

**September 4, 2008**

**Confidential Retained Search Assignment—S#975**

**Position: INVESTOR CHIEF FINANCIAL OFFICER**

**Client:** Massachusetts based Service Industry Machinery Designer & Manufacturer

**Business Overview:**

Our MA based portfolio company client, recently acquired by a highly successful experienced northeast private equity firm, is a leading designer and manufacturer of service industry machinery for commercial & industrial use in 90 countries worldwide. Sales are between \$50M-\$60M and this growth oriented company is profitable and has been for most of its existence. Our client's equipment encompasses a broad array of models each expressly designed to perform in a variety of challenging environments with speed, precision, efficiency, and reliability. This company is preparing to unveil two major new products in January 2009. It currently employs over 350 corporate, engineering, and manufacturing professionals at its facilities.

Under the current 2<sup>nd</sup> generation President's leadership, our client has operated under a philosophy of demanding continuous improvement and a commitment to exceeding customer expectations.

This recapitalization of our client company will allow it to strategically acquire complementary businesses, further solidifying its place as market leader in its industry.

**Chief Financial Officer Position Summary**

**A-CFO** will be responsible for our client company's overall financial plans and policies along with its accounting and finance practices and the conduct of the company's relationship with the private equity investors, lending institutions and the financial community.

**B-The CFO** is directly responsible for all finance, accounting and IT functions of company consisting of 7 individuals including a Controller, A/P, &A/R. She/he will report directly to Client Company's President and have a dotted line reporting responsibility to the private equity firm's Operating Partner.

**C-The CFO** will lead our client company's efforts in developing financial discipline through timely and accurate reporting, budgeting, planning and analysis as well as by driving cost savings in all areas of the operation.

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**D-**The CFO must develop metrics around labor reporting & material reporting and track profitability by each product line, customer and distribution channel.

**E-**The CFO must balance her/his functional needs with other company functions to optimize business opportunities and improve operating performance.

**F-**The CFO will play an integral role in the assessment and integration of acquisitions and other growth strategies and will take a lead role with respect to assessing the current financial and operating systems.

**G-**The CFO will manage the relationship with all of the client company's financing sources and service professionals including the bank and the investors.

**H-**Our client company's President will be dependent on the CFO keeping an eye on the books and keeping him intimately informed of financial progress or issues while President is driving sales growth strategy or acquisition processes.

**I-** Our client company has numerous opportunities, both strategic and operational. A CFO with strong analytic skills will be critical to helping the President and management team to evaluate these opportunities.

### **CFO Duties and Responsibilities**

1. Direct and coordinate the financial affairs of our client company according to accepted financial principles, and federal and state government regulations.
2. Ensure adequate controls in safekeeping the assets of the client company and properly managing the financial affairs of the business.
3. Manage accounting and finance department and IT functions as a responsive and effective team and evaluate direct reports and upgrade team where necessary including hiring a Cost Accountant.
4. Ensure timely and detailed reporting of monthly financial statements, standard monthly reporting package to the investors and bank, as well as daily and weekly reporting for the senior management team.
5. Develop financial reporting package that highlights:
  - a. progress against strategic initiatives,
  - b. operational performance and profitability
  - c. service performance and profitability
  - d. key profitability metrics that can be used to identify opportunities for action.
  - e. labor productivity
  - f. MD&A that links the financial results to what is happening in the business
6. Evaluate, recommend, and drive implementation of financial reporting system and link it to the company's operating platform (if appropriate)

7. Direct preparation of monthly, quarterly and annual budget forecasts and participate in business planning.
8. Lead the effort to ensure proper cash management and liquidity in the business while maximizing profitability. Identify opportunities to accelerate billings and collections.
9. Provide key metrics information in value-added formats and other financial analysis of the operation to guide senior management to make sound decisions.
10. Act as a sounding board to the President while taking the lead on managing and improving all areas of reporting, systems and financial management.
11. Direct all efforts to manage the current systems and implement any upgrades or replacement systems.
12. Identify ways to reduce costs of raw materials and products, monitor material intake and set minimum and maximum inventory levels.
13. Responsible jointly with the President for legal compliance & administration, cost improvement/efficiency coordination, corporate pricing policy & administration, acquisition analysis and general administration.

### **CFO Position Qualifications**

1. Accounting or finance degree required; CPA a plus; MBA a plus.
2. High personal ethics and business integrity.
3. Minimum of 10 years experience in accounting and finance and financial IT management ideally encompassing middle-market sized company and company with \$100M + or- in sales.
4. Several years experience as a line Chief Financial Officer in a growing company, providing effective financial management and control processes and proven ability to translate “data” into meaningful business “information” for better business management.
5. PC literate with substantial working knowledge of MS Office and key financial management programs as well as job cost accounting experience.
6. Successful track record implementing budgeting processes, financial management reporting and financial and accounting regulatory compliance and negotiating debt funding that compliments her/his acquisition experience.

7. Experienced preparing board reports and informational packages and conducting business studies and performance analysis.
8. Experience integrating acquisitions is a plus.
9. Highly detail oriented.
10. Aggressive driver of accountability.

### **CFO Position Special Requirements**

1. Demonstrated business sense and close involvement with business management team.
2. Ability to communicate effectively with others lacking financial expertise.
3. Highly analytical/logical thinker/Attentive to detail/takes initiative/self-starter/inquisitive.
4. Hands-on manager who delegates and follows up/willing to do what it takes/willing to challenge, but avoids alienating others.
5. Direct and straightforward style, efficiency minded and minimizes bureaucracy.
6. Good interpersonal skills and team player, lacks ego about position and status.
7. High level of confidence to promptly raise sensitive issues.
8. Has high energy level, highly defined sense of urgency, able to prioritize and meet deadlines.

### **Compensation, Benefits and Relocation**

Base salary would be \$150K-\$170K with bonus potential 0-20% based on company hitting EBITDA and debt payment numbers.

The CFO will be eligible for a stock option plan ultimately worth 1.5% of our client company's stock when vested. Together with \$30K equity invested amount worth .75%, the CFO will end up with 2.25% of our client company common stock.

Our client company offers a competitive benefits plan including 3 weeks vacation per year, medical and disability coverage, and 401(k). Some relocation assistance is available.

### **Equity Investment Required**

Upon hire, the CFO will be given the opportunity to acquire \$30K of company's stock worth .75% of the company's common stock.

### **Philosophy of Our Private Equity Investors**

The philosophy behind this equity investment opportunity is straightforward: The private equity ownership wants management and more importantly the CFO, to be their partner, motivated by the same things they are, without any inherent conflicts and with a high ability to drive results. The PE Investors want the CFO to have money at risk as they do and to have significant upside if things go well.

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