

CLIENT

A MANUFACTURER OF SPECIALTY HIGH PERFORMANCE OFFSHORE POWER BOATS.

COMPANY PROFILE

\$2.5 MILLION ANNUAL REVENUES

WEST MICHIGAN COMPANY

12 EMPLOYEES

CHALLENGE

THE COMPANY WAS ON THE VERGE OF BANKRUPTCY BUT HAD A TIME TESTED OFFERING OF HIGH QUALITY PRODUCTS IN A BOUTIQUE MARKETPLACE. THE COMPANY LACKED WORKING CAPITAL NECESSARY TO FULFILL EXISTING ORDERS, AND THE INFRASTRUCTURE OPERATING COSTS EXCEEDED THE PROFIT MARGINS GENERATED FROM SALES. AS A RESULT, ITS REPUTATION IN THE INDUSTRY WAS SUFFERING AND ITS ABILITY TO ATTRACT CAPITAL IMPAIRED.

FINDINGS

THE COMPANY LACKED AN ACCEPTABLE SYSTEM FOR DETERMINING THE COSTS OF BUILDING PRODUCTS, RESULTING IN PRICING ITS PRODUCTS TOO LOW. IN ADDITION, ITS INABILITY TO PAY MAGAZINE ADVERTISERS' PAST DUE INVOICES RESULTED IN THE COMPANY'S LACK OF VISIBILITY IN THE INTERNATIONAL MARKETPLACE. PRODUCTION TOOK PLACE IN THREE DIFFERENT NON-CONTIGUOUS FACILITIES, MAKING LOGISTICAL COSTS EXCESSIVE. FURTHER, COMPETITORS WERE COMING OUT WITH ADVANCED HULL DESIGNS, MAKING THE COMPANY'S EXISTING DESIGNS APPEAR STALE.

RESULTS

ACCURATE BILLS OF MATERIALS AND COSTS TO PRODUCE WERE DEVELOPED, AND PROFITABLE PRICING STRATEGIES, DISTRIBUTION METHODS, AND WARRANTY SUPPORT CHANGES ENABLED OPERATING MARGINS SUFFICIENT TO COVER INFRASTRUCTURE COSTS. NEW CAPITAL RAISED ENABLED THE CONTINUATION OF ADVERTISING AND THE INITIATION OF FLOOR PLANS FOR PARTICIPATING DEALERS. IN ADDITION, NEW HULL CONFIGURATIONS WERE DEVELOPED BY AN EXPERIENCE NAVAL ARCHITECT AND NEW STATE-OF-THE-ART MODELS INTRODUCED THAT PERFORMED BETTER THAN COMPETITORS' OFFERINGS. PRODUCTION WAS CONSOLIDATED AND KEY OPERATIONS OUTSOURCED DUE TO THE LOW VOLUME. EVENTUALLY, THE ASSETS WERE SOLD TO A THIRD PARTY WHO INVESTED SIGNIFICANTLY INTO EXPANDED PRODUCT LINES AND TOOK THE COMPANY PUBLIC.



NOTES:

THE PREVIOUS CASE STUDY WAS DERIVED FROM ACTUAL ENGAGEMENTS IN WHICH LEVEL TEN PROFESSIONALS WERE ACTIVELY INVOLVED OVER THE COURSE OF THEIR CONSULTING CAREERS. THE LEVEL TEN PROFESSIONAL IS REFERRED TO AS "THE CONSULTANT". THE NAMES AND OTHER CONFIDENTIAL INFORMATION ARE NOT DISCLOSED.