

Leading “Mission Impossible” Investment Returns



Boston - Dallas - Raleigh - San Francisco - Tampa

International Steel Distributor

Situation: Comprehensive crisis-to-profitability turnaround of an international steel distribution company that was a major player in the industry, but was at high risk of collapse and liquidation. The company had severely negative net worth and many key employees departed. Meanwhile, the industry was collapsing in the wake of global economic weakness and uncooperative commodity markets. In fact, during the period of the improbable turnaround, the sector’s leading indicator, the US drilling rig count, plummeted by 80%. All stakeholders, from management to equity to the primary secured creditor, had written off the company. Exacerbating the dicey situation, prior management had issued irrevocable bank letters of credit to foreign suppliers at prices more than double current market prices. The majority of the inventory was purchased at the peak price levels, triggering large future losses.

Actions: Under VERTO leadership, the company’s sources of supply were completely re-networked, while sales were drastically repositioned away from small independent oil producers to large companies such as Texaco and Amoco.

Results: In just three years, and against all odds, the company was turned around to growth, profitability and share recapture. The creditors recovered at par and the equity enjoyed a handsome return from the company’s sale at a market premium.