

Harrison Matthews Consulting, LLC

Experts in Supply Chain Savings
and Increasing Cash Flow



Table of Contents

I. About Harrison Matthews Consulting, LLC

- Our History
- Why Harrison Matthews Consulting, LLC
- Our Team
- Services & Areas of Expertise
- Current and Recent Client Engagements

II. Summary of Recent Client Deliverables

- Buy Side Due Diligence
- Operational Improvement
- Sell Side Due Diligence

III. Our Approach

- Questions We Like to Ask
- Did You Know Regarding Small Parcel
- Our Fees



About Harrison Matthews Consulting, LLC



Our History

HARRISON MATTHEWS CONSULTING, LLC

Experts in Supply Chain Savings
and Increasing Cash Flow

Founded by Matt Kajfez in 2015.

Matt developed his expertise and hands-on knowledge over the course of the past 35 years. He has worked extensively with some of the largest fortune 500 international corporations and consulting firms in the world. Harrison Matthews Consulting, LLC (HMC) expertise includes buy-side due diligence; savings and working capital increase during ownership and sell-side due diligence (q of e) during investment monetization. These activities have served business ranging from under one million to in excess of \$200 million dollars of annual spend. HMC specializes in serving private equity firms and their associated portfolio companies.

Why Harrison Matthews Consulting, LLC

- Tangible results - we will increase your...
 - Cash flow
 - EBITDA
 - Working Capital
 - The value of your business
- Our investment Life-Cycle services encompass
 - Acquisition – Buy Side Due Diligence
 - Operational improvement – propriety 3-Phase approach – cost reductions and cash flow
 - Investment Monetization – Sell Side Due Diligence and Q of E support
- We have years of experience and a proven track record
- We do the work, not a new hire or inexperienced individual

Our Team



Matthew F. Kajfez

- Principal, Harrison Matthews Consulting, LLC
- Current/Recent Projects - Clients
 - **Los Angeles-based Private Equity Firm** – all HMC services are utilized - depends on portfolio company needs
 - **San Francisco-based Private Equity Firm**
 - Acquisition due diligence
 - Operations/cash/profitability improvement
 - Investment monetization
 - **New York-based Private Equity Firm**
 - Acquisition due diligence
- Previous Experience
 - Chief Procurement Officer, **Ferro Corporation** - Global Procurement - \$1.2B Direct, Indirect and Transportation spend
 - Director, Non-metal Procurement, **Aleris International** – Global Procurement - 1.0B Indirect and Transportation spend
 - Director, Global Procurement, Ceramics and Plastics, **Saint-Gobain** - \$1.2B Direct, Indirect and Transportation spend
 - Global Sourcing Leader, GE Plastics - \$.8B Engineering and Construction spend

Our Team

Richard Meacci

- Senior Associate, Harrison Matthews Consulting, LLC
- Current/Recent Projects - Clients
 - **Horizon Global Corporation** - Financial Restructuring and cash flow consulting engagement (2019 - present)
 - **Pacific World Corporation** - Chief Financial Officer (2015 to 2019)
 - **Meacci and Associates** (early 1990's - 2015)
- Previous Experience
 - Industry experience - mining, metals, oil/gas, light & heavy manufacturing, utilities, retail, consumer products, construction, pharmaceuticals, telecommunication, agriculture and banking
 - Areas of experience - GAAP/IFRS, cash flow management, M&A - due diligence/accounting/integration, audits, derivative and hedge accounting, SOX, raising capital, financial systems/ERPS, turn-around/restructuring consulting, debt restructuring, SEC filings and Chapter 11 reorganizations
 - **Touche, Ross and Deloitte** - (1984 - early 1990's) - in various capacities as a Deloitte employee or independent contractor throughout the early 1990's

Services and Areas of Expertise

Buy side due diligence

- Integral parts of our Purchasing, Procurement and Logistics due diligence process includes the identification of cost reduction opportunities, working capital optimization strategies, process improvements and personnel assessments.

Operational improvement during ownership – sustained increases in cash flow and EBITDA

- Direct materials spend (Plastics, Chemicals, Metals, etc.) cost and terms optimization
- Indirect spend (MRO, Professional and Maintenance Services, Energy, Hardware/Software, Banking/Credit Card Fees, etc.)
- Freight spend (truckload, less-than-truckload, intermodal, small parcel, rail, ocean, air, freight forwarding and custom brokerage services)
- Inventory reduction initiatives – Purchasing, procurement, demand planning, safety stocks, etc.
- Agreement and contract - commercial terms structuring (Purchase Orders/Contracts, Sales Contracts, Broker and Distributor Agreements, etc.)
- Tariff Abatement and Duty Draw Back Programs
- Supplier Dispute Resolution and Contract Negotiations
- Supply Chain Diversification – On Shoring and/or Country of Manufacturing Diversification
- Make vs Buy Analysis and Execution

Sell side due diligence

- Quality of Earnings and Add Back documentation support

Current and Recent Client Engagements

Los Angeles-based Private Equity Firm

Industry Portfolio

- Foam Fabrication
- Food Shields/Custom Counters
- Medical Seat Recliners
- Laboratory Diagnostics
- Linear Movement
- Pneumatic Applications
- Gourmet Bakeries
- Safety Cutter Supplies
- Global Consumer Products
- Molding Clay
- Taxidermy
- Global Material Handling

San Francisco-based Private Equity Firm

Industry Portfolio

- Environmental Emergency Response
- Fire and Life Safety
- Medical Grade Resin Extrusion
- Injection Molding/Extrusion
- Liquid Penetrants
- MRO Procurement

New York City-based Private Equity Firm

Industry Portfolio

- Material Handling

Summary of Recent Client Deliverables



Summary of Recent Client Deliverables – Buy Side Due Diligence

Medical Grade Resin Extrusion Company

- Provided Supply Chain Subject Matter Expert (SME) support identifying in excess of \$1.1MM of procurement and transportation post acquisition savings opportunity

Plastics extrusion and injection molding Company*

- Provided Supply Chain SME support identifying in excess of \$11 MM of procurement and transportation post acquisition savings opportunity

Liquid Penetrants Company*

- Provided Supply Chain SME support identifying in excess of \$.15MM of transportation post acquisition savings opportunity

MRO Procurement Company

- Provided Supply Chain SME support identifying procurement and transportation process enhancement opportunities

Material Handling Manufacturing Company*

- Provided Supply Chain SME support identifying in excess of \$2.5MM of procurement and transportation post acquisition savings opportunity

* Transitioned from acquisition due diligence to ownership operations engagement.

Summary of Recent Client Deliverables – Operational Improvement

Global Consumer Products Company

- **\$4.6MM savings enhancing EBITDA performance**
 - Bid/renegotiated complete implements product lines sourced from Asia
 - Implemented a 3PL LTL shipping program
 - Negotiated early exit from Corporate Office Lease
 - Lead the tariff mitigation activities

Global Material Handling Company

- **\$3.2MM savings enhancing EBITDA performance**
 - Bid/renegotiated steel purchase agreements including physical hedging program
 - Implemented an LTL 3PL shipping program
 - Implemented an MRO integrated supplier program

Laboratory Diagnostics Company

- **\$0.5MM savings enhancing EBITDA performance**
 - Renegotiated small parcel shipping agreement
 - Revised small parcel internal utilization parameters
 - Renegotiated laboratory supply agreements

Food Shield/Custom Counters Manufacturer

- **\$0.8MM savings enhancing EBITDA performance**
 - Renegotiated small parcel shipping agreement
 - Rebid the truckload shipping agreements and expanded use of asset-based carriers
 - Implemented an MRO integrated supplier program
 - Transformed transportation from cost to profit center

HMC has delivered in excess of \$ 15MM in EBITDA and cash flow improvements since inception.

Summary of Recent Client Deliverables – Sell Side Due Diligence

Medical Chair Manufacturing Company

- Supported the Quality of Earnings aspect of the Company sale price attributable to Supply Chain EBITDA improvement in conjunction with capturing and validating associated sale price add backs

Material Handling Company

- Supported the Quality of Earnings aspect of the Company sale price attributable to Supply Chain EBITDA improvement in conjunction with capturing and validating associated sale price add backs

Enhanced business valuation in excess of \$35MM through EBITDA improvement and Q of E validation.

Our Approach



Some Questions We Like to Ask

- Who has the direct responsibility for Supplier selection/negotiation?
- Are any Direct Materials under contract, if so what materials?
- What Direct Materials are single sourced/sole sourced/multi sourced?
- Are there any current or potential supply issues?
- Are there any current or potential supplier disputes?
- How are Supplier price changes typically negotiated with the Suppliers?
- How are Supplier price increases passed along to Customers?
- Review historic purchase price vs. sales price linkage
- Is there a current Supplier cost tracker and savings scorecard?
- When was the last time you negotiated with your suppliers?

Did You Know Regarding Small Parcel That?

- Your rate with Fed-x or UPS is based upon several critical pricing elements including mode discounts, tier discounts, DIM weight, accessorial and fuel charges and minimum package thresholds.
- Most customers never experience the pricing discounts that were quoted when you signed up for the service due to a lack of understanding how small parcel pricing really works.
- We will take your actual historical spending for small parcel and give you a complete analysis of your elements. We will develop a specific strategy related to these critical elements for your business.
- We will develop target pricing and a negotiating strategy and implement it in order for you to save money on the majority of your small parcel shipments.
- We will execute down to this level of detail for truckload, less-than-truckload, rail, ocean freight, and air type shipments as well.

Our Fees

Our fees are based upon a percentage of your actual savings - not estimated, not we think, not planned.

Actual Savings as validated by your finance team.