

CASE STUDY

Enhancing Capacity for Business Growth

How Platinum guided a company to position itself for growth

SITUATION

A privately owned, metal fabrication business with \$15 million in revenues was on the verge of significant new growth but lacked the capital, focus and leadership to go forward with confidence. The company was suffering from gridlock related to cash flow, with a high leverage position. The bank recommended a business assessment to determine if the company could handle the growth and, if not, how to prepare for it. The business owner/CEO was aware of Platinum Group's work with another company in his area. He invited Platinum to assess his company's potential for growth and how to steward it wisely.

CHALLENGES

- Financial expertise, measures and controls were lacking.
- There was a gulf in leadership skills between the first and second tiers, with a need for a deeper leadership structure.
- Lack of focus on the core business. Entrepreneurial activities were pulling resources out of the company, distracting employees and fatiguing the bank.
- Shareholder and ownership issues with family members as owner approaches business transition.

RESPONSE

Platinum consultants conducted an Opportunity Assessment to quickly identify issues impacting the company's health and recommended options for accommodating growth. The following core business functions were assessed: ownership/governance/leadership, financial and accounting, sales and marketing, and operational problems/opportunities. Recommendations based on the assessment included developing or hiring CFO leadership and implementing



new indicators for measuring financial success. The process validated the owner's decision to separate entrepreneurial ventures from the core business. Without taking cash flow out of the business, the company is able to partially fund its own growth. The owner was introduced to a stronger bank to expand its line of credit to fund growth and finance new equipment.

The owner and COO are seasoned business people but the assessment concluded that two shareholders (family members) were not contributing to the success of the business and needed to be let go. Platinum recommended to formalize the leadership structure for encouraging more leaders at all levels. A leadership development plan was created to guide the second-tier managers to progress individually as well as determine which growth areas to pursue. Incentive compensation plans were recommended for different segments of management and employees to encourage leadership growth and efficiency in production to increase profitability. And, the owner was advised to create an advisory board for ongoing guidance and business mentorship.

RESULTS – With Platinum's help, the company is implementing key financial tools to better predict, monitor and control cash flow. Within weeks, a number of issues have been addressed to position the company with greater financial and human resource strengths. The owner is happy with the Opportunity Assessment findings and recommendations. His company now is poised to take advantage of many growth opportunities.