Key Accomplishment Summary

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**Managed the Rapid Growth of an Entrepreneurship while
Establishing and Managing a Family Office**

Situation:

A 14-year-old family-owned women's apparel manufacturer had grown to $30 million in annual revenues and was poised for rapid growth with the initiation into new product categories. Unfortunately, it lacked adequate infrastructure to accommodate growth. Systems were antiquated and woefully inadequate to handle its present size let alone its forecasted meteoric growth. Routine financial matters were handled by expensive outside consultants. Company-sponsored pension and profit-sharing plans were not in compliance with ERISA and had been mismanaged, causing them to lose 75 percent of their value in a single year. The founder's wealth was 100 percent concentrated in the business and there was no plan for diversifying assets, performing income and estate tax planning and developing a vehicle for philanthropic interests.

Action Plan:

- Developed and instituted benchmark financial reporting systems for the design, sales, production and distribution departments that improved analysis and measurement of operations. Refined product standard cost measurements that improved gross profit margins across all product lines. These new reporting systems coupled with improved financial management yielded a 50 percent savings on the use of outside consultants.
- Managed and led the implementation of new proprietary information technology systems and employee training, including the installation of ORACLE financial software resulting in cost savings of $5 million over an eight year period.
- Established investment policy standards for the pension and profit-sharing plans in compliance with ERISA. Engaged investment managers and consultants, successfully growing value from $6 million to over $90 million.
- Designed a comprehensive program of estate and tax strategies for the founder, including conversion from a C corporation to a Subchapter S corporation. This tax strategy provided the capital necessary for the diversification of the principal's interests, amassing more than $500 million in unleveraged real estate and becoming a lead investor in a major league baseball team.
- Implemented a tax strategy transferring ownership of real estate to the second generation without giving up income or incurring estate taxes through the use of a Guaranteed Remainder Annuity Trust (GRAT).
- Created a family foundation through which philanthropic interests were funded.

Results:

New financial management tools and proper infrastructure allowed the company to promote high margin products and achieve success in growing the company more than six-fold. Revenues grew from $30 million to over $300 million; employees increased from 150 to 1,500. The founder was able to achieve diversification and retain large cash reserves for personal investments without giving up any control of his business. Sophisticated estate tax planning allowed for the passing on of accumulated wealth to the second generation without massive estate tax issues that could possibly force heirs to sell the business to satisfy potential estate tax bills.