



## CASE STUDY: TRANSPORTATION INDUSTRY

# How Hilco Performance Solutions Helped Convert The Purchase of a Faltering Truck Leasing Operating Company Into Financial Success

### BACKGROUND

In May of 2020 Hilco Valuation Services and Hilco Receivables purchased the assets of 19th Capital Group, a distressed provider of asset financing and fleet management solutions for operators of Class 8 fleets across the North American trucking industry. The purchased assets included a fully equipped industrial shop space, ~1,700 idle trucks and ~2,050 trucks on active lease. Hilco was able to retain ~50 employees as part of the purchase and establishment of the new fleet management operating company, H19 Capital.

### PROBLEM STATEMENT

Hilco Performance Solutions (HPS) was tasked with managing H19 Capital's assets & operations. This included management of the fully equipped repair and maintenance shop, idle truck sales, and active truck leases. Due to multiple changes in business ownership over recent years, the new H19 operating company was left without transitional CEO or CFO leadership and no unified companywide direction. Furthermore, H19 Capital's operational procedures & reporting were outdated and inefficient.

### SOLUTION & IMPACT

As the first order of business, HPS leveraged not only its own staff for



interim leadership roles within the new operating company but added tenured staff from Hilco's Valuation Services and Receivables operating companies. Each new leader seconded into the business helped create new goals, objectives and focus areas for the retained employees in their functional areas where they have a deep level of expertise.

Next, gaps in existing operational procedures and reports were identified and addressed with the overarching goal of minimizing operational costs while maximizing the value of the assets purchased. Stringent approval channels were implemented to scrutinize every business cost. Additionally, all staff were trained to identify and call out observed redundancies which resulted in additional reductions across insurance policies, IT contracts, rental agreements, facility, and people costs. They tracked every idle truck sale, pushing the H19 sales staff to scour the market for the highest and best prices to place the

idle trucks to ensure they were always outperforming deal expectations.

As many of the assets are sold and the company winds down over time, HPS continues to actively identify ways to right-size business operations to match the fleet at hand. To date, this has included lowering fixed labor costs by outsourcing of the mechanic shop to a third-party dealer, exiting underutilized rental locations, increasing use of the auction sales channel, and reducing vacant office space. Constant monitoring of company financial performance via weekly dashboards has also enabled the business to maintain a highly accurate forecast model.

The exceptional post acquisition results of H19 Capital demonstrate the capability of Hilco Performance Solutions to drive down costs while optimizing operational efficiency on behalf of their clients.

## DEAL DETAILS

### Transformation Timeline

May 2020 - Present

### Deal Type

Business Transformation following Acquisition

### Industry

Transportation and Truck Leasing

### What We Are Doing

Operational Improvement, Cost Reduction and Right-Sizing to manage the ongoing reduction of the fleet on hand as assets are monetized.

### Related Services

Asset Valuation  
Lease Receivables  
Restructuring Plan & New Opco Management

### AMOUNT

**\$45-60 Million**

### Hilco Taskforce

Hilco Valuation Services  
Hilco Receivables  
Hilco Performance Solutions

## MEET OUR TEAM

Hilco Performance Solutions specializes in identifying and addressing operational gaps to achieve efficiencies and drive optimal financial performance, and delivers host of other supply chain, commercial, operations, people and project management solutions. We specialize in asset intensive businesses and have vast experience assisting middle market companies with revenues ranging from \$20 Million to > \$1 Billion.



**Steven Tanzi** Sr. Managing Director & President  
Hilco Performance Solutions  
847.504.2468  
[stanzi@hilcoglobal.com](mailto:stanzi@hilcoglobal.com)



**David Dye** Managing Director  
Hilco Performance Solutions  
630.605.5779  
[ddye@hilcoglobal.com](mailto:ddye@hilcoglobal.com)



**Mallory Rittgarn** Director  
Hilco Performance Solutions  
847.504.2468  
[mrirtgarn@hilcoglobal.com](mailto:mrirtgarn@hilcoglobal.com)

*“Thorough diligence and a collaborative working relationship with the seller enabled development of an improvement and restructuring plan that has empowered us to operate the company with great success. We are significantly exceeding our own forecast on operating this business, which is, among other factors, a tribute to our deep understanding of the transportation industry’s historic performance.”*



Mallory Rittgarn  
**Director, Hilco Performance Solutions**