

# Assignment for the Benefit of Creditors Covers Secured Bank Debt



## Strategy: Liquidate Assets for Creditor Distribution

With the help of Jacquard Associates, Inc. the client went through an Assignment for the Benefit of Creditors (ABC) in the early part of 2002. Although we typically sell businesses intact, this case required liquidation.\* In order to ensure that we were **on track** with forecasted receivables, payouts, communication, and other issues, we held weekly **action-oriented meetings**. Issues were discussed, key **measures** reported, and **next steps** identified. We followed detailed procedures swiftly to ensure optimized results.

Outline	High Level ABC Process
<b>Financial Performance</b>	<p>Created a Cash Flow spread sheet and recorded all of the different activities</p> <p><b>Assets:</b> A specific liquidation plan for each asset group was put into place. *</p> <ul style="list-style-type: none"> <li>Accounts Receivable: Forecasted how much of the receivables could be collected. Started an aggressive collections process.</li> <li>Inventory: Performed a physical inventory count to determine the actual value. Determined the liquidation plan and executed it.</li> <li>Equipment: Listed all of the existing capital equipment using the Jacquard Equipment Lease &amp; Lien Sheet. Eventually an auction was held where Equipment and Inventory was sold.</li> </ul> <p><b>Liabilities:</b></p> <ul style="list-style-type: none"> <li>Various Creditors: Defined the prioritization for potential payouts.</li> </ul>
<b>Communication</b>	<p>We kept in constant communication with all the creditors with updates on the liquidation progress. This prevented the creditors from putting the company into involuntary bankruptcy. The communication included a simplified balance sheet listing Assets and Liabilities, and a payout plan.</p>

\* See our *Mergers and Acquisitions Profit Project®* for the company sales process.

## At a Glance

### : The Client

A privately owned printing company with approximately \$15M in annual sales.

### : The Goals

Close down operations through an ABC. Liquidate the assets, at highest potential value, as quickly as possible. Distribute liquidated assets to creditors following ABC priority laws.

### : Project Time Line

3-4 months

### : The Impact

- Collected 85% of AR
- Secured creditor – Bank – was paid in full
- Employee vacation and commissions owed were paid in full
- Owner eliminated his personal guarantees

*Plus*

- Constant communication with creditors provided them with pertinent information on the liquidation progress

**The Bottom Line:** Through the team's determination and swiftness we paid off the priority secured debt to the bank and made a small distribution to creditors

Jacquard Associates is a team of hands-on, roll-up-your-sleeves business professionals who help clients identify strengths, raise expectations and improve the way they do business. We help **motivate** people, **streamline** processes, **impose** financial discipline and **create** systems to yield better customer service, faster turnaround, improved sales and enhanced profits.

Our single goal is to provide clients with tools to improve business performance fast. Organizations typically are full of opportunity. Owners and executives have great ideas and increasingly urgent needs. We specialize in transforming those **Ideas to Action** through a set of simple, proven, proprietary tools for improvement. A client's customized program of Ideas to Action may include:

- **One-to-One Coaching**, to develop mission-critical personnel
- **Wonderments<sup>®</sup>**, highly revealing and effective mini-projects demonstrate the impact of executing fundamental improvement opportunities
- **Profit Projects<sup>®</sup>**, longer-term improvement initiatives tailored to the client's needs and implemented by Jacquard and the client's team

Jacquard Associates also helps companies and industry groups develop **performance improvement expertise** through seminars, workshops and focused roundtable discussions.

**Work with us is easy.** We connect the dots between entrepreneurs, managers, investors, and bankers. We also perform certain services that other turnaround firms may not provide, and we are able to seamlessly integrate with any existing professionals in situations that warrant it.

Last but not least, **we put our money where our mouth is:** our fee structure is tied directly to our performance.

To learn more, call us at 847.945.8700 or visit us at [www.jacquard.com](http://www.jacquard.com).

## Industries Served

### Manufacturers

Automation – very small to very large  
Automotive Aftermarket  
Bicycle Parts  
Cases “sample and department store”  
Cleaning Supplies  
Clothing  
Consumer Auto  
Electrical Assembly equipment  
Electrical Components  
Fabric Printing  
Food Consumer, Staples, Flavoring  
Forgings  
Grinding  
Home Builders  
Jukeboxes  
Kitchen Assemblies  
Medical Equipment  
(hospital and private practice)  
Medical Test Equipment  
Metal Forming  
Mops  
Packaging – dangerous material  
Packaging – temperature controlled  
Packaging Materials  
Plastic Extrusion (consumer parts, plastic wood, electrical parts)  
Point of Sale Displays  
Printed Circuit Boards  
Printing (commercial, display, label and fulfillment)  
Specialty Albums  
Test Automation  
Valve Regulators  
Vending Machines

### Distributors

Collectibles  
Electronic Assembly Equipment  
Ethical Drugs  
Exotic Metals  
Factory Automation  
Fulfillment (various)  
Ice Cream  
Janitorial Supplies  
Jewelry  
Manufacturing MRO Supplies  
Medical Supplies  
Screen Printing  
Specialty Foods  
Used Production Equipment  
Wholesale Foods  
Wines & Beverages

### Service

Audio Visual Systems  
Banking – mid market lending  
Communication Software  
Contractors (general, electrical, HVAC and plumbing)  
Engineering  
Environmental Testing  
Industrial Cleaning and Coating  
Investment Bankers  
Marketing  
Point of Sale Marketing  
Public Accounting  
Publishers  
Surveyors  
Telephone Systems

### Retail

Carpeting  
Clothing  
Jewelry  
Music and Games  
Restaurant Chain  
Toys