

# Snapshots

Summer 2021



## ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

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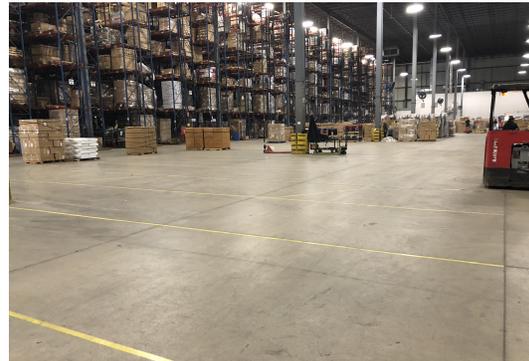
*An environmental catalyst manufacturing company needed timely information for refinancing.*



*TriWire Engineering Services' difficulties began in 2019, but accelerated rapidly under the stresses of COVID.*



*A Christmas Tree Story: warehouse before.*



*A Christmas Tree Story: warehouse after.*

## ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

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### **Environmental catalyst manufacturer**

A world leader in ESG manufacturing of carbon capture technologies and services such as environmental catalysts, providing SCR catalyst regeneration and engineering services for the oil & gas, power, marine, utility, industrial-process, and refinery markets faced some daunting issues when its CFO departed in the middle of a refinancing. GH was engaged to lead the business aspects of the negotiations and implementation with the incoming lender. GH has extensive experience in understanding what issues are important in securing an Asset Based Loan including setting expectations between the lender and the borrower. The ability to gather the required information on a timely basis as well as being

able to predict liquidity needs based upon reasonably attainable forecasts is basic to the relationship. In addition, intimate knowledge of the manufacturing processes is relevant in constructing appropriate benchmarks to meet the need to maximize availability and to avoid tripping covenants.

In addition, the engagement was designed to help the company improve its efficiencies with respect to internal reporting practices, to expand availability where possible, streamlining and accelerating the company's ability to provide an accurate weekly Bank Borrowing Certificate ("BBC") through data aggregation and workflow automation.

This initiative has replaced and upgraded the company's manual processes, which had been performed by numerous finance professionals using Excel workbooks and monthly data extracts from various non-integrated ERP systems. It is anticipated that by leveraging data management and workflow software tools, the company will obviate its systems limitations, dramatically reduce cycle times for data consolidation and reporting, free up finance resources for other priorities and tasks, and reduce variances and errors caused by multiple human hand-offs.

### **A Change in Circumstances**

Tri-Wire Engineering Services is one of the largest independent providers of consumer broadband installation and maintenance services for large cable and telecom operators in the Northeastern United States, and operates from 20 locations. In 2016, the company went through an ESOP whereby the former CEO and owner transferred ownership to the employees; it was financed via loans and credit facilities with two lenders. The debtor's substantial debt obligations, combined with onerous workmen's compensation and automobile insurance expenses, have created a substantial burden on the debtor's cash flow. Covid 19 exacerbated the situation and while revenues were once in the \$100M range, in 2020 they declined to \$55M and for the first six months of 2021 further reduced to \$26M.

Getzler Henrich was originally brought in as financial advisor to the company in 2019. Our role was somewhat limited until 2021 when Tri-Wire started to deteriorate at a more rapid speed. The company faced stiff competition, started to lose some of their sub-contractors, and was lacking working capital. That led to the decision to sell the company. As a result, Tri-Wire engaged SSG to help sell the company. The company has since filed for Chapter 11 bankruptcy. In order to complete a sale, the company retained Getzler Henrich as its financial advisor and Casner & Edwards as its restructuring counsel. A proposed "stalking horse" buyer has been identified and negotiations are continuing to move towards a bankruptcy auction in the near future. Getzler Henrich is working closely with both Casner & Edwards and SSG to see this to conclusion.

### **Real Estate Troubles**

A real estate developer borrowed approximately \$65 million in senior and mezzanine loans to develop a 220-unit multifamily apartment building in the Northeast. After construction had been completed the property's mezzanine lender initiated a UCC Article 9 foreclosure sale based on purported defaults. The developer and its counsel believe that, among other issues, the proposed foreclosure sale process is not commercially reasonable, and are seeking a permanent injunction that prevents the lender from selling the collateral. Getzler Henrich and Hilco Real Estate, LLC have been engaged to provide litigation support and expert witness services to assist the effort to stop the sale process. This engagement highlights one of the many ways that Getzler Henrich and Hilco Real Estate are teaming up to provide best-in-class solutions to developers, sponsors and other parties-in-interest in the real estate and hospitality industries.

### **Christmas Tree Shops**

After being carved-out from a major "big box" U.S. home goods retailer, Christmas Tree Shops, a specialty retailer of home goods and seasonal items with 80 stores across the eastern United States, retained Getzler Henrich to assist with increasing distribution capacity for sales to achieve \$100 million in incremental revenue. Time was of the essence. In a period of just 16 weeks, leading right up to the start of the next seasonal crunch time, the GH operational team focused on the company's owned distribution center and transportation operations to ensure the store network can meet growing consumer demand. GH deployed a hybrid onsite/remote team of seasoned consultants who applied

analytics and *Lean Six Sigma* process improvement techniques to eliminate bottlenecks, reduce downtime, optimize scheduling, and accelerate the flow of goods while adapting to several challenges brought on by COVID-19, including a smaller and constrained warehouse labor base and increasing costs. Ultimately the work proved successful in reversing the trend of lost sales due to stockouts and enabling greater sales growth from the existing footprint and new stores – both of which were accomplished without investment (capex) in a new distribution center, new equipment, software or 3PL services.

GH ran numerous pilots to demonstrate the changes in actual terms, tweaking the plan wherever needed, while training employees and working with them side-by-side. While there was strong support from the company's top management, there were significant changes for the middle management employees to process, especially as they also had to focus on their day-to-day jobs. GH's team of seasoned operational consultants (in retail, distribution, and transport operations) continuously supported the effort, working remotely and on site with the company's warehouse team.

Mark Cote, Vice President Supply Chain and Logistics at Christmas Tree Shops said of the initiative, "My team and I found the Getzler Henrich associates very professional and the engagement experience extremely eye-opening. We are quite excited to implement the GH study recommendations and are confident in their ability to take us to the next level."

## NOTES



Getzler Henrich was profiled in the inaugural newsletter of the Turnaround Management Association's New York City newsletter. The profile included an article on the role of "teachouts" in distressed colleges and universities. In a teachout, the closing institution stops accepting new students and arranges for current students to complete their courses of study at one or more "receiving institutions", which are either on-line or (preferably nearby) comparable institutions. A receiving institution agrees to accept all the credits earned by transitioning students toward a reasonably similar certificate/degree and is willing to award that certificate/degree in approximately the same amount of time the student would have needed at the closing institution. The thought piece was written by New York managing directors [Bert Weil](#) and [Mark Podgainy](#) entitled *Higher Education Teachout Plans: Overview and Key Success Factors*; read it [here](#).



[Mark Podgainy](#) has significant experience in higher education, as well as in distressed commercial real estate. Mark will be participating in an American Bankruptcy Institute educational panel entitled, "Charter Schools and Higher Education Restructuring" with moderator Adrienne Walker of Locke Lord and participants Matthew Ward of Womble Bond Dickinson and Jonathan Chirunga of Amundi Asset Management in conjunction with the National Conference of Bankruptcy Judges annual meeting on October 8, 2021.



[Kevin A. Krakora](#), managing director in the Chicago office, will be speaking as a panelist at the American Bankruptcy Institute's Midwestern Bankruptcy Institute virtual conference on September 30 and October 1, 2021. The session titled "Who Is My Client Anyway? – Ethical Dilemmas in Chapter 11" will discuss ethical issues including conflicts in Chapter 11 cases with multiple related debtors, Chapter 11 cases with private-equity shareholders, and Chapter 11 cases of closely-held companies, as well as how to identify potential conflicts and strategies to deal with them.



[Ed Phillips](#), managing director in Philadelphia, spoke on a panel at the ABI Mid-Atlantic Bankruptcy Workshop in August. The topic was "Workout and Insolvency Issues Involving the SBA's Paycheck Protection Program." Moderated by Lisa B. Tancredi, Womble Bond Dickinson, other panelists included bankers Mark A. Gittelman of PNC Bank and Kimberly A. Pierro of SunTrust Bank. Kenneth W. Mann of SC&H Capital rounded out the panel.

## KUDOS

The sale of Rubie's Costume Company, Inc. and its U.S. based Affiliates was selected and announced as the winner for DISTRESSED M&A DEAL OF THE YEAR (\$100MM to \$250MM) in *The M&A Advisor's 15<sup>th</sup> Annual Turnaround Awards* program, and Frontpoint Security received the award for INDUSTRIALS DEAL OF THE YEAR – for Restructuring and Majority Recapitalization. Congratulations to [Mark Samson](#), [Bert Weil](#), and [Kevin Krakora](#).



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### ***About Getzler Henrich***

Getzler Henrich & Associates LLC is one of the nation's oldest and most respected names in middle-market corporate restructurings and operations improvement, and has successfully worked with thousands of companies to achieve growth and profitability. Founded over 50 years ago, the firm still operates on the same principles of impeccable integrity, a commitment to honesty, and an overriding focus on maximizing value for our clients. Long respected for its results-oriented approach, Getzler Henrich deploys rapid, pragmatic decision making and metrics-driven implementation services. With years of experience in executive-level positions, and broad advisory expertise, Getzler Henrich professionals have consistently and successfully guided companies through both crises and growth phases. Working with publicly and privately held firms, colleges, and health care institutions, Getzler Henrich's expertise spans many industries, from 'new economy' technology and service firms to 'old economy' manufacturing and distribution businesses. Getzler Henrich was acquired earlier this year by Hilco Global, further expanding its professional services platform. For more information please visit [getzlerhenrich.com](http://getzlerhenrich.com).

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