



# Management Profile: Duane Wolter, CPA

Duane Wolter is a "triple threat" – pedigree CFO, certified forensic accountant, and hands-on operator – whose experience encompasses strategic planning, operational reviews, crisis management, forensic analysis, expert witness assignments, specialty audits, due diligence, and mergers and acquisitions. Workouts and distressed operations are a particular specialty.

Previously, Duane was Executive VP of Finance of Ames (a \$5 billion discount retailer) and CEO of Ames' Murphy Division where he completed the consolidation of the Zayres stores (\$3 billion). He was also VP of Finance of The Home Depot.

During his quarter-century career in the retail industry, he completed eight acquisitions, two divestitures, one IPO, and \$3 billion of public and private financing.

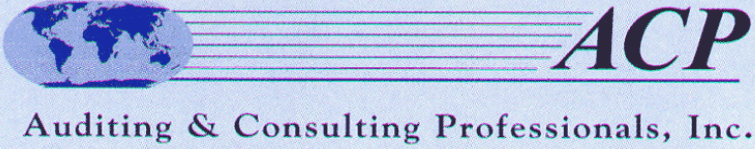
Early in his career he was audit manager for Arthur Andersen & Co. From 1976 until 1979 he was assistant controller for May Department Stores (\$10 billion) and returned to May from 1990 until 1994 as Senior VP of Finance of Hechts Department Stores (\$1.3 billion).

His project experience includes systems selection, design and implementation of merchandising, financial, warehouse and store systems and analysis and profit improvement in the health care and educational fields.

Mr. Wolter has also provided retail, fulfillment, accounting, risk assessment and financial analysis and funding alternatives to the advisory boards of and to the Board of Directors of several start up and mezzanine businesses including those operating in the e-commerce and e-retailing industries.

As a co-founder and Chairman of ACP forensic accountants <http://www.auditpros.com/>, Duane has the additional resources of a strong forensic team to call upon as needed during the due diligence of potential CCA acquisitions.

Duane is a Member of the American Institute of Public Accounts and Diplomat and Member of the American College of Forensic Examiners. He is also a member of Marquette University's Presidents Council; Financial Executives International; and, the Audit Committee of the School Board of Broward County Florida.



Our Mission Statement	<b>Forensic Accounting</b> <i>What does it mean and what can you expect from an examiner?</i>
Profit Recovery Division	Member American College of Forensic Examiners Member of the American Board of Forensic Accounting
Business Consulting Division	An expert in the examination of accounting, financial and related records in comparison to expected or planned procedures or results and observed behavior and methods to achieve the state goal of answering the stated question as to value, fraud, or explanation.
Our Successes	Usually answering the question is beyond the experience or skills of an ordinary CPA or management accountant.
What is Forensic Accounting?	Services include support of selected judicial procedures. This may or may not include expert testimony. To be capable of providing this professional service, a Diplomat must: Recognize the application of general concepts and aspects of judicial procedure, discovery, and admissibility of evidence to forensic accounting work.
Corporate Debt Management	Administer the responsibilities of forensic accounting associated with the dispute process, including alternative professional standard. Know applicable forensic accounting professional standards and principles of practice issued by FACE and the AICPA.
Mergers and Acquisitions	Apply various investigative and information gathering techniques; document management and control, financial modeling, damage analysis, techniques to recover judgments and report development and delivery.
Buy-Sell Agreements	Expert witness skills; maintain control during depositions and trials, strategies for maintaining control of the opposition, understand how to influence juries and prepare interrogatories and deposition question posed to the opposition.
A Winning Business Plan	
The Principals of ACP	
A Letter From Duane	



## Career Highlights

Chief Operating Officer, BSF, Inc. (Honolulu & Hilo, HA), a \$50 Million Hardware and Craft Store Retailer – he assumed responsibility for a profitable hardware store operation and an unprofitable (for 10 years) craft store operation. In 18 months, he transformed the craft division into a profitable operation (10% of sales) and continued the growth of the hardware division against 3 new Home Depots and one new Lowe's warehouse stores. He built continual annual double-digit comp store sales increases in both divisions through improved focus on target customers and customer service, introduction of exciting new products and highly creative and cost effective promotional programs. Opened first new store in 20 years and first store located outside Hawaii.

Senior VP, Finance and CFO for L. Luria & Sons, a \$200 million Catalog Show Room retailer – he reduced expenses by over \$7 million per year and inventories by over \$12 million while introducing a highly successful private label credit card program.

Senior VP, Finance of [Hecht's](#), a Division of [May Department Stores](#), a \$1.3 Billion Sales Department Store Retailer – in two months, he successfully merged the back office operations of a 20-store department store division with \$180 million in sales, consolidating the private label credit card systems and issued new cards to over 1.2 million customers.

For [Ames Department Stores](#), as Executive VP, CFO and Murphy Division CEO, a \$5 Billion Sales Discount Retailer - he improved earnings by 75% in the first two years, and completed \$500 million of public and private financings. Additionally, he accomplished the consolidation of a 200-store discounter, with \$3 Billion in sales; eliminated \$40 million of redundant administrative expense, and restructured their \$2.1 Billion balance sheet, ultimately selling their Murphy Division 70-store retail with \$165 million in sales.

For McCroy Stores, a \$1.4 Billion Sales Variety Store Retailer, as Senior VP, CFO and Wholesale Division President, he completed the merger of a 400-store discount retailer acquisition, with \$900 million in sales while increasing sales and earnings by 25%, at their Wholesale division, which had \$50 million in sales.

### Measuring Success: One Project at a Time

**Regional food retailer** – managed implementation of \$12MM financial systems components, trained staff to use the new systems.

**Large software support and consulting company** – Fortune 500 customer base, but large negative cash flow due to excessive staffing, inadequate product and service pricing and inefficient customer focus. As acting CFO, Mr. Wolter restructured and reduced staff, updated billing terms, established and enforced internal controls, scrubbed the financial records, began accurate monthly reporting, replaced senior management and negotiated terms with the IRS for payment of past due amounts. He achieved positive cash flow in 3 months and restored investor confidence to obtain \$1 million of new equity investment.

**Medium sized designer and importer of electronic gaming accessories** – Fortune 1000 customer base, substantial revenues, negative cash flows and minimal trade debt because of use of Letters of Credit for merchandise imports to improve their cash flow. In 60 days, improved turn over of receivables, reduced inventory and negotiated expanded lending terms with lending bank. Their COO stated, "We wouldn't be here today without ACP!"

**2nd largest USA food retailer** – developed the financial criteria to maximize inventory investment for warehouses as part of the design of a new purchasing system for warehouse purchases.

**Regional discounter** – reduced inventory shortages from 3.9% to 2.1% of sales within one year through analysis of results to identify high risk activities and then focus loss prevention budget dollars to maximize return and accelerate results.

**Medium sized retailer** – headed team that implemented JDA and JDE in 120 days, including testing, training and operations control.

**Electronics wholesaler operating in bankruptcy** – developed the strategy to gain acceptance from creditors for the sale of the assets to a competitor. Assets were successfully sold from bankruptcy, creditors recovered over 72% of their outstanding debts within three months.

**Large retailer** – accounts payable department in gridlock because of rapid growth, weak systems and poor workflow. In three weeks, without system support, Mr. Wolter analyzed processes and redesigned workflow and changed staff assignments resulting in accurate payments to vendors. In two months, retailer was 95% current on vendor payments.

**Fortune 500 company** – was under investigation for possible criminal violations of Federal Statutes based on alleged non-compliance with EPA requirements. Within two months, Mr. Wolter's team of five consultants manually compiled a database of over 124,000 data elements to document the company's compliance for the prior six years, along with providing hard copies of the actual records.

**Cruise Line** – developed the actual cost records for new perpetual inventory system for repair parts for fleet of ships. Database of 100,000 data elements for 12 ships had to be constructed from hard copy records on a last cost basis. Records were subsequently audited by the company's outside accounting firm without exception.

**Large Retailer** – analyzed, documented and redesigned the workflow and internal controls over accounts payable processing for a large retailer. Recovered \$2.0MM in prior overpayments caused by missed discounts and allowances.

VP of Finance for [Home Depot](#) – he completed the acquisition and merger of a \$90 million in sales, 15-store warehouse retailer, along with negotiating and placing a \$200 million working capital revolver. Further, he built the infrastructure that supported a 500% increase in sales from \$200 million to \$1 Billion and beyond. This infrastructure remains in place today, supporting \$80 Billion in sales.

Vice President, Corporate Controller for H. J. Wilson, Company, the \$600 Sales Catalog Showroom Retailer – he completed the acquisition and merger of a 30-store retailer with \$150 million in sales, converted from NCR to IBM computer mainframe and built the infrastructure to support a 300% increase in sales from \$200 to \$600 million.

Assistant Controller for May Department Stores, the giant \$10 billion in sales Department Store Retailer – he was responsible for corporate planning and SEC, stockholder and financial reporting, along with the acquisition and merger of a 25-store for \$180 million in sales retailer and the divestiture of a 100 store, \$100 million sales division.

Duane began his career as an Audit Manager for Arthur Anderson & Co. During his career, he acquired Turn'style, Leeds, Bowater, TG & Y, Thalheimers, Zayre and HomePlace, on behalf of his employers for a total of \$5 billion in sales at a cost of only \$1.46 billion, an average 29.2% acquisition cost.

Duane Wolter Transactions					
Selected Acquisitions					
<u>Year</u>	<u>Acquirer</u>	<u>Acquired</u>	<u>Sales (\$)</u>	<u>Cost (\$)</u>	<u>Banker</u>
1977	May Depart Stores	Turn'style stores	180,000,000	100,000,000	
1982	H J Wilson	Leeds	150,000,000	75,000,000	
1985	Home Depot	Bowater	90,000,000	60,000,000	
1986	McCrory	TG&Y	900,000,000	250,000,000	
1992	May Depart Stores	Thalheimers	180,000,000	125,000,000	Goldman Sachs
1998	Ames	Zayre	3,000,000,000	600,000,000	Drexel Burnham
2000	Waccamaw	HomePlace	500,000,000	250,000,000	
Selected Financings					
<u>Year</u>	<u>Financing</u>	<u>Company</u>	<u>Amount (\$)</u>	<u>Banker</u>	
1977	Debentures	May Depart stores	50,000,000	Goldman Sachs; EF Hutton	
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1981	Convert Debentures	H J Wilson	1,600,000	Paine Webber; Howard Weil	
1985	Revolver	Home Depot	200,000,000	Security Pacific Bank;	
1987	Revolver	Ames	230,000,000	Bankers Trust	
1988	Term Loan	Ames	425,000,000	Citicorp	
1988	Revolver	Ames	475,000,000	Citicorp	
1988	Subordinated Notes	Ames	200,000,000	Drexel Burnham; Wertheim	
1989	Mortgage Notes	Ames	38,500,000	Salomon Bros.	
1989	Convert Debentures	Ames	135,000,000	Merrill Lynch; Shearson Lehman	
1994	L Luria	Revolver	30,000,000	SunTrust	
1998	Senior Notes	Ames	40,000,000	Wertheim Schroeder	
2003	Revolver	MVL (Hawaii)	35,000,000	City Bank	
Divestitures					
<u>Year</u>	<u>Seller</u>	<u>Sold</u>	<u>Sales (\$)</u>	<u>Selling Price</u>	<u>Banker</u>
1978	May Depart Stores	Catalog showroom	100,000,000	40,000,000	Goldman Sachs
1989	Ames	GC Murphy Stores	165,000,000	90,000,000	Wertheim Schroeder

*Over the many years that I've served as an accountant, senior corporate executive, business advisor, and consultant to a wide range of businesses, I've observed that successful owners and managers have one trait in common...*

*They are no-nonsense leaders with entrepreneurial spirits who value the role of experienced guides to help them keep their companies on the path toward success.*



Duane Wolter

The Teton Sands Group *is* seasoned C-level managers with partner-level “big-six” experience.

We bring ideas and best practices from numerous industries to your business. You experience the creativity and communication skills of “practiced operators” – never of freshly minted MBA’s.

Quick turnaround, challenging assignments are our specialty. We subordinate our ego to help build client capabilities and skills. You fully participate in the process. We care for our clients as people and organizations, even when we are not serving them.

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