



## Steps to Profitability

- Welcome – Agenda
- CAM Measures
- **Part 1 – AM**
- Driving efficiencies through your operation
- Monitoring your business for profit
- **Part 2 – PM**
- Sales and Marketing - Protect and Grow your position in the market
- Organization – Your people make the difference



## Staying Legal: Guidelines

- Topics we will avoid – prices, rates, etc.
- Emphasis on best practices
- *Differentiating your business from your competitors*

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

3



## CAM Measures

- 18 companies represented
- Three ranges reported: to \$2mill, to \$6 mill, above \$6 mill
- Participants received reports
- CAM willing to continue collecting



## Great Northern M & S

- **Revenue: \$3 million**
- **Employees: 32 employees**
- **Locations: 1**
- **Business structure: FOB, 2nd generation**



## OPERATIONS



November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

6



## Rating your operations



## CAM Measures – Great Northern M&S

- **Op labour % operating rev: 60%**
- **Loc labour % loc rev: 59%**
- **Claims % op rev: 4%**
- **Repair & maint % op rev: 5%**
- **Profit before taxes: .5%**



## Reducing Operating Costs - Employees

- Supervision
- Training
- Operating procedures
- Measurements



## Reducing Operating Costs – Their Jobs

- Equipment
- Inventory
- Partners
- Measurements



## Great Northern Moving and Storage

- **Read the case**
- **Ask clarifying questions**
- **Work with your group to answer the questions and give Longhorn advice**
- **Report solutions to the whole group**



## Driving efficiencies through your operation

- **Beef up supervision**
- **Hire the right people**
- **Reduce claims**
- **Get more productivity - hiring, % pay**
- **Improve warehouse management**
- **Vehicle maintenance**
- **Speed governors on vehicles**



# FINANACE and CONTROL



November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

13



# Rating your Finance and Control

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

14



## Great Northern M & S

- **Revenue: \$3 million**
- **Employees: 32 employees**
- **Locations: 1**
- **Business structure: FOB, 2nd generation**



## CAM Measures – Great Northern M&S

- **Profit before taxes: .5%**





## Finance and Control Monitoring your business for profit

- **The role of the controller different from bookkeeper**
- **Finding a controller**
- **Financial – budget, job costing, A/P, A/R, flash reports, paperwork reduction**
- **Setting goals**

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

17



## Profit/Loss – Setting Goals

- **Sales or Retained Revenue    100**
- **Operating Costs                    -45**
- **Direct Sales Costs                    -15**
- **General and Administrative    -33**
- -----
- **Profit Before Taxes                    7**

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

18



## Controls

- **Measurement**
- **Separation of duties**
- **Communicating with sales and operations**
- **Overhead**
- **IT**
- **HR**



## Overhead

- **“\$400,000 rule” - quick look at overhead**
- **1 overhead person / \$400K net revenue**
- **Overhead – job does not directly produce revenue, e.g. A/R clerk, claims clerk**
- **Billable – crews, commissioned sales**
- **Overhead creep -> paperwork fiefdoms**



## Start your list to improve finance and control

- **Broaden controller's job**
- **Reduce paperwork**
- **Budget**
- **Flash reports**
- **Monitor productivity**



## Part 2 – PM

- **Sales and Marketing - Protect and Grow your position in the market**
- **Organization – Your people make the difference**



# SALES and MARKETING



November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

23



# Rating your Sales and Marketing

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

24



## CAM Measures – Great Northern M&S

- Sales exp % op rev: 25%
- Adv exp % op rev: 2 %
- Profit before taxes: .5%

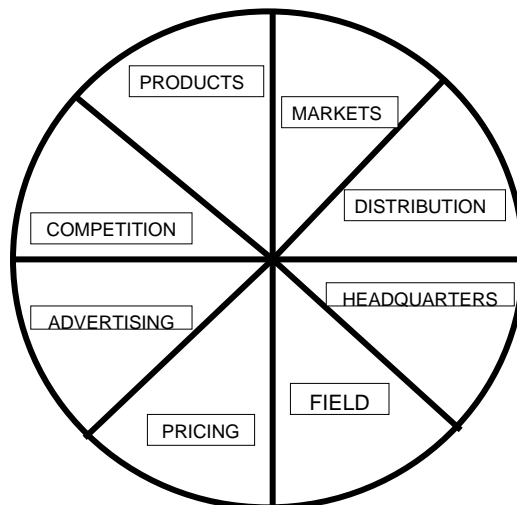
November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

25



## Marketing Plan



November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

26



## Sales

- **People**
- **Management**
- **Measurement – closing ratio, goals, lead generation, costs**



## Great Northern Moving & Storage

- **Read the case**
- **Ask clarifying questions**
- **Work with your group to answer the questions and give GNMS advice**
- **Report solutions to the whole group**



## Start your list to improve sales and marketing

- Find ways to diversify
- Hold Sales people accountable
- Close sales on telephone
- Get sales to generate own leads
- Organize territories
- Sales as a profit center so don't pay too much for sales
- .....

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

29



## ORGANIZATION



November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

30



## Rating your Organization



## CAM Measures – Great Northern M&S

- **Sales per employee: \$45K**
- **Profit before taxes: .5%**





## Organization – Your people make the difference

- **“The art of leadership is to preserve order amid change and change amid order.” Peter Drucker**
- **Managing vs. Doing**
- **Management – about controlling**
- **Leadership – creating a vision, persuading**



## How your people make the difference

- **Measurement**
- **Feedback**
- **Reviews and previews**
- **Goal setting**



## Start your list to improve your organization

- Avoid mediocrity
- Develop people
- Get the most out of supervisors
- ....



## Management Growth Institute, Inc. [www.managementgrowth.com](http://www.managementgrowth.com)

- **Moving PEGs started in 1989**
- **10 moving company CEOs**
- **Meet 2 times/year**
- **Critique of the host business**
- **Measures such as: cost of sales, overhead, profit**
- **Web site – articles, newsletters and more**



## Examples of Articles on the Web

- **The New ABCs of Advisory Boards**
- **Strategies to Improve Profits – PEG member experience**
- **Sales Compensation – the Big Picture**
- **Managing Cash Flow for Movers**



## Thank you!



*Whether you think you can or think you can't - you are right*

**Henry Ford**

November 16, 2009

[www.managementgrowth.com](http://www.managementgrowth.com)

38