

NewsFlash

by Linda Swerling ■

May 24, 2012 – Many businesses chug along making a profit most of the time, so the owners think everything is fine. Sometimes, that profit covers up internal operations problems that mask the potential for growth and even more profits. We're looking at a company that recognized the potential and engaged Level II Solutions to help them.

Retooling for the Future

Situation

A specialty die-cut paper manufacturer with \$6 million in revenue and just under 50 employees has been in business for over 30 years. While the business was profitable, the owner wanted to prepare for the future, whether it was retirement or sale. He chose Level II Solutions to help because of the firm's track record of bringing in a team of experts to help in key areas of the business.

Problem

- **Finance/Accounting** – with no forecasting for cash flow and profitability, they needed to make last minute decisions at tax time. Decisions that one year might mean making last minute unplanned purchases to reduce cash and another year would require cash input.
- **Sales/Marketing** – The outsourced sales rep was not producing and did not have to document prospecting and sales calls. The company did not have a website or updated collateral material.
- **HR** – employees did not have job descriptions. So trying to build a case for employees who had performance issues or no longer met current needs of the business was difficult.
- **Technology** – was in place yet it was inadequate, underutilized, and managed only part of the business.

Solution

Proceeding slowly and with full support of ownership was key in creating a successful retooling. In addition, it became apparent that they needed new professional service providers who would be more proactive in managing the business for the future.

- **Finance/Accounting** – first revenue and expense reporting had to become accurate. The current industry software they used was good at fulfilling production needs but not general ledger type financial reporting. To correct that we added QuickBooks to do all the expense, payroll and cash tracking, using summary entries to bring over revenue and A/R Aging from the production software.
- **Sales/Marketing** – hired a full time sales person and adopted an online CRM system for tracking. A marketing consultant managed the creation of an updated logo and new website.
- **HR** – changed payroll services for time tracking and online processing and access to payroll info. The new service also allowed employees to use direct depots or payroll debit cards, streamlining the payment process. An employment attorney advised on dealing with the problem employees.
- **Insurance** – reviewing the current policy uncovered significant missing coverages. To offset the additional cost, looked at increasing deductibles since the company had ready access to cash.

Results

The owner now has the information to help with a decision to sell or transfer the business to the next generation.

- The new, dedicated sales person has **increased business** from current customers and signed new customers.
- The focus on planning coupled with good financial reports allows the company to **balance expenditures throughout the year and prepare for taxes**.
- With trends established, they can **recognize and react** when the numbers appear out of trend.
- The new professional service providers will continue to aid the **current and long-term viability of the business**.
- The **new website is generating business** and the **new logo received rave reviews**.
- The new reports identified that revenue streams had shifted, which resulted in a **reallocation of shifts**.

If you own a business and want to organize for more growth and profits, please contact us at 617-277-0222 or linda@level2solutions.com