Case Studies

Client: Hurricane Shutter Manufacturer

Project: The Company had strong sales, but lost money three years in a row.

Sales: $3.4 million

Employees: 56

Elements:

- Weak Management team.
- Installation team could not keep up with sales causing a 15-month backlog in sales.
- One of the managers and four other employees were stealing hurricane shutters.
- Sales Manager was working 20 hour work weeks with a poor attitude.
- Poor financial and operational reporting.

Turnaround Summary:

- Terminated two members of the management team.
- Promoted two employees to supervise the installation teams in the field.
- Implemented Incentive programs to reward productivity.
- Implemented operational reporting for the installation and manufacturing department.
- Eliminated all overtime hours worked and paid.
- Installed security cameras in the warehouse to stop all employee theft.
- Implemented weekly management meetings to promote better communications with the management team.
- After proper market research, increased product pricing by 20%.
- Reduced sales backlog from 64 weeks to 13 weeks within the first three months.
- Negotiated better pricing for materials used for manufacturing.
- Negotiated a new line of credit with bank
- Implemented a monthly/quarterly/annual operating budget.
- Implemented weekly flash reporting.

Turnaround Results:

- Sales increased from $3.4 million to **$7 million** in the first year.
- The company went from a loss of ($297,000) to **a profit of $1,050,000**.

- The company signed a deal with a home building developer for $4.8 million.
- The company now operates with a strong management team.
- The company has excellent operational and financial reporting.
- The owner's son is being mentored to take over the management of the company when the owner is ready to retire.

Client: Computer Reseller of Hardware, Software and Service

Project: The Company was very poorly managed by the owner and lost ($1.2 million) during the prior 12 months.

Sales: $50 million

Employees: 48

Elements:

- Weak and fragile Management team
- Service department delivering poor service to customers
- Non-performing sales department
- Inventory levels too high with no internal controls or security
- No operational reporting
- Substandard financial reporting

Turnaround Summary:

- Recruited and hired a new service manager
- Implemented a new sales commission program
- Implemented a new sales referral program with the service department.
- Implemented a customer survey program in the service department
- Terminated the non-productive training manager
- Developed and implemented an annual operational budget
- Assigned the salespeople ten customer large company targets to call on
- Implemented weekly sales staff meetings
- Implemented weekly service department meetings

Turnaround Results:

- Sales increased from $50 million to **$110 million** in the first nine months. Reporting the sales for the nine months because the company was sold. The company was on a run rate to do approximate $150 million in sales, a 300% increase.
- The company went from a loss of ($1,200,000) to **a profit of $800,000** in the **nine months**.
- The company signed a deal with a customer to sell them $20 million in computers and software.
- The company's service department was staffed with a team of highly knowledgeable technicians that grew the sales by 250% and profits by 500%.
- The company now operates with a strong management team with monthly, quarterly and annual goals.
- The company has excellent operational and financial reporting.
- The company which was a franchise was sold at a premium back to the franchisor due to the strength of the sales growth and profits

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Client: Geotechnical Engineering Firm

Project: The Company had reported losses of $800,000 for the prior two years.

Sales: $30 million

Employees: 140

Elements:

- Father (CEO) and son (President) ownership with a weak relationship.
- CFO did not have the skills or ability to manage the financial responsibilities of the organization.
- The company had eight regional offices in which the owners rarely visited.
- No operating budget.
- Poor control over the company's assets.
- Overstated number of company vehicles on insurance schedules and therefore over paying insurance premiums.
- Employees using company credit card for personal purchases.
- Employees using company vehicles for personal use.
- Regional offices were competing against each other for same business.
- No financial accountability by the branch managers.
- No management meetings between headquarters and branch managers.

- Overtime work and pay was out of control.

Turnaround Summary:

- Replaced the CFO with a financial manager with the skills and ability to handle the CFO position.
- Upgraded financial and operational reporting.
- Implemented weekly management meetings hosted at a different branch each week.
- Created a “Mastermind Group” for the company’s branch managers to exchange “best practice” ideas to maximize the financial results at each branch.
- Created a branch operations manual to be followed by each branch manager.
- Implemented an operating budget to be adhered to by headquarters and all the branches.
- Implemented profit sharing with the branches to incent the managers to operate their branches profitably.
- Implemented financial reporting by services offered and compared the financial results by the branches to implement profit improvement changes in personnel and procedures.

Turnaround Results:

- Sales increased from $30 million to **$37.5 million** in the first year.
- The company went from a loss of ($800,000) to **a profit of $775,000** in the first year.
- Upgraded the CFO and three branch managers to improve the management of the organization.
- Cleaned up insurance schedules and reduced annual premiums by $55,000 and received a refund of $64,500 of overbilling for prior years.
- Reduced workmen’s compensation insurance by $90,000 by correcting misclassified employees.
- Implemented internal controls over company credit cards, personal use of company vehicles, and several operating expenses to reduce annual operating costs by more than $950,000.

Client: Wholesale Distributor to convenience stores

Project: The Company had reported losses of $6,000,000 for the prior year.

Sales: $475 million

Employees: 600

Elements:

- The company ($45 million in annual sales) merged with a larger company ($430 million)
- CFO, VP of Purchasing, and COO did not have the skills or ability to manage the financial and operational responsibilities of the larger organization.
- The company had three regional facilities (New Jersey, New York, and Massachusetts).
- Immediately after the merger, the company lost $500,000 per month for 11 straight months.
- No operating budget.
- Poor control over the company's assets.
- Overtime work and pay was out of control.

Turnaround Summary:

- Upgraded the management team by recruiting and hiring a new qualified CFO, COO, and VP of Purchasing.
- Met with top twenty vendors to negotiate better prices for purchases raising profit margin by 6%.
- Signed a three-year contract with a national customer for $475 million to deliver 550 stores.
- Reduced operating costs at all three facilities by $3.2 million by improving controls over expense control.
- Reduced payroll by 60 (10% of total headcount) employees even during aggressive sales growth period.
- Negotiated better payment terms with top vendors improving cash flow by $4,000,000.
- Reduced inventory levels by 15% while improving out of stocks improving cash flow by $5,000,000 and upgrading customer service to the customers.

Turnaround Results:

- Sales increased from $475 million to **$1.2 billion** in two years.
- The company went from a loss of ($6,000,000) to **a profit of $9,000,000** in the second year.
- The company had a management team that was able to grow and manage the billion dollar organization.
- Each of the three facilities were equally profitable and operated with strict budgetary controls.
- Customer service levels were rated as top in the industry.
- After the second year of record sales and profits, the company was sold to a competitor at a premium sales price.

Client: Sheet metal and Commercial Roofing Company

Project: The Company had reported losses of $675,000 for the prior year.

Sales: $60 million

Employees: 75

Elements:

- A family-owned business that the father was passing down the business to son.
- Son was not groomed to manage the business once the company was turned over to him.
- The company won many bids for large commercial work, but could not complete a job profitably.
- Inferior financial management without the skills to manage the financial department for a company of this size.
- Very poor financial and minimal operational reporting.
- Job costing for each job was inaccurate and unreconciled.
- The company had excessive overtime pay.
- The project managers were not accountable for the profitability of the jobs they were assigned.

Turnaround Summary:

- Upgraded the financial manager by recruiting and hiring a new qualified Controller.
- Improved the job costing reports to be accurate and capture all costs timely.
- Analyzed each current project to determine the problems and issues causing each to lose money.
- Implemented a profit sharing program to share profits with project manager and crew for profitable jobs.
- Reduced each crew by one worker and did not increase the time allowed to complete the job.
- Stopped all overtime work and pay.
- Reduced the amount payroll hours allowable for each job enforcing productivity of the crew.
- Supported the professional growth of the new President (Son) as to what he should be doing on a daily basis managing the management team.
- Implemented weekly management meetings.
- Implemented weekly job review meeting with the President and each project manager.

Turnaround Results:

- Sales increased from $60 million to **$72 million**.
- The company went from a loss of ($675,000) to **a profit of $472,000**.

- The company had a strong management team that participated in the profitability of the business.
- Each Project Manager was responsible for the profitability of his jobs and shared in the success and profitability of each job with his crew.
- Overtime pay work and was eliminated.
- Jobs were completed on time and on or below budget.