



Greater Prairie Business Consulting, Inc.

CASE STUDY

Wholesaler - Oil Field Supplies

Western North Dakota

**Improved Cash Flow, Inventory Controls and Branch
Management**

Project Name:

Improved Cash Flow, Inventory Controls, and Branch Management.

Client Description:

Business Type: Oil Field Wholesaler - Multiple Locations .

Annual Revenues: \$5,000,000.00.

Employees: 25.

Project Description / Duration:

The focus of this project was on increasing cash flow by reducing inventory, improving the performance of the company's branch locations, and introducing industry best practices.

This project was completed in 10 weeks.

Engagement Outcome:

This client realized the following value from this consulting project:

1. Increased working capital by more than \$250,000 in three months. This change allowed the company to pay its back taxes and significantly reduced its payables, which caused daily cash management problems.
2. Significantly improved purchasing practices and inventory turns.
3. Implemented new pricing strategies to boost margins.
4. Created a new General Manager position to focus on managing the branch locations. This recommendation alone more than paid for the project in the next 12 months according to the client.
5. Strengthened financial & management reporting.
6. Boosted sales, financial & operational systems, procedures & controls.

During our consulting project, we implemented the following improvements:

1. An “open to buy” purchasing program, which allowed the company to get current with its’ past due accounts, take advantage of purchase discounts, strengthened its relationships with its’ suppliers and meet its other day-to-day cash needs.
2. Updated the company’s pricing and reduced retail pricing differences between stores, which increased the company’s gross margin.
3. Recommended a CRM solution to upsell, cross-sell, and increase sales per customer, coupled with a generous management incentive program.
4. Split the owner’s operations management responsibilities from his role as President to improve focus on both roles.
5. Liquidated obsolete inventory, reduced SKU’s, raised prices on lower priced items, and improved inventory turns.
6. Helped the company obtain a safety grant.
7. Adjusted store hours to save \$50,000.00 per year.
8. Reduced fuel costs by establishing a corporate account.
9. Introduced other small business best practices to help the company improve its financial & operational reporting, communications, employee evaluations, etc. that were implemented through task teams.

Engagement Obstacles And How They Were Resolved:

The client’s short-term cash flow was an issue in the beginning of the project, but with the help of a cash flow forecast we created, the project was completed on a start-to-finish basis, and we were paid in a timely manner each week.

Results Achieved:

- Improved the company’s accounts payables and cash position by over \$250,000.00.

- Strengthened the company's focus on managing its branch locations resulting in another six-figure improvement in gross profit.
- Coached the President to implement a plethora of improvements across the organization with his people.