

Case Study: \$30MM Business Services Provider

Keeping up with the demands of a large customer was taxing production capability and created concern about losing the customer if delivery expectations were not met.

Goal: Increase earnings and restore company to financial health

Situation

- First generation privately held business
- Continued erosion of earnings—what was once a highly profitable company now just breaking even
- Firm out of covenant with lender
- Industry undergoing rapid change, and firm had not altered business practices to stay ahead of those changes. Rapid technology changes introduced new entrants with similar capabilities but much lower capital requirements

FortéONE Process

After initial diagnostic phase, FortéOne presented a Business Assessment and Roadmap to improvement which took the company on three simultaneous paths:

- Discontinue high revenue but low margin service lines
- Segment market into traditional high margin/“high touch” customers and new lower margin/“low touch” customers while creating a service model to ensure consistent margins for all accounts, and an ability to compete with new entrants
- Reorganize business units to create culture of financial accountability on an account by account basis

Establishing a Foundation for Performance

Clients were historically high margin and large. It became clear that the firm’s high cost and high touch culture was no longer appropriate for all clients. By shifting focus to accounts based on profitability, business units were created with responsibilities for pricing and achieving margins with all clients

Results

- Lead bank delighted with progress and future direction
- Company on track with a timeline for improved margins
- FortéOne engagement ensured management able to sustain improvements

