

Tall Trees Capital

Maximizing company value



Tall Trees . . .

Provides hands-on business and strategy assistance to help companies, increase cash flows, increase revenues, prepare for fund raising events, and improve operations.

Provides a broad range of operating, financial, sales and turnaround skills and experience to meet the needs of our clients.

Current Trends



Sales -

- Selling to new customers has become tougher than ever
- Small companies have even bigger hurdles
- Selling by referral & networking has increased in importance
- Companies are reselling competitor's products to fill gaps and bring incremental margins on pass-through items.

Operations

- Movement of low value commodity products to China is slowing
- High value, short-lead time products are moving back to US
- Manufacturers are re-assessing their strengths to focus on true value-add
- Gross profit margins are not covering all company overhead
- Companies don't know the contribution profit of each of their products

Trends (cont.)



Marketing

- Reduction in the number of vertical markets to better focus
- Those who reduce marketing have been losing market share.
- Re-positioning, re-positioning, re-positioning

Access to Financing

- Banks walking on egg-shells. Equity Investors are in hiding.
- There is no money to lend, banks don't want to lose their best customers and customers have nowhere to go.
- The value of companies in general and the liquidated value of assets has dropped dramatically.
- With the pending bank consolidation, marginal commercial loans are being liquidated rather than salvaged.

Current Challenges

- Once stable companies now struggle to maintain profitability
- Growth companies need capital to take advantage of market opportunities
- Cyclical financial markets – difficult to access capital
 - Banks experiencing lender fatigue
 - Banks calling loans from companies meeting payment schedules
 - Equity Capital market is shrinking
 - Angel Investors seeking VC-like returns and covenants
 - Corporate/Strategic investing has become rare
- Rising competition
- It takes much longer to close the same amount of business
- Economic volatility and World Instability
- Companies need to maximize their net worth

Common Situations Where we can Help

- ❑ Downward trend - lack of profitability
 - On-going losses from operations. Unable to maintain profitability or address new markets as orders and sales decline.
- ❑ Not enough focus on Operational Improvements
 - Continue to maintain staff while waiting for the next big order.
Continue to produce products that provide marginal contribution.
Have not considered the true value-add of the organization.
- ❑ Cash flow pressures, deteriorating financial condition
 - Inadequate working capital, excessive debt, fixed assets and inventories

Where we can Help (cont.)

- ❑ Too Much Growth
 - High growth can impact balance sheet and extend a company beyond its ability to manage. Many business models require significant R & D and infrastructure investment (fixed & variable) to support revenue growth.
- ❑ Low Growth - Poor Market Intelligence
 - “*We’re going to wait it out!*” Obsolete products or inability to adapt to market’s needs have caused company to miss market opportunity. Results in lack of marketing effectiveness and sales execution.
- ❑ Over-diversification
 - Participating in too many markets

Where we can help (cont.)

- ❑ Poor lender relationships
 - Banks are calling loans. Companies fearing loans will be called delay reporting financial information to banks, adding more fuel to the bank fears.
- ❑ Concentrated customer base
 - Too much business from a few large customers could severely impact company with deterioration of the installed base.
- ❑ Operating without a Business Plan
 - No vehicle to communicate vision, strategy and operating plan to the company, customers, and investors

Tall Trees brings . . .

- Financial and operations expertise to maintain and grow a company's market share, even in declining market conditions
- Process driven approach to assess the challenges and identify financial, operational improvements and revitalization plans.
- Stability to the business - reshape the balance sheet to improve cash flow and reduce risk to investors
- Interim business leadership to augment a company's staff to implement operational improvements

How We Work

1. Identify most pressing business issues
2. Execute – hands-on help to implement improvements

Identify Pressing Business Issues

- Cash flow breakeven
- Increase gross margins
- Reduce operating costs
- Reduce non-value add activities
- Re-energize sales efforts
- Maximize the liquidation value of unused assets
- Prepare for debt/equity fund raising

Execute – Examples and Results

- Led the turnaround and recapitalization of a supply chain solutions company. Rationalized the organization and focused on profitable product lines resulting in a two-fold increase in sales and 30% improvement in margins. Prepared the business plan and raised over \$12 million in new funding.
- Analyzed factory operations and provided the process improvement roadmap resulting in 150% increase in annual revenue for a building products manufacturing company. Optimized the shop floor workflow and how personnel prioritized work to nearly triple the output from their existing assets.
- Realigned the business model and go-to-market strategy for an electronics company resulting in a 400% increase in sales in 2007. Accelerated the launch of a new product through a sales channel to become the market leader.
- Implemented operational and organizational improvements to increase production from existing assets of an automotive assembly facility by 270% - resulting in an increase in annual revenue of over \$100 million. Improved output from 110 to 300 units per hour, with a corresponding improvement in quality and reduction in scrap.

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