



Suburban Manufacturer

Here is an example of how Leif Jensen and Associates, Ltd. used consulting and management advisory services to help a client make changes within their business:

We started working with a Northwestern Suburban manufacturer a few years ago. We were brought in because our predecessor was unresponsive to the client's questions and concerns; they appeared to be fee centric only. So they never developed an appropriate relationship with the Office Manager who was the initial contact person nor the owners.

We were the third firm interviewed as a replacement and we were hired on the spot. The other interviews were cancelled. They liked our philosophy of working with our clients as part of their management team. We also explained that the client controls what we do and how much they want us to do. This was unique among our peers interviewed.

Once we started, I went through my initial checklist of questions. Who is on the Board of Directors (BOD) or Advisors (BOA)? What is the status of their relationship with their banker, insurance agent(s), attorney and possible financial advisor? Who handles the payroll and HR functions? Do they have a HR manual? When was it last undated?

Basically the typical questions most consultants/CPA's should be asking, to assess the current status of the client's business. We can then address the financials, the ratio analysis and their standing within their peer group and the state of the financial statements.

The predecessor CPA had made modifications to the inventory away from the final inventory records. So now the Balance Sheet has systematically been cleaned up to ensure that the financial records of the company reflect a clear picture of their company's financial position, facilitating accurate management decisions based upon fact not fiction.

This also ensures that ratio analyses are accurate to assist in decision making.

This manufactures income ranges between \$3 and \$5 MM, depending on the order flows and special projects of their clients.

During our initial assessment we found that the client needed a number of system modifications and implementations.

There was no BOA, so we suggested they evaluate who might be appropriate members of an Advisory Board.

They also lacked appropriate internal controls over their finances, inventory and some aspects of the manufacturing process. We have implemented numerous controls and policy procedures to ensure the safety of the company's assets.

The human resource pieces needed work as well. We shared our employee manual with them to give them an idea of what is necessary. There were also some strategic positions that the company needed, such as a beefed up sales force and I also suggested a CEO.

The idea behind identifying a future CEO is that one of the owners is the CEO and it does not play to his strengths. Also, since it is still undecided as to what will happen to the company when the current CEO retires, developing a succession plan and identifying the next CEO would provide for continuity and stability to the future operations.

The company continues to move in the right direction. The BOA understands where the company stands and continues to assist in advising on the company's goals. This will allow the owner to be able to delegate the day to day running of the business to the management team. With a stronger management team in place, the asset that is the investment in the business will be protected.