

THRESHOLD ISSUES

GROWING THE TOP LINE

Companies frequently profess their commitment to growth but when you examine their track record and dimension their investment in this pursuit, you conclude the commitment is hollow at best. Growing companies understand the potential sources of organic growth (e.g. market growth, price increases, share gains, new product introductions, geographic expansions, etc.) and then focus on the one(s) that fit their strategy and capabilities. They then invest accordingly and execute flawlessly while ensuring the achieved top line growth benefits the bottom line.

We can help focus your growth initiatives.

GETTING THE RIGHT TEAM “ON THE BUS”

Many contend that a business cannot be something that its people are not. So if you are determined to build a passionate, growth oriented, customer friendly, successful business the leadership team must exhibit the same traits. Although, luck helps in virtually any endeavor, building such a team entails much more than luck, and is a perpetual pursuit. One must constantly be training, teaching, coaching and recruiting knowing full well that “Right Team on the Bus” constitutes a never ending journey, not a mere destination. Unfortunately, this pursuit may occasionally necessitate parting company with one or more key executives.

Incidentally, a “tell tale” sign that the Right Team is not on the Bus can often be when the entire Team agrees that the business is performing superbly. Remember, “Only the paranoid survive”.

Although putting together the “Right Team” can take considerable time, our firm can help you identify “weak links” and enhance the functioning of your team.

UNLEASHING HIDDEN ASSETS

As you might imagine, making progress on this issue entails a careful search to identify the heretofore “hidden” or “underutilized” assets. Areas where you might find such assets may include intellectual property (are you prosecuting your rights and ensuring licensing and royalty fees are getting paid?), land and buildings which you own and no longer use but could be leased or sold to others, dated receivables which you may be able to “factor”, unneeded manufacturing capacity which you could contract to others, incremental sales capability which might enable you to sell complimentary products made by others, design capacity you might be able to make available to your customers, truck “back hauls” where you

could pick up supplies or deliver product for others and, lastly, warehousing materials for others in your facility.

Of course, if you have not already done so, fully promoting your brand on the internet represents a very cost effective way to unleash a key asset.

Each of the above can create other complications, but it may be well worth it to tap into these “hidden assets”.

Our firm has experience with each of the above opportunities as well as a host of others. Where are your “hidden assets” and when do you intend to unleash them?

CAPITALIZING ON THE “CHINA THREAT / OPPORTUNITY”

In spite of the fact that production for some industries (e.g. Textiles, Electronics, Toys) has virtually disappeared from America, and a host of companies (including comparatively small ones) have developed China sourcing options for their business, most companies have not yet figured out how to cope with the China threat, let alone how to capitalize on it.

Given the nature of the threat and the futility of doing nothing, most companies need an immediate plan to capitalize on the threat, while also asking themselves, is now the time to address the Chinese market as a sales opportunity for their products.

It is not uncommon for these sourcing and selling initiatives to go “hand in hand”. As one learns more about the sourcing options, it often clarifies the answer to the question “How can I sell to the China market?”

We have assisted others in “playing the China card” and maximizing the benefit there from.

FOCUSING ON PROFIT GENERATORS – “ADDING BY SUBTRACTING”

Everyone knows the 80/20 rule that 20% of the products generate 80% of the sales and frequently a greater proportion of profit. Further, when one examines the return on investment associated with the low volume many, the working capital requirements (especially inventory) for these products are disproportionately high and expensive even before factoring in the inevitable excess, obsolete and zero usage write downs.

Many will argue that every item in the existing product line-up is essential and that customers will immediately depart if any eliminations are made. But by just regularly raising the price on those products on which volume is low, you can turn

the items into meaningful profit contributors or free yourself from the constant distraction of low volume production.

We can help you initiate the “adding by subtracting process”, launch a remediation program, and sharpen your focus on the true profit generators.

TARGETING / EXECUTING THE “BOLT ON” ACQUISITION

In today’s frothy M&A market, prices for virtually any asset have soared to historic highs. However, one exception to this trend can sometimes be found with the “corporate orphan” or the “tired entrepreneur”, who seeks to sell his small business because no other options truly exist. Each of these situations could prove worthwhile for you if the property is small enough to avoid the auction process and/or offers indisputable cost savings to you.

Typically such situations are virtually impossible to identify but techniques for improving the odds do exist. Once identified, executing on the appropriate opportunity still requires enormous due diligence but the risk on every dimension pales in comparison to the “merger of equals” or “bet the business” scenarios.

Our Principals have led and advised on the process of targeting these opportunities, executing the transaction, integrating the purchase (frequently a product line) and achieving any identified, “core” cost synergies.

CREATING A BOARD OF DIRECTORS / ADVISORS

Private companies, especially smaller ones, are frequently reluctant to create such an entity. The conventional wisdom consists of negative opinions about the degree of difficulty, ultimate value, and expense of creating a Board.

However, if an organization has plateaued and finds breaking through to the next level a never-ending challenge, the effort associated with creating a Board can be truly rewarding to both the business and its owner.

The key for the private/small company is to ensure prospective Board members understand not only the essentials of good governance but are keenly aware of the expectation for excellent “guidance”.

In making the decision to create a Board of Directors or Advisors, you will compose it of individuals who can add value, insight, and experience in assisting you/the business in coping with the critical challenges on the horizon.

This process of assessing the need, selecting viable candidates, and advising on the issues for immediate consideration are tasks with which our Principals have successfully grappled.

POSITIONING YOUR COMPANY FOR SALE

Even lumped together, from an economic perspective, buying a home, raising/educating children and choosing a financial advisor pale in comparison to the decision to sell a business.

Unfortunately, any one of the first three typically receives more attention than the decision to sell a company. Often the decision to sell amounts to a “knee jerk” reaction to a business setback, the absence of an immediate family successor or simply an owner getting tired.

To maximize the proceeds of any sell, while ensuring the sustainability of the business, requires ownership to constantly position the company for eventual sale. Nothing in this statement is contrary to managing for the long term. In fact, the highest paying buyers are likely to view the business in the most strategic, long term fashion.

To ensure your company is well positioned should the time arrive to sell, our principals can provide an assessment and, if necessary, a plan to ensure your company is well positioned.