

CASE STUDY 1

The business is a very long standing, multi-location independent retailer. The Board consists of 2 generations of family members, some working full time in the business and some retired.

Footfall was down in all locations and the recession had challenged the business's ability to trade. In particular, cash flow had been severely affected and it was anticipated that the business might not survive. Communication between the Board members was at an all time low and engagement was suffering. The Finance Director (a family member) was perceived as controlling and uncommunicative, whilst the other Board members were struggling to understand the seriousness of the financial situation.

The inevitable breakdown that occurred was predominantly due to:

- Economic pressure in the retail sector that previously hadn't been encountered in this severity
- The FD unable to communicate effectively and partner the business through the crisis
- Board members requiring additional skills in business acumen and commercial awareness, that had never been necessary previously

A major board conflict arose, which on its own without the commercial challenges may have cost the business.

Indigo Performance came in to work with the Board and the senior staff. The remit was wide and evolved, because the situation was very difficult and time was of the essence. Work that was carried out was:

- Understanding vision, mission and purpose of the business and all the family members, working on the overall alignment and looking for quick wins and coherency
- Developing a successful business strategy for the future
- Defining roles and accountability
- Understanding the financial business model and performing root cause and impact analysis
- Working with the Finance Director on:
 - Communication skills
 - Influencing skills
 - Negotiating skills
 - Commerciality

This helped to translate the information into less financial language, engage, and partner with other members of the Board and the senior staff on a new more positive journey

- Improve the business acumen, financial and commercial awareness of the board members and senior staff

The work was planned and structured. It consisted of assessment, consultancy to determine the business model, coaching and facilitation work, mentoring work with the Finance Director and more structured programmes on business acumen, financial/ commercial awareness for the main, senior body of staff.

The work started in September 2011 and most of it was complete by Feb 2012 although in 2013 Indigo are currently running a Management development programme for the shop managers and it is anticipated a commercial awareness programme will be run later in 2013 for the next level of staff down.

The Finance Director's comments are:

TESTIMONIAL

Introduction :-

Less than 2 years ago the business was at a cross roads. The business was in tough times, the retail sector was experiencing reduced footfalls resulting in lower sales and margins were squeezed. Overheads were increasing, in particular wages which is the second largest cost in the business. Overall profitability was going south and there were major concerns for the management team. Cash flow was under immense pressure through falling revenues and increasing costs. The business HAD to change, not only to prosper, but to survive and we needed external help to achieve our goals.

Dawn & Helen of Indigo Performance assisted us on our journey of change to reinvent the business to meet and overcome the challenges of today.

The Journey:-

Through the involvement of Dawn & Helen we were able to address the key factors facing our business and now we are in a much better, stronger and more robust position than ever before.

These key factors were :-

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- To develop a clear defined business strategy, incorporating vision, purpose and clarification of all main business drivers
 - To finalise the transition from conflict into collaboration in all areas.
 - To define roles of the board of directors and ensure buy in of all parties.
 - To obtain ownership / responsibilities from the above noted roles.
 - To develop more financial / commercial awareness for those non finance specialists.
 - To aid in improving communication, negotiation and collaboration throughout the business
 - This therefore helped the development of better more streamlined presentation of financial information.
 - Aid in the production in KPI's for the business to monitor performance.

The Journey – Results so far:-

The journey is far from finished but in the time since Dawn & Helen's (September 2011) the financial results of their work has been fantastic.

- Profitability
 - Better focus on sales meant that actual sales improved by approximately 2% in a flat market.
 - Margin improvement - not only more was sold but at increased margins. ie actual margin was 43% from a forecast of 42%.
 - Profitability - The bottom line improved dramatically and we achieved a 50% better profit than was being forecast 9 months earlier.
- Balance Sheet
 - The balance sheet was much healthier and reflected that the business was in a much better state.

- Cash flow
 - Cash flow was the biggest challenge of this business as it was by far the biggest limiting factor. September 2011 forecasts were that the business would be tens of thousands over its overdraft facility in June 2012. If nothing changed, there were serious concerns over its ability to continue to trade
 - Actual June 2012, the business was NOT over its facility, it was actually under and the business started looking to reduce its borrowing requirements!!!

Conclusion:-

The results of Indigo Performance's involvement within the business speak for themselves as they have assisted us in unlocking both our potential and our business's potential to meet 2012 & beyond. We therefore 100% recommend them to other likeminded business's.

Update

In 2013, Indigo Performance continue to work with the Management team and it's staff on development programmes and the business is now looking at expansion, bucking the trend against the Retail sector.

