 Brokers
- Information Systems Director, SWM Inc. (Navy Defense Contractor with over 1600 employees)
- President, S Cubed Systems, (Job Costing and Acctg Software for Government Contractor)
- Senior Programmer, Systems Science and Software: Supported Defense Nuclear Agency with Critical Nuclear Information Design clearances.
- MBA
- BA Electrical Engineering and Mathematics

*The Huntington Group Associates*

*Business Transition Specialists*

Professional Associations

**ACG**

**Association for Corporate Growth**



**Commercial Finance Association**

**San Diego Bankruptcy Forum**



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## Case Studies

### Troubled Company Assistance

#### **I hired the wrong replacement after my long time General Manager retired.**

Type of Business:

- Sub \$10 million in sales Service Company in the Tourism sector which had been in existence for decades
- Long time and successful General Manager had recently retired.

Problem:

- A New General Manager recently hired with experience and success as a VP of Marketing for two Fortune 500 companies, but no previous Profit Center responsibility.
- Within one year of hire, the Service Company had booked a loss greater than the earnings for the prior five years.
- Company was now plagued with additional overhead, was slow to respond to the market and was losing it's entrepreneurial spirit.

Our Solution:

- Redefine the vision and strategic focus of the Company back to it's core value proposition.
- Plot a Turnaround Plan with defined milestones, dates and responsible parties.
- Present Plan to creditors and negotiate and obtain Turnaround financing.
- Pull in and rally the key employees that understood the new strategic vision and assign responsibilities and specific deliverables.
- Recruit an integrate a new qualified General Manager aligned with the new strategic vision.
- Implement an improved business planning systems with operating metrics and monthly performance reporting.

Results:

- Within 18 months the Company was restored to profitability.
- Improved oversight and control to prevent a reoccurrence of a similar problem.

## **I am too small to hire strong management and my family is tired of sinking money into a Black Hole**

Type of Business:

- A Sub \$5.0 million in sales Specialty Manufacturer in the Commercial Promotion business.

Problem:

- The Company had been running at a loss for several years funded primarily equity and credit cards of related parties, a local bank and vendors. The related party equity and debt sources no longer wished to fund the business. The Company was insolvent however had a great reputation in the business and was well liked by it's customers.

Our Solution:

- Orchestrated an Assignment for the Benefits of Creditors initiating a "Friendly Foreclosure" shedding all of the unsecured debt.
- a NewCo was established with related party shareholders and all significant Assets transferred legally to the new entity.
- Operations continued in the same location and with the same name and trademarks, with minimal disruption.
- Strategic and operational assistance were provided to improve operating efficiencies.

Results:

- The Company now operates profitably as an affiliate of a larger manufacturer in the same business.
  - Old Co name and business goodwill maintained.
- 

## **Financial Growth Controls \ Preparation for Sale**

### **My Company is growing too fast for me and is coming apart at the seams. I need cash, management help, and systems now!**

Type of Business:

- A privately held Consumer Products company with Explosive Sales that had doubled each year for the previous four years and was projected to exceed \$50 million that year.

Problem:

- The Company was running short of cash for working capital and had no external sources available.
- An Accounting system conversion was not fully completed and the financial statements were in disarray.
- Order Entry systems were failing and Inventory Control and Product Costing System were non-existent.
- Shipment were late to customers.
- The Company had several non-compliance issues pending with significant legal and financial ramifications pending.

Our Solution:

- Immediately generate short term cash through improved working capital management and bridge financing.
- Plot a Turnaround Plan with defined milestones, dates and responsible parties.
- Clear up non-compliance issues, get critical financial controls in place and financial statements current to obtain additional funding.
- Negotiate and obtain outside financing.

- Recruit and integrate New Management in key areas.
  - Implement a business planning systems with operating metrics and monthly performance reporting.
- Results:
- Within 24 months the Company had Audited Financial Statements, new Financing, Non Compliance issues settled, improved operating and financial controls, a new distribution warehouse and a Professional Management team operating to an agreed upon Business Plan.
  - The Company was sold as a all cash deal, representing a substantial gain to Selling Shareholders. Primary Shareholder was able to comfortably retire versus facing Bankruptcy prior to our involvement.
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**My business continues to grow but my Financial Controls are not keeping pace. I currently have Family and Friends running this area of the business. What do I do?**

Type of Business:

- A less than ten year old, greater than \$100 million dollar Industrial Manufacturer and Repair Services provider experiencing explosive sales.

Problem:

- The Company was five months behind in its Financial Reporting to its principal lenders.
- The Company was in default with its Bank Covenants and was in dire need of growth and working capital.
- No Operating Metrics or Financial Performance reporting existed.
- Excessive overtime and temporary overflow staffing existed in several departments.
- Family members and friends occupied key management positions that had outgrown their training and core strengths.

Our Solution:

- Set milestones and plan to implement new Financial Controls and month end Financial Close Procedures.
- Designed new Operating Management Reports with key Performance Metrics.
- Developed Annual Operating Plan with defined Operating and Financial Goals and Objectives.
- Developed new Human Resources plan with defined job responsibilities, training required and Management voids.
- Recruited critical Management talent not existent in the Company.
- Results oriented incentives systems were developed.
- Refinanced the Company's existing Lines of Credit, lower their cost of debt and improve the capitalization structure to better accommodate their business needs.

Results:

- Within months, Monthly Financial Closes were down to within 10 working days from previously being months behind.
- Financial Administration staff was reduced by over one third with no overtime.
- Interest costs on debt was reduced by over 30% by lower renegotiated rates and improved working capital management systems.
- The Company more than doubled it sales and was sold to a Private Equity Group for more than 60% of a previous offer.

## **My Industry is Consolidating. If I don't do something quick, I will lose this business.**

### Type of Business:

- A local Southern California Food Broker was doing less than \$15 million in sales and was struggling with rapid changes in their marketplace.

### Problem:

- Both Customers and Competitors were consolidating rapidly in search of efficiencies needed in the supply chain.
- The Company had limited access to Capital due to its small size.
- The Industry was highly fragmented with similar sized suppliers making it difficult to initiate a conventional "Roll Up" consolidation play.

### Our Solution:

- Develop a unique "Partnership Roll Up" model that allowed the Company to align itself with similar sized companies with a pre defined goal of formal Consolidation later.
- Strategies for Back Office synergies were developed an executed generating immediate synergies in Accounting, Information Systems, HR Management, Purchasing and Operations.
- Continuous Improvement and Benchmarking systems were implemented to insure Best Practices for the growing entity.
- Partner Companies were formally merged into a Consolidated Company

### Result:

- The Consolidated Company's revenues grew to over 40 times the original Company's.
- Members of the Group ultimately received over \$400m in liquidity representing a 9x multiple of Consolidated EBITDA.
- versus a potential alternative prior to our involvement.

Contact Us

**(Courtesy initial consultation!)**

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