

Brand Marketing Company

Chief Operating & Financial Officer

A three-year-old promotional products and brand marketing company was growing rapidly, but with increasing sales came greater operating losses. The company hired a Chief Operating & Financial Officer to diagnose the causes and create a profitable company.

Situation

- The start-up, initially capitalized with \$500,000 from private equity, was generating annual revenue of \$3 million within three years.
- The company had a Controller but no CFO.
- Management did not understand why losses were mounting as the company grew.
- The PE owner, having lost confidence in the Founder/CEO, demanded a rapid turnaround to position the company for sale in three to five years.

Turnaround & Restructuring Initiatives

- Quickly determined the flaws in the business model creating the scenario of “the more you sell, the more you lose.” Recommended changes to sales strategies and practices to rectify the situation.
- Improved monthly reporting so the PE firm could clearly understand operating results.
- Designed a new compensation plan to align sales incentives with company profitability.
- Restructured services agreements to avoid unprofitable business relationships.
- Improved warehouse fulfillment operations.
- Upgraded the accounting system from Great Plains to SAP.
- Created the company’s first budget and variance reporting process.
- Eliminated risk associated with purchasing client-branded inventory.
- Opened a new brand marketing division.

Results

- Over four years, sales grew from \$3.5 million to \$15 million, with positive cash flow and annual profits.
- The company sold to a larger promotional products company after five years.