

Financing For A Rapidly Growing CPG Manufacturer

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The Need:

Our client is a private label consumer packaged goods (CPG) manufacturer focusing on home care products with R&D, procurement, compounding and their ability to do custom production runs for clients, positions them as a unique service provider in this sector. With a very experienced management team in place (former senior executive of global food & beverage conglomerate), strong QC and service levels, they have been recognized as "Supplier of the Year" by a major retailer.

While they are experiencing tremendous growth, in particular from a large US-based retailer, an issue they faced in the short run was one of customer concentration. A high percentage of their revenues were being generated by just a few customers and traditional lenders were concerned about concentration risk.

They came to us to source a non-traditional working capital solution that could provide them with quick and easy access to financing for their ongoing working capital needs, and a solution that could seamlessly increase as their accounts receivable and inventory increased to support growth.

The Solution:

Our client needed a flexible and scalable working capital solution from a non-traditional lender that they could use as a bridge while they focused on diversifying their customer base.

The solution we sourced had two components:

- \$1M accounts receivable revolving financing facility at 1.75% pm.
- \$250,000, 1-year bridge term loan at 16% to fund some equipment purchases.

This solution enabled them to grow their business with minimal disruption while positioning them to be able to graduate to a traditional bank.

The End Result:

This solution gave our client the working capital required to meet their strong sales growth while they concurrently diversified their customer base to de-risk the business. And while it is a more expensive debt solution than a traditional bank, the current shareholders did not have to increase their investment to fund the equipment and working capital needed to fund the dramatic growth.

At Isaacs Advisory, we have extensive experience in advising, structuring, and sourcing a wide range of traditional and non-traditional financing solutions from \$100K to \$1 Million for our clients.

For more information on raising financing solutions for a start-up, early stage, growth, in-transition or business in distress, please contact Adrian Isaacs at (416) 835-4511 or aisaacs@isaacsadvisory.ca.