

CASE STUDY: BUSINESS IN CRISIS



COMPANY PROFILE

-  Custom Design & Manufacturing Company
-  Portland, Oregon
-  35 Employees
-  Nationwide Sales Territory

OVERVIEW - Cash Crisis

After 30 years in business, the company's owner was ready to retire - he hired a new President, relinquished control and stepped back from the day to day operations.

Diverting energy away from core competencies, the new President quickly expanded the company's product offerings into different industries. While this increased revenue in the short term, it was unsustainable, eroded gross margins, increased overhead, and saddled the company with debt.

Suddenly the company was plunged into deep financial crisis. With bankruptcy looming, the company had insufficient cash for operations and was being squeezed from all sides.

Bank freezes credit & places company in special assets

+

Vendors hold product, demand COD

+

Landlord threatens eviction after 7 months unpaid rent

+

Fed + State agencies place liens for unpaid taxes

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BOTH JAN AND CANDICE TOOK MY STRUGGLING COMPANY AND TURNED IT AROUND.

- OWNER

ACCOUNTING
FOR EVERY
STAGE OF YOUR
BUSINESS.

SOLUTION - Back to the Basics

Accounted was hired on a contract basis to stabilize the company and avoid bankruptcy. Within the first 2 weeks of the engagement, they executed five key tasks.



Next steps included additional actions to conserve cash.



Eliminated two
satellite offices



Consolidated
overlapping
insurance policies



Eliminated
company car
perks



Refined employee
benefit plans

Accounted instituted a laser focus on profitability.

Accounted worked with the management team to focus on profitability and uncovered ways to improve gross margin. Jan and Candice became part of the executive team, supporting the owner in his quest to save the company.

RESULT - Company-wide Improvements

GROSS PROFIT

↑ **20%**

OVERHEAD

↓ **28%**

NET PROFIT

↑ **38%**

ELIMINATED DEBT OF

1.77M

TRADITIONAL FINANCING

SECURED

WORKING CAPITAL

-1.7M → +180K

COMPANYWIDE WAGE

INCREASES

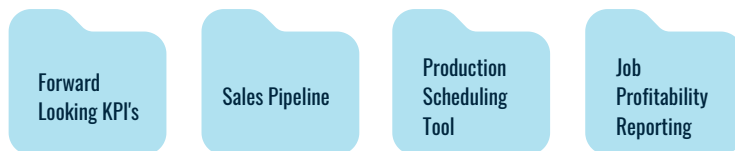
ALL TAX LIABILITIES

CURRENT

PROFIT SHARING PLAN

IMPLEMENTED

Within 3 years, the company navigated a dramatic turnaround. To sustain continued long term success, Accounted implemented several proactive management tools.



CONCLUSION - Foundation for Success

The company is now on solid financial footing and poised for growth. Accounted has equipped them with the financial tools and discipline to do more with less. Jan continues to remain involved with the company as a strategic business partner. With a profitable long-term future ahead, the owner can once again focus on his exit strategy - knowing that his business is more valuable than ever before.

LOCATIONS:

Portland, OR
Los Angeles, CA

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