Success Stories Series - Part 1

Strengthening Financial Resilience through FCCR Improvement

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Financial resilience is one of the most important factors in sustaining growth, especially during periods of economic uncertainty. For lenders and investors, the Fixed Charge Coverage Ratio (FCCR) is a key measure of a company's ability to meet its fixed obligations. In this success story, we look at how one mid-sized services company improved its FCCR and strengthened its financial position for the future.

The Challenge

The company was experiencing steady revenue but rising debt obligations and lease expenses were tightening liquidity. Lenders had started raising concerns, pointing to the company's decline in FCCR as a potential risk factor. Without action, the business faced higher borrowing costs and reduced access to capital.

The Approach

To address the issue, the leadership team took a proactive approach:

- ✓ Debt Restructuring – Refinanced high-interest loans to reduce monthly obligations.
- ✓ Expense Management – Reviewed fixed costs, renegotiated lease terms, and identified non-essential expenses to cut.
- ✓ Cash Flow Optimization – Adjusted billing cycles to accelerate receivables and improved payment terms with suppliers.
- ✓ Operational Focus – Streamlined processes to preserve margins without sacrificing service quality.

The Results

Within 12 months, the company's FCCR improved significantly, rising above the minimum thresholds required by its lenders. This not only restored confidence but also positioned the business to secure more favorable financing terms for future expansion.

Key Takeaway

This success story demonstrates that improving FCCR isn't just about reducing costs—it's about aligning financial strategy with long-term stability. By addressing issues early, the company was able to regain flexibility, strengthen stakeholder confidence, and prepare for sustainable growth.

Todd Wyles Direct: 443-629-8871 Email: twyles@optimusgroup.com