



420 Lexington Avenue
Suite 2045
New York, NY 10170-0013
212.867.4005 TEL
212.867.4161 FAX
www.massonco.com

SERVICE: Assessment and Consulting

INDUSTRY: Specialty Foods

The Company. \$33 million manufacturer and distributor of branded and private label specialty desserts to grocery retailers, club stores and national food service companies nationwide, with single manufacturing and distribution facility (105,000 sq. ft) in the Northeast and 190 employees.

The Problem. The Company was acquired by a private equity firm with the intent to pursue niche acquisitions in the frozen dessert category. Unsuccessful in executing this strategy and unwilling to further capitalize it, the sponsor relinquished control to the Company's senior lenders comprised of money-center banks and a distressed investor with total owings of \$34 million.

The Engagement. Masson & Company was retained by the lenders to (a) prepare a complete 12-month financial budget and cash forecast; (b) provide a Situation Assessment of the business, including assessment of management, operations, revenue enhancements and cash savings opportunities; (c) develop a monthly Board of Director package and appropriate intra-month reporting templates; and (d) stand ready to operate the business if the senior management was either uncooperative or resigned voluntarily.

The Results.

- We developed three complete operating budgets with management -- downside, probable and optimistic -- all of which demonstrated that the lenders would need to provide additional working capital.
- A thorough Board of Directors reporting package was developed to monitor actual vs. budget performance, including key financial and operating metrics.
- A Masson & Company principal was asked to join the Board of Directors.
- The Situation Assessment highlighted that the Company faced: (i) market risk as competitors began to attract customers with better pricing; (ii) commodity risk if raw material prices increased without a concurrent price increase to customers; and (iii) management risk as we assessed the incumbent senior executives to lack appropriate strategy to develop and execute a long-term plan to increase significantly the lenders' recovery.
- Considering the risks identified in the Situation Assessment and the certain need for further investment, Masson & Company advised the lenders to consider selling the business.
- The Company later was sold to a strategic buyer.