



Company: American Furniture Manufacturing, Inc.
Location: Pontotoc, MS
Sector: Manufacturing
Investment Date: September 2001
Exit Date: June 2004
Transaction Type: Leveraged Recapitalization

Company Description: American Furniture Manufacturing, Inc. ("AFM") was one of the country's largest manufacturers of residential upholstered furniture focused exclusively on promotional price points.

Background: AFM was a very rapidly growing business, having achieved \$100 million in revenues in just four years. The company's CEO/Founder was eager to diversify his personal wealth while partnering with a private equity firm who could help him professionalize the company's systems and processes.

Post-Acquisition Initiatives

Management Augmentation

- Recruited an experienced CFO to build a finance department to replace an outsourced function.

Organic Growth

- Doubled productive capacity and warehouse space by expanding an existing facility and purchasing a new facility.
- Introduced a complete motion upholstery line to complement the company's stationary product lines.
- Expanded trucking fleet to meet demand.

Tracking Critical Metrics

- Prior to acquisition worked with a national accounting firm to perform the first ever financial audit of the company.
- Brought all financial functions in house, including payroll.
- Implemented management systems which were non-existent at acquisition.
- Implemented product costing.

Operating Results: Revenue increased 55% and EBITDA rose 44% while strong cash flow resulted in the elimination of nearly half the acquisition debt.

Outcome: The company was sold to a private equity consortium of Hampshire Equity and Hunt Private Equity. The buyers had their own management team which allowed the CEO to reach his objective of complete liquidity and retirement.

AFM Board Members

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