

J Leif Jensen and Associates

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Synergy

There has been a lot of talk over the year about the benefits of vertical integration and synergy within businesses. But, when confronted with it suddenly and from an unexpected source, it is a wonder. Whenever I have the opportunity to get food from EL Milagro I do it. I am a fan of the slaw tacos. Granted this does not happen all that often because the locations are not always convenient to client meetings and there are none near my office or home.



One client, surprised that I was a fan, suggested that I try their "cactus salad", but it is not available from one of their restaurants as I found out. It is only available in their stores. So I ventured forth, their client meeting that was close but surprisingly not as close as I initially thought.

When I saw the operation, I was impressed. The retail store is next to one of their restaurants. In the store there was a corn grinder creating the flour, the basis of the corn chips and tortillas that they sell in the store or use in the restaurants.

They manufacture products from scratch or base ingredients. Once the products are produced they have them available for wholesale and retail sales as well as for use within the restaurant chain itself.

The store has been filled both times I have been there. I have seen their products in retail locations and I am sure that other restaurants use their products as well.

Then they have their own restaurants throughout the Chicago area. I love this level of synergy or vertical integration in effect. It is masterful.

It has given me some ideas for some clients on how to expand their businesses. One recommendation that I was told was impractical was mentioned as being under review by the client recently in a meeting.

Where can your business find some synergy or vertical integration?



Multipreneur

I have a client who decided to be more than an entrepreneur. He decided to open three businesses simultaneously, so is now a multipreneur.

Granted, the three businesses are all tied together so there is some vertical integration, but each is a standalone operation that he is looking to grow beyond the initial steps.

The client will be utilizing a single physical space for all of the businesses and will more than likely be utilizing the same software for the bookkeeping and

management of the businesses.

The client will be the bank, financing the operation while working with partners. So a finance company was established to protect the investment.

The second company is a contracting company, the client has skills in this area and so has one of its partners; so all of the construction work will be done under this general contractor company. There will be written loans from the finance company to cover the costs of materials and sub-contractors. Based on the skillset they are also looking for other clients for whom to do work for as well.

The third company is an LLC which will be the owner of the properties that are being bought. The down payments will come from loans from the finance company and mortgages will be coming from banking relationships that have been established.

The team that was pulled together is what makes this multipreneur interesting, as mentioned, one of the partners has a general contractor background, and another is a realtor tasked with the finding of property deals and a break on the commissions on the sales.

The administrative functions all fall into place allowing this to potentially provide great synergy moving forward.

So this multipreneur has a strong chance of succeeding based on structure and planning. Since this is not an original idea, there is an underlying proof of concept since this model has been implemented previously by others. To achieve success, control and supervision need to be implemented along with good decisions and tight budgeting need to be made.

Idiom of the Month:
"Let the cat out of the bag"

Meaning: to mistakenly reveal a secret

Origin: Up to and including in the 1700s, a common street fraud included replacing valuable pigs with less valuable cats and selling them in bags. When a cat was let out of a bag, [the jig was up](#).

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