

# Value Creation for Private Equity



## CASE STUDY

The private equity firm in this case study holds approximately ten companies in its portfolio in a variety of verticals including building materials, nutraceuticals, and automotive coverings.

## 2022 Lower & Middle Market Private Equity Firm

When one of the firm's portfolio companies began having challenges with supplier prices and reliability, the firm recognized that the problem was threatening the company's overall value. They engaged Forsyth Advisors to perform a comprehensive supply chain analysis for this company, and we sourced and guided them to select a new offshore supplier that saved \$1.5 million.

Following the success of the initial project, Forsyth Advisors worked with the firm over the following year to identify and solve unique supply chain issues in five more of its portfolio companies. With our diverse expertise and multi-pronged approach, we maximized EBITDA across the firm's entire portfolio, driving a total of \$50 million in enterprise value growth in less than 12 months.

\$50M+

ENTERPRISE VALUE GROWTH

6

ENGAGED COMPANIES

<12

MONTHS TO COMPLETE

## Solutions



Due Diligence to Support Growth through Acquisition



Sought Suppliers from Multiple Countries



Aggregated Report for Ocean Freight



Direct Material Sourcing

### Flexible Approach

- Scopes ranged from company-identified issue resolutions to Forsyth-identified opportunities
- Levels of engagement ranged from base level (strategy and advisory) to full turnkey (strategy through execution)

### Ongoing Support

- Sourcing or supply chain-related issues and processes
- New product launches and growth strategy support
- Documentation and support for expanded credit
- Instituting metrics and oversight
- Improving procurement processes
- Hiring

# Portfolio-Wide Value Creation Timeline

We engaged with a total of six portfolio companies within the first year, taking an individualized approach across a range of initiatives to drive profitable growth for each company and the portfolio as a whole.

\$9.6M ↑ Revenue increase across portfolio realized in first year

\$50M+ ↑ Enterprise value growth

## Supplier Changes

MONTHS 1 - 3

- Diversified supplier concentration ●●
- Identified supplier for new product line ●
- New supplier below target cost ● for biodegradable tube (2 million units/mo)
- Conducted trial POs ●●●●

## Ocean Freight Optimizations

MONTH 4

- Found savings to stay on top ● of the declining market
- Changed from supplier prepaid to NVOCC, portfolio wide
- Added competitive NVOCC for some lanes

## Supplier Optimizations

MONTHS 5 - 8

- Negotiated better supplier ● payment terms
- Found direct-to-Asia suppliers ●● for silt fence and fabric
- Volume consolidation and ● disintermediation for seed supplier
- Strategized US & China ● dual sourcing for t-post
- Due diligence, supplier risk ● analysis, risk mitigation strategy

## Portfolio Key

- Portfolio Company 1
- Portfolio Company 2
- Portfolio Company 3
- Portfolio Company 4
- Portfolio Company 5
- Portfolio Company 6

Let's discuss your challenges.

Connect with a Forsyth Advisors expert today to take the next step toward sustainable value creation for your portfolio.

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