

## Driving Profitability...

### The Company

This Keystone client is a \$170 million, publicly held, truckload carrier.



The company provides nationwide transportation of diversified freight, concentrating primarily on the flatbed segment of the truckload market. Its fleet is made up of both company drivers and owner-operators operating in a network consisting of 23 terminals and commission agencies throughout the United States.

### The Situation

The company had recently experienced a period of strong sales growth primarily fueled by acquisitions. However, serious financial and operational issues surfaced when the acquired entities were not properly integrated into the existing infrastructure.

Profitability deteriorated, resulting in cumulative negative earnings before taxes of \$24 million over the most recent three years. Adding to the company's problems was the alarming decline of its driver fleet, which had decreased by more than 20% and affected the company's capacity to haul freight. Additionally, the company breached its loan covenants and its lender began to question the future viability of the business.

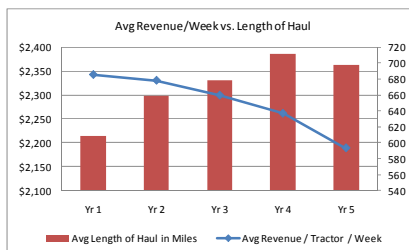
### The Approach

At the recommendation of the company's financial institution, Keystone was engaged to conduct a Diagnostic Review of the business in order to identify opportunities for improvement.

As a result of the Diagnostic, close to \$6 million in financial improvement opportunities were identified.

These included:

- Developing a lane flow strategy



- Consolidating terminals while preserving driver fleet and avoiding customer loss
- Improving asset productivity
- Reducing maintenance expenses
- Improving driver turnover through hiring & retention initiatives
- Reducing overhead
- Addressing organizational issues

Keystone and management presented the turnaround plan to the company's lenders and secured their support.

With the support of the Board of Directors, Keystone was subsequently engaged by management to assist the company through the implementation of its recommendations.

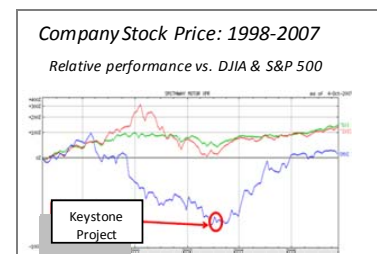
### The Results

Within six months of starting the implementation effort, the company was on track to realize more than \$7 million in annualized benefits, surpassing the initial savings estimate by over 15%. The company delivered \$2 million in positive EBT in the first year following implementation.

Based on the demonstrated performance improvement, the company was able to renegotiate favorable loan covenants with its lender and renew its critical insurance contract.

### Sustained Success

Having sustained its performance improvements, the company then completed a successful transaction at a significant premium with a larger competitor.



*"Keystone was instrumental in providing the analytical resources necessary to assist us in making management decisions to affect our business turnaround. They also provided the templates for identifying key initiatives and the disciplined approach to implement them. As a result, our business went from a severe loss position to a profitable position in nine months."*

- President & CEO