

CENTRUS SOLUTIONS



Centrus
Group, Inc.

Herald Printing: “There’s a Company Here Worth Saving”

Since 1881, Herald Printing has been a community institution in the small town of New Washington, Ohio. It started as a local newspaper, grew into a printing company and became the town’s largest employer in a county with Ohio’s second highest rate of unemployment.

So as Herald Printing teetered on the verge of bankruptcy in early 2005, the community took notice. “If we had shut down it would have affected the entire town,” says Dave Stump, owner and president of Herald Printing. “I needed some help to turn the ship around.”

While the turnaround consultants hired by Herald’s bank were recommending bankruptcy, Stump sought another opinion – that of The Centrus Group.

“I asked for just two weeks to put together an assessment and delay the bankruptcy,” says Terry Humphrey of The Centrus Group. In that time, The Centrus Group team created a turnaround plan that included a complete financial and operational restructuring, a reduction in Herald’s workforce and a shift in cost structure and market focus. Though wary, the company’s secured lenders, investors and bank gave The Centrus Group 90 days to execute the plan.

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And it worked.

“This has been the most extensive restructuring I’ve ever seen in my career,” says Humphrey, who today serves as interim CEO of the now-viable Herald Printing. The company’s once-falling sales figures are plateauing and showing signs of upturn. Costs are down and margins are up. The company’s debt has been restructured, allowing access to new sources of capital. Investments in technology have opened up new markets, with new customers from professional sports franchises to national hardware distributors now on board.

“When I look to the future of Herald Printing, I see growth in sales. I see leadership in technology in the printing industry. I see success,” says Humphrey. “The tools are in place to move this company forward.”

That’s a future that Stump and his team are looking forward to as well. “Terry came in and said, “I think there’s a company here worth saving,” says Stump. “Fortunately for all of us, he was right.”



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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."

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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."



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Resilience Capital: Centrus Finds “Critical Path” to Viability and Growth

By the time a company makes its way to the portfolio of private equity firm Resilience Capital, it's often a company in crisis, says Steve Rosen, a Managing Partner. Rosen and his team specialize in investing in companies with solid business fundamentals but which are underperforming or in need of turnaround help.

To make those turnarounds possible, the partner Rosen turns to is The Centrus Group to assist its own internal team of professionals .

“What I've been most impressed with about Bob Cohen and The Centrus Group is their ability to focus on what's critical,” said Steve Rosen. “Their ability to bring all parties together in a concise and timely fashion enables them to be successful in what is usually a crisis situation.”

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One of the most significant contributions The Centrus Group has made to Resilience Capital's companies has been to help restructure their debt through out-of-court mediation. Negotiating with secured lenders and trade creditors based on projected improved cash flow has enabled Resilience Capital's companies to avoid the added burden and cost of going to court.

“Having Centrus handle the negotiations can add credibility to the process,” says Stephen Fuerst of The Centrus Group. “As a fairly neutral third-party, I help both sides get resolution without going to court. About 95 percent of the time, vendors accept our offer and maintain a business relationship.”

As both an attorney and professional clinical counselor, Fuerst has brought a unique blend of expertise when negotiating on behalf of Resilience Capital's companies. This approach represents a “win-win” for both the company and its vendors, agree Rosen and Fuerst.

What Rosen says he's most impressed with is The Centrus Group's ability to quickly assess a situation and chart a path to viability and success.

“You don't have to spend a considerable amount of time educating Bob Cohen and his team about your primary objectives and the urgency required,” said Rosen. “Bob finds the critical path on his own from the very first meeting.”

