Case Study:
From Near Bankruptcy to Spectacular Success

How do you triple the profits of a twenty-five year old manufacturing business struggling with stagnant growth and negative cash?

Angela was a successful saleswoman who hated finance. She had owned her manufacturing company for over twenty years and just bought another company in a related, but different, industry.

Angela's business was hemorrhaging cash.

Enter Patty!

I'm the financial maven at TurboExecs. I provide the financial tools, systems and strategies you need to make the right decisions to grow your business with complete confidence.

The only item Angela had budgeted for was top line sales. Money was spent freely and whatever happened, happened. As you can probably guess, this was creating a huge problem.

One of the problems was the new business she had recently acquired. In the deal, she purchased a few pieces of equipment and machinery along with the man who had run the business, a strong sales guy. But once she started paying him a salary, he wasn't landing any jobs.

She had sunk money into this new business and wasn't getting any return. If she divested the business, she would lose money. But not as much as she would lose hanging on to it.

It was a crisis situation.

She had a lot of debt on her books from these items, and they weren't returning anything in for positive cash flows. On paper, she was technically insolvent.

Numbers tell a story.

Revenue and profits are exciting. Mundane expenses, salaries, financial metrics and debt are significantly less exciting - to most people. Angela had no idea what she was dealing with when she looked at her numbers.

But I did. Her finances were telling a story. And the picture they painted wasn't very pretty.

She wanted to sell her way out of bankruptcy. But you can't sell your way out of bankruptcy if your expenses and debt are crushing you.

We worked together to figure out what it would take to get her business back on its feet.

First, we looked at profitability. Our top priority was her second business. It wasn't bringing any money in, so we set progress goals and a timeline for which those needed to be achieved. The business was distracting and life-sucking, and I recommended cutting her losses if we couldn't turn it around soon.

She didn't want to dump that business. So I told her I would keep asking about her progress every time we talked, going over numbers and punching the bruise to see if it was healing or getting worse. We talked each month and agreed that if Angela couldn't meet the goals in six months, she would get rid of the business.

In the meantime, we were also working on a budget for the primary business to stabilize it and generate more cash. Angela desperately needed some more positive cash flow, and the primary business was the best potential source of it.

We discussed options, some of which were unpleasant.

I took a hard look at her books and told her that righting the ship would require activities like cutting costs, cutting overhead, streamlining procedures, collecting outstanding receivables, cutting her salary, increasing prices and contacting prospective clients who received a pricing estimate and book their order. Righting the ship could include any combination of these activities or even all of them.

Angela was taking a large salary, which took a lot of desperately needed cash out of the company.

She could cut her salary to pay loans and create growth capital to do what she needed to do. That was a sensitive topic and she decided that was off limits. Often, it is! But it's an option and sometimes a necessary one.

These things work. They're proven. But you can't cut your way to prosperity.

If you cut costs too deeply, you can't continue to operate. That's why it's important to find the happy middle ground. Angela and I found that happy middle ground for her business, working on both her top and bottom line, to turn her finances around.

Angela had the most significant turnaround I've ever seen.

Angela bravely did all of the things we talked about. She raised her prices, lowered her costs, and shed the second business that was draining both her energy and her finances. She challenged herself to sell her way out of her troubles and landed a few large commercial projects.

Since she cut her second business, she has seen nothing but spectacular performance and growth. Without the extra headache of a life-sucking unprofitable second business, she's been able to focus on growing her primary business year over year.

She had her biggest year ever - in <u>both</u> sales and profit!

Angela's revenue grew just 20% from 2015 to 2016. But her bottom line grew 38% in that same period of time. Since then, her sales and profit have continued to post double-digit percentage growth each year.

Is your business hemorrhaging cash like Angela's? Or do you just not understand the story your numbers are telling you?

I'm Patty Lawrence of TurboExecs and I can help you see the big picture. I reveal the story behind the numbers. I can support you in making hard decisions just like Angela had to make. I can show you where your business is failing you. Whatever your situation, I guarantee that your finances are painting a clear picture of the problem.

Let's work together to discover the story and develop and implement a clear path to growth and success.

Are you ready to take the next step? Click here to schedule an appointment with me to discuss your business situation.

Let's create your spectacular success together.

Patty

Patty holds a Bachelor of Science degree in Accounting and earned her Certified Management Accountant (CMA) designation in 1991. She is a graduate of Leadership Lancaster and has served on the Finance/Audit/Compliance Committee for St. Joseph Health Ministries, the Finance Committee at her church and was Chairman of the Board at Hempfield Area Recreation Commission.

She is also a Lecturer at Penn State Harrisburg for their Entrepreneur Business Series – finance & accounting section.

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