

The Business

This well-established local electrical contractor carried out installation and maintenance work primarily for commercial customers and local government establishments such as schools.

The Problem

The business had an opportunity to develop a niche market in energy-saving lighting. They had been awarded an exclusive license to install a product which allowed fluorescent tubes to be replaced with lower-energy versions. The work attracted government grants and interest-free loans and so was very attractive to potential clients, especially those with hundreds or thousands of these lights. The license covered a large territory and required the company to achieve certain sales levels to retain it. The average project was forecast to be ten times the value of previous projects and the material element (the new equipment) formed a large part of the cost. The owner could see that this was a huge opportunity but was very worried by the cash flow, financing, HR, operations and management challenges of a potential ten-fold growth in his business.

The Solution

Following initial review and discussions we helped the owner to:

1. Develop and implement a marketing strategy that allowed him to focus his limited marketing and sales resources to deliver controlled growth;
2. Develop operating manuals and procedures so that he could use sub-contractors to carry out installations without increasing fixed costs ;
3. Model and understand the cash flow implications of various growth scenarios and the benefits and risks of the options for financing (loan, investment, factoring or overdraft);
4. Put all of this together in a business plan that could be presented to potential lenders and investors.

The Result

1. The business launched its marketing campaign and signed up its first clients during the actual engagement;
2. The business owner has a marketing plan in place that sets out the proposition, target markets, promotion and other activities, and budget for the next year;
3. The business owner has a clear plan to guide him through what needs to be done during the next three years of growth and the confidence that all major eventualities have been addressed;
4. The bank was impressed with the business plan and agreed to provide appropriate funding to support the planned growth.

The Business

A long-established local firm of solicitors employing fifteen staff and dealing in most branches of general law. Owned by one of the practising solicitors, who had bought it with a partner around twenty years ago but was now sole shareholder. The Board consisted of the owner and one other Director, also a practising solicitor in the firm. There were five other fee-earners.

The Problem

The owner was approaching seventy years old and was still the leading fee-earner in the business. The recession had had a significant impact on turnover and the business was thought to be breaking even. The company book-keeper had been sick for many months and there was no clear picture of cash flow, turnover or profit. A practice management system was part-implemented but the project had stalled. Staff morale was low and employees were worried about their jobs. There was no clear direction and a concern amongst management that the business was reliant upon the owner for its survival. The owner could not see how he could sell the business for a worthwhile sum. His preferred exit strategy was a management buyout but there was no appetite for that in his management team.

The Solution

Following initial review and discussions we helped the owner to:

1. Establish focus and control on cash collection, invoicing work in progress, replacing the book-keeper, establishing financial controls and completing the practice management system implementation;
2. Develop a five-year financial vision for the business;
3. Implement sound leadership practices: clear reporting lines, agree job descriptions setting out responsibilities, regular staff communication, written annual objectives, monthly management meetings and key performance indicators;
4. Implement proper business planning, starting with a budget to deliver the first year of the five-year vision;
5. Commence an explicit schedule to pass legal work formerly only undertaken by the principal to other fee-earners in the plan timescale;
6. Developed a marketing strategy to deliver the required growth in each product line over the five-year plan.

The Result

1. The business now has an agreed vision and a management framework to achieve it. This is beginning to establish a sense of direction;
2. The controls on cash and work in progress have delivered cash into the company;
3. The financial controls of the business have been re-established and management and employees can be more confident about the long-term future of the business;
4. The new practice management system is implemented;
5. The owner now has the tools to produce the necessary financial performance from his business and to develop his management team to take over from him.

The Business

A business consisting of two long-established flower-shops each providing flowers and gifts to passing trade, Interflora deliveries, flowers for wedding venues, flowers for funerals and some office flower contracts. At the time the business employed eight people including the owner.

The Problem

The owner was an excellent florist but had had no management training. The shops had historically been profitable before the recession, which had had some impact on turnover but overall the business had held up well as the shops are each in good locations. The owner was increasingly worried about business losses and cash flow and had already racked up significant unpaid bills with their main flower supplier as well as being hit by a number of unexpected VAT, PAYE and other costs. One of the shop leases was due for renewal and she wanted to understand whether to renew, reduce to one shop or perhaps shut down altogether. They had changed accountants and were in the process of implementing and being trained on Sage. They had no real idea about the profitability or otherwise of individual products or the two shops.

The Solution

Following initial review and discussions we helped the owner to:

1. Review the cash flow of the business and identify ways of generating cash quickly;
2. Establish a means of recording individual transactions in the shops so that all the required data would be available to enter into Sage and margins could be measured;
3. Set up Sage codes so that it would produce the reports necessary to run her business;
4. Understand the basic financial concepts of profit and loss, balance sheet and cash flow;
5. Review the P&L for the previous three years to understand where the profit leakage was;
6. Implement purchasing controls and alternative suppliers to improve margins;
7. Develop a three-year budget to assess the viability or otherwise of the business and to identify the necessary changes.

The Result

1. The owner now understands what was going wrong in her business;
2. The owner now has the tools to manage her business and understands the linkages between the numbers and what happens in the shops;
3. She now has a budget and action plan for the next three years which will turn a millstone into a valuable, well-run and sellable business;
4. The owner can now understand which products are most profitable and use this to develop a marketing strategy to increase turnover;
5. She understands the profitability of each shop and can use this to negotiate a new lease.