

Grow Michigan Success

By Russell Long

Grow Michigan (“Grow MI”) was formed in 2012 to grow jobs and strengthen the small business community in Michigan. Since inception, it has deployed \$51.1 million to companies that have helped increase and sustain jobs in Michigan. Below are just a few examples representing Grow MI successes and dedication to its charter.

A 52-year-old manufacturing company in Oakland County with \$23 million in sales and over one hundred employees in Michigan, in conjunction with a regional bank, approached Grow MI to provide \$2.25 million of subordinated debt to replace existing seller financing and payoff an earnout. The recapitalization of the company would allow it to grow revenues and the job force without additional capital expense. Grow MI’s anticipated exit strategy was to be paid off with improved cash flow or to be replaced by the senior lender. In less than three years, Grow MI was taken out by the existing senior lender.

A 30-year-old service company in Western Michigan with \$10 million in sales and approximately 100 jobs in Michigan needed to refinance to replace the existing lender, payoff a private investor and additional working capital. Grow MI, in conjunction with a senior lender, was able to provide a \$1.25 million subordinated investment. The company was able to increase sales and increase jobs in Michigan. In less than three years, the company generated enough cash flow to pay Grow MI in full.

A large regional bank approached Grow MI regarding a die-cast and machining company to provide \$1.2 million subordinated debt to facilitate a consolidation of operations from both inside and outside of Michigan to two Michigan facilities. The 50-year-old company had 150 employees in two states. With Grow MI’s support the relocation allowed the company to realize lower costs and improved profitability as well as increased capacity while creating new jobs in Michigan. Grow MI’s exit strategy was anticipated through improved cash flow and payoff or a buyout by the senior lender. Grow MI was paid off by the senior lender in less than three years.

Companies who needed a little time to stabilize and grow operations in Michigan benefited by the use of subordinated debt, provided by Grow MI, in conjunction with a senior debt provider. Jobs were maintained or created and profits increased. The examples above are a sampling of the types and size of transactions Grow MI can fund.

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