



CASE STUDY

Construction Company Comes Roaring Back With Bonding Capacity Help

BACKGROUND

For 40 years, this family-owned Midwest construction firm had grown steadily, helping to build highways, city streets, apartment complexes, subdivisions, lakes, golf courses and buildings. Three generations worked in and on the business, and they employed 20 to 25 people.

Issue

The “Great Recession” of 2008 hit the firm hard. As a grading and excavation contractor, the company owned a lot of heavy equipment. While the payments continued, new business fell off. Their balance sheet was upside-down in 2011, and they were almost out of business when a new opportunity for a large project came up.

SOLUTION

There was just one catch. That new project also needed a large bond, and their current underwriter could not secure the amount needed based on the shape of their financials. They knew us at The Miller Group and reached out to see if we could help.

We advised them on some strategies to improve their balance sheet. We also got creative in presenting their case. We have relationships with many bond underwriters, and we were able to bring one of them to the company’s job site so the construction company leaders could tell their story in person. They conveyed their reliability, their work ethic and their commitment to saving the family business. They also discussed plans to cut back on overhead and restore their stability.

OUTCOME

We were successful in securing a bond, and the company got that big job. They were quickly able to pay off their debt, purchase new equipment and hire more employees. Since then, their revenues have doubled. When they called us in 2011, their debt was more than 10 times their equity. Today, they have equity and working capital of more than \$1 million. Looks like they’ll be around for yet another generation!

Thanks to the bonding we helped them secure, the company recovered from the brink of bankruptcy. They got that big job, and they haven’t looked back. Their revenue has doubled, and they have a very strong balance sheet.