

CENTRUS SOLUTIONS



Centrus
Group, Inc.

4TechWork: Centrus Intervention Put Lenders At Ease

By all appearances, 4TechWork is a successful and growing young company in a lucrative industry sector. This technology staffing company places software developers and IT professionals in long- and short-term positions for many of Northeast Ohio's biggest-name companies, from Diebold to KeyBank. It's been named one of Northeast Ohio's fastest growing companies and boasts a capable management team blending operational and technical expertise.

But a closer look at 4TechWork's business model reveals an obstacle that could have derailed this growing company. "Our business is very working-capital intensive," says Mike Seed, 4TechWork's president and general manager. "Our customers pay in 45 days, but we pay our employees in 15 days. We need access to working capital to maintain our business."

WE CAN SOLVE THIS

This delicate balance began to tip in 2004, when a period of rapid growth led to an escalating need for credit and a serious cash flow problem.

"Our needs for capital kept increasing and our bank got very uncomfortable," says Seed. "We had plenty of assets but not the level of profitability they wanted to see."

So at the bank's suggestion, Seed turned to Bob Cohen of The Centrus Group for help. Cohen created a plan to help 4TechWork cut costs, reduce overhead and improve cash flow. But just as important, Cohen's involvement helped ease the bank's anxiety about 4TechWork's need for capital.

"They gave the bank a real comfort level because of their impartiality and their expertise," says Seed. "They also helped us understand how banks think so we could better put them at ease."

The Centrus restructuring plan dramatically improved 4TechWork's cash flow situation. Since implementation, revenues have increased nearly

50 percent each year, with similar growth projected in the future. The company also transitioned away from their bank to an asset-based lender that's a better long-term fit for 4TechWork's business model.

"I found Centrus Group to be the perfect partner for what we needed," says Seed. "Its main focus is to fix a company, and to put it in a position to grow and prosper."

