



CASE STUDIES BY FEATURED INDUSTRIES

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Important Note:

In conducting its business, Square One obtains a large amount of sensitive client information. In maintaining its client’s trust and confidence, Square One does not disclose any client information without their approval. Therefore, certain information may be omitted in the case studies for confidential reasons.

Commercial Janitorial Cleaning Service Company (2002 – Present)

Situation:

- Privately held commercial janitorial cleaning service company.
- No sales tracking or methodology capabilities to objectively assess sales performance.
- Management strategy – consider increasing business volume by utilizing lost leader pricing, lacked a working business model.
- Management strategy – to outsource sales and marketing function to effectively increase revenue and generate additional profits.

Before:

- Company focused on three revenue streams: commercial, school districts, and retail/flooring.
- No pre-qualification of opportunities. Quoted on all business calls.
- No designated sales and marketing function. Utilized “word of mouth” referrals.
- Relied on president completely for all strategy and leadership ability.
- Poorly utilized its internal resources which caused overall inconsistent results and follow through.

How Square One helped:

- Engaged the clients CPA firm to assist in gathering certain job cost information. Led to change in revenue mix.
- Created a contact management database to track leads, customer and decision making information, quality issues, and quotes.
- Became their sales and marketing resource. Put together a process for qualifying sales to focus on the more profitable work. Sales increased year over year.
- Provided sales materials to prospective customers in the form of direct mail campaigns, general information, and website.
- Implemented a due diligence review of initiatives before moving forward on business strategy.
- Financial metrics improved (Liquidity, Activity, and Efficient Ratios).
- Company significantly increased its income from operations for the years 2000 thru 2004.
- See Appendix for detail metrics.

After:

- The revenue mix was significantly changed from focusing away from retail/flooring to school districts and commercial/industrial. This increased gross margins.
- A pre-qualification process is in place to ensure that the most profitable work is being attained.
- Square One continues to be on retainer for sales and marketing resources.
- Metrics are in place to provide a scorecard going forward for the business. The metrics consist of labor hours per job, marketing expenses as a percentage of revenue dollars, gross profit per full time employee, lead generation tracking success, revenue mix.
- Company has successfully placed a “footprint” in the school district market as the “go to” cleaning service provider.

Non- Profit Agency (1997-2003)

Situation:

- The client, Junior Achievement of Brown County (a non-profit agency)
- Leadership and direction lacking.
- Community interest in agency was eroding fast.
- No strategy in place to achieve targeted funding and student participation levels.

Before:

- During the 1996-7 fiscal year, strong consideration given to closing Junior Achievement of Brown County.
- There had been a continued decline in student participation and number of classrooms Junior Achievement was reaching out to.
- Board members were adding no value and not participating in generating community interest or garnering funds from organizations within Brown County.
- No metrics in place to measure accountability among the organization.

How Square One helped:

- Took over leadership of Junior Achievement as President
- Established commitments from the board members to maintain their position.
- Enhanced Junior Achievement by adding a Senior Advisory Board.
- Newly formed Senior Advisory Board would be comprised of leaders in the community that have long standing roots.
- Created and designed a sales presentation to attract corporate sponsors.
- Implemented a more aggressive approach to fundraising by requiring at a minimum three year commitments from sponsors.
- Focused on certain metrics (e.g. number of students participating, number of classrooms, funding targets, cost per student) to continually keep accountability and goals within the organization.
- See Appendix for detail metrics.

After:

- Senior Advisory Board active in overseeing that Junior Achievement of Brown County will succeed for the long haul. A retreat is held annually.
- Board members committed to working together on various committees.
- One committee that has thrived is the Business Bowl Challenge. Sponsorship has increased from \$3,000 to \$15,000 a year for that specific event alone.
- Sales presentation to corporate sponsors has increased funding in every year and employers are seeing the positive impact that the volunteers participating in Junior Achievement have within their own organizations. This has created a win/ win atmosphere.
- An established leadership succession plan is in place and providing positive results.
- Community interest in Junior Achievement has been strengthened by the success of the Business Bowl Challenge, increased student participation, increase in volunteers, board membership, and number of classrooms reached.
- Cost per student has decreased after much investment of time and energy.

Veterinary Hospital (2002 – Present)

Situation:

- Privately held veterinary hospital.
- No sales tracking or methodology capabilities to objectively assess sales performance.
- Management strategy – to outsource sales and marketing function to effectively increase revenue and generate additional profits.

Before:

- Relied heavily on the yellow pages advertisement for sales generation.
- No pre-qualification process in place. No commitment to a specific business strategy which weakened sales process.
- No budget/ forecasts and metrics in place.
- The sales mix was 80% general practice and 20% specialized.
- Specialized sales were being generated by one doctor (the owner).

How Square One helped:

- Assessed the ROI on advertising in the yellow pages compared to alternatives and determined that the yellow pages was unsuccessful.
- Shifted the marketing resources to billboard, radio, and website.
- Recommended that sales mix change to generate higher gross margins. To accomplish this, doctors had to focus away from their comfort zone of general practice.
- Introduced a budget process and metrics to assist in measuring the results of the business.
- Sales increased annually for years 2002-2004 by 10%,20% and 12% respectively.
- Sales per employee increased for years 2002-2004. Year 2002; \$68,547, Year 2003; \$72,522, Year 2004; \$81,128.

After:

- Marketing expenses as a percentage of sales dollars continues to decline year over year.
- Sales mix is at 70% general practice and 30% specialized. Target is 60% general practice; 40% specialized.
- Budget process in place.
- Treatment dollars per visit has increased.
- Pre-qualification process in place. Square One on retainer to handle sales and marketing function.

Regulated Natural Gas and Electrical Company (2001)

Situation:

- The client, a regulated natural gas and electrical company.
- Executive Team believed that Business Unit “X” market segment was underperforming in both market share and profitability.
- Executive Team requested an outside opinion of Business Unit “X” as a viable strategic fit for their business portfolio.
- The corporate support resources that Business Unit “X” were afforded performed inadequately.

How Square One helped:

- Directed a team consisting of members from the internal resources of Business Unit “X”. Accessibility with members of corporate was available if needed.
- Led the team in information gathering consisting of: pricing, competitive environment, market strategy, operations, and regulatory issues.
- Analyzed the current overall industry of Business Unit “X” along with industry growth, the competitive information available, the incremental earnings opportunities based on market sector (e.g. government, muni-coop utilities, commercial and industrial businesses, and farm and residential) leading to various strategic options that ranged from exiting the business to unregulated growth. A decision tree model was completed.
- Designed a business case that provided the strategic options to the Executive Team. The business case forced the Executive Team to make a decision based on the options provided. By doing so, it enabled the Executive Team to admit that Business Unit “X” was viable and fit into their business portfolio, however it lend itself to a low-risk low return business model.

After:

- Business Unit “X” is functioning according to the business model selected by the Executive Team.
- The management team of Business Unit “X” has enthusiastically endorsed the Square One implementation approach and expresses a desire that this business case model be deployed throughout all levels of the organization.

Appendixes

Commercial Janitorial Cleaning Service Company Summary of Selected Financial Metrics

**Liquidity
Metrics:**

| | 2001 | 2002 | 2003 | 2004 |
|-----------------|------|------|------|------|
| Working Capital | 1.00 | 1.38 | 1.58 | 2.02 |
| Current Ratio | 1.81 | 2.04 | 2.22 | 2.42 |

Growth Metrics:

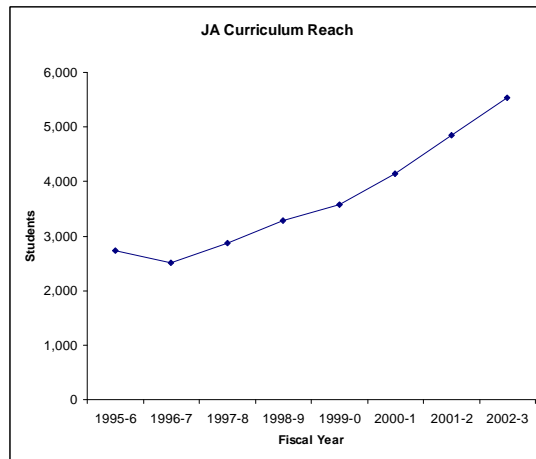
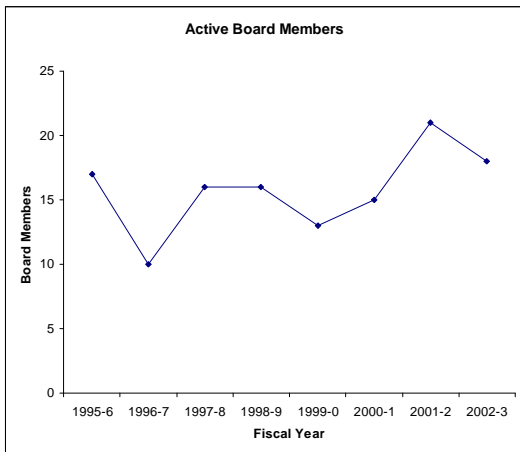
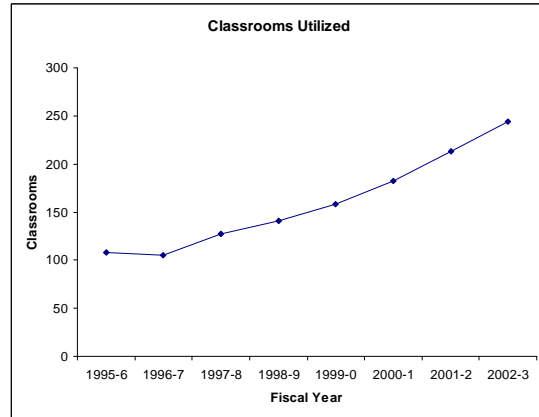
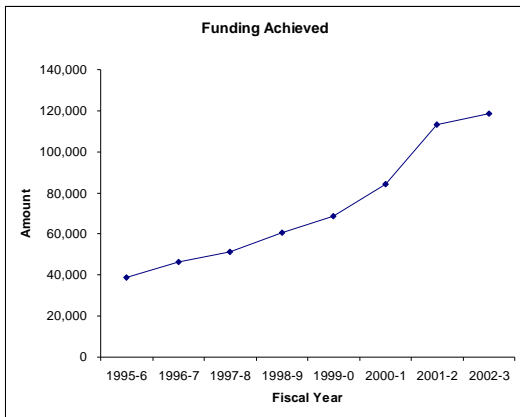
| | 2001 | 2002 | 2003 | 2004 |
|---------------------|--------|--------|--------|--------|
| Net Sales | 1.00 | 1.04 | 1.15 | 1.17 |
| Dupont System (ROI) | 22.28% | 15.09% | 37.19% | 21.78% |

Activity and Efficiency Metrics:

| | 2001 | 2002 | 2003 | 2004 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Average Collection Period (days) | 18.68 | 18.77 | 16.42 | 16.76 |
| Operating Profit Margin on Sales | 2.11 | 2.13 | 5.52 | 3.28 |
| Earnings Per Share | 1.00 | 0.87 | 2.60 | 1.63 |
| Net Sales Per Employee | \$ 10,349.00 | \$ 10,997.00 | \$ 12,628.00 | \$ 12,908.00 |

Note: The year 2001 is the base period used in the above metrics. This was the year prior to Square One's involvement. Where the base year is calculated as a factor of 1.00. This is because actual numbers could not be used.

Junior Achievement of Brown County Summary of Metrics



Total Expenses & Cost per Student by Program Year (minus Scholarships)

