

Initial Analysis – XYZ Company

“The business is controlling you, not you controlling the business”

“Take control of day to day activities to allow concentration on growth and profitability”

Overview

XYZ Company has a great product with great potential and from what we observed a real passion to see it succeed. Specialisation in the sample sector may have been wise at start up but there is a need to diversify after the business is “*stabilised*” to foster growth. Without seeing precise financial tracking and forecasts, one can see the cost of distribution is high and a review of other (lower cost) distribution methods such as the Internet should be scheduled as part of a SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis.

However the primary focus should be to get the business “*under control*” in the following areas: Business model, product, financial management, organisation, marketing / product positioning

Immediate Plan of Attack

Business model: If there is a business plan, it is not being routinely followed by all team members and does not appear to be the driving force for day to day activity.

A “*SWOT analysis*” of the existing business needs to be done. From this a clear “*business model*” needs to emerge and communicated to all employees to drive daily activities.

Action: Schedule a meeting of half a day with key stakeholders (to be determined) and Steinke Consulting.
Timeframe: next week.

Product: Since inception there have been errors with distribution and the “*stability of the computers*”. This is preventing XYZ Company from being able to expand into new sectors, which is directly affecting profitability.

The “*root cause*” of the stability issue needs to be established and “*corrective action taken*”. If this cannot be achieved by simple patches or memory upgrades etc. then “*negotiation with xxxxxxx*” will be necessary to replace the xxxxxxx with newer models which apparently have no issues. At the same time, check “*maintenance agreements*” with xxxxxxx to prevent future issues.

Action: Schedule a meeting with xxxxxxx to understand the root cause of the instability and develop an action plan to resolve. Timeframe: Immediate.

Possible short term, if required, schedule a meeting with xxxxxxx to renegotiate deal on older xxxxxxx.

Longer term investigate widening the product range, perhaps using alternative distribution channels and certainly other sectors.

Financial Management: There is no “regular financial analysis” of costs, revenue streams or projections to understand cash flow. This means you have no visibility over your business.

Establish “weekly financial reporting” including projections this year by month and following years by quarter. Then set up a “weekly management meeting” to review the finances and to plan the following week/month/quarter. Understand who the key stakeholders are operationally, from an ownership perspective and how profit distribution works.

Action: Have meeting with Steinke Consulting to build a financial reporting model. This should also include the introduction of KPI's (Key Performance Indicators) and Benchmarks. Timeframe: Next week

Organisation: The culture today seems to be one of “let's do anything we like”. This means routine but urgent tasks are not getting done and it's causing stress in the organisation. Processes that exist are not routinely or correctly followed such as filling in xxxxxxx.

Have “weekly meetings with staff” to set “goals/targets” for the following week and review last week's progress. Implement a “winning culture” where people want to win, and a simple “dress code”, like business casual.

You have far too many directors for a business of this size. This leads to nobody being in “overall control”. Also, from what we observed, some team members are producing very little and potentially in some cases even working against you.

Implement a more “hierarchical structure”; someone has to be “the boss”. Remove shareholders from the management structure where they perform no daily function. Have “one MD” and managers for other functions. “Remove staff” that are adding little or no value but have a transition plan to prevent loss of momentum. You need people to perform financial analysis, ensure commissions get paid correctly and invoices checked, manage operations i.e. day to day activities. That will allow you more time to “grow the business” and think about market positioning. Take more control over the “sales of screen placements”, it's this that will drive distribution and hence attractiveness of the product.

Action: Have a meeting to discuss organisation needs and structure with Steinke Consulting. Timeframe: Next week

Action: Develop an organisational chart including competencies for marketing/sales, finance, product and tech support: Timeframe: Next week.

Action: start recruitment of a sales professional, preferably one with xxxxxxx sector expertise on a highly commission based package. Timeframe: Immediate

Action: Establish weekly meeting structure and goal/target setting. Timeframe: after organisational discussion.

Market Positioning: There are some anecdotal comments from customers about the success of the product/service, but the brand position is not yet strong.

After obtaining permission, use the “customer testimonials” to strength your web site/brand. Develop a Sales and marketing plan and communication strategy including market analysis, prospect short list. Short/long term product strategy.

Action: Redevelop your web site to include more “testimonials” and to be more “what’s in it for me”. Keep to a consistent brand style. E.g. all black and white images or all colour, but not mixed. Timeframe: 1 month.

Action: Introduce statistics on the incremental revenue the product can generate in the company’s presentation (“What’s in it for me”!). Timeframe: Immediate.

Action: Make a Business Development Plan with the focus on generating new business and a customer relation management plan to maximise existing customers. Timeframe: after Business Model meeting

Action: Develop a potential target list based on success rate expectation. Timeframe: 1 month.

Action: Investigate alternative product options (i.e. internet banners) to broaden product range and limit risk. Timeframe: 3 months.

Action: Look at price positioning and develop some sort of loyalty program for existing customers. Timeframe: 1 month.

What can Steinke Consulting do for you?

1. Assistance with diagnosis of root cause of technical product problems.
2. Negotiations with xxxxxx, if required.
3. Build and supply the financial model for reporting and projections.
4. Develop the product/marketing positioning through a SWOT analysis.
5. Build the organisational model.
6. A review of the web site before publishing.