



The Challenge

Our client, a family-owned manufacturer and distributor of mining products and technologies (Company), engaged us to help their business navigate both short-term operational and liquidity concerns and subsequent leadership and succession issues.

The Company's General Manager—who was integral to the business—fell ill and ultimately passed away. Not only did the Company lose a beloved and valued team member, but the business also lost a wealth of hard to replace experience and institutional knowledge. Coincident with that big change, one of the family members moved into the CEO role. However, it was short-lived as many disruptions and challenges—including family friction—led to the individual resigning.

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To make matters worse, these developments occurred amid a downturn in the mining sector. At that time, the business faced serious financial and operational challenges and had no succession plan in place. It was one of the Company's senior lenders that raised the alarm and encouraged the family to engage B. Riley Farber as a financial advisor.

The Solution

As financial advisor, we first suggested both a financial and operational assessment which encompassed an initial phase to deal with immediate financial issues ([some triage](#)). This phase allowed us to focus on identifying the root causes of the Company's underperformance while addressing their leadership and succession issues.

From the outset, several steps were taken—in collaboration with the family and management—to stabilize and get control of the business, which included:

- addressing serious cash flow and liquidity issues by developing an integrated cash flow projection to get a better handle on cash flow needs (a bulge or injection) to provide runway for a turnaround to occur
- managing the relationship with their operating lender and instituting more regular and credible reporting to placate the operating lender (and its financial advisor) while maintaining credit line availability
- implementing some quick-win measures to stem operating losses leading to immediate costs reductions, deferral, and high-level revenue enhancements
- placing an interim general manager in the business in conjunction with our [Executive Search practice](#)—to begin assessing and managing the operations

The Outcome

Through the first phase we were able to forge a strong relationship with the family and company while buying time to identify further improvements and address their [succession conundrum](#). With stabilization and control of the business secured, Farber—through both its advisory and the interim general manager—helped the family and key management focus on other changes which included:

- assessing and identifying the key business drivers and profitability of different business lines
- enhancing the focus and rigour around cost controls
- improving the liquidity and working capital position
- hiring of a permanent general manager and other key positions



In the end, the business had the rigour and discipline in place to manage through the pandemic, while also positioning well for the upturn in the mining sector. This is an example of a favourable shareholder outcome, wherein family shareholders were ultimately aligned and motivated to set the business on a promising path going forward.

How to Manage Shareholder Disputes

Once partners now enemies, this is how we solve shareholder disputes. [Get the details.](#)