

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.