

The Business Support Program Case Study #7

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INDUSTRY / TYPE OF BUSINESS:

Manufacturer of a patented, quick change tooling system for the electronics industry.

Background Engineer-owner running a three-year-old company with limited business experience. The owner has a major investor in the company who is providing all the accounting at a remote site. Revenues have grown in each of the past three years, a remarkable feat considering the industry almost came to a standstill during a downturn. Revenues were just short of \$1M in 2003. Owner has done a good job of outsourcing what he doesn't have expertise in, including sales, finance, marketing, and manufacturing. The company has made significant inroads into its industry and has established its brand well.

Issues The owner did not know if the company was making money, or how. Since all accounting was being performed by the major investor (who owns and manages a \$40M distributorship of electrical, pneumatic, hydraulic, and power system products), the owner had no financial measurement tools to monitor his business. Additionally, although outsourcing the sales function to a manufacturing representative group was a good idea, the owner had lost control of the group and felt they were becoming complacent in their efforts. The owner wanted to grow the business, but he did not have a business plan or any other mechanism by which to direct the growth of the business. The company lacked systems and processes to address the day-to-day operational functions of the business. Fire drills were commonplace and personnel were frustrated with what they perceived as incompetent management.

Business Support Plan

1. Gain insight and control of the financial performance of the company and ensure a cash flow that supports the operations.
2. Develop a strategic plan for growth.
3. Personnel development to insure alignment to the company's vision.
4. Develop and implement systems and procedures to leverage company's resources.
5. Develop a marketing strategy to build the brand and generate leads.
6. Develop a sales strategy that produces results to meet the owner's objectives.

Benefits to Business Owner Under the Business Support Program and with help from the Executive Associate, the owner became empowered with his new found financial insight into his company. The major investor was also pleased with results. The owner found significant savings in some of the cost of goods sold and saw margin improvement across the board, primarily because he was able to pay attention now. Sales increased by 20% with a goal of a 30% increase. The owner was confident that he would achieve this goal with the new sales management procedures in place. He has set objectives with milestone dates, and reviews the company's health on a periodic basis to ensure the company is on track.



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