

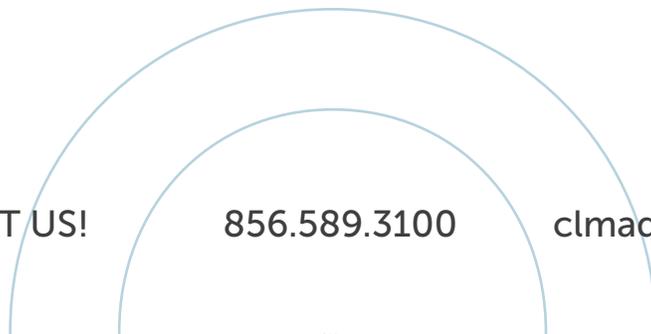
CASE STUDY

Start Up Businesses

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INTRODUCTION

► 1 | Rachel's small boutique shop was booming.

- A | Rachel was the bookkeeper, the sales person, the cashier, the cleaner, and the owner. **Rachel was getting overwhelmed and wearing way too many hats.**
- B | Rachel's boutique shop was growing rapid attraction, but since Rachel was doing every important job, she was working too much "in the business" and rarely "on the business." The boutique needed to continue to evolve, but Rachel didn't have the time to focus her efforts on that.
- C | **Rachel's quote:** "If I focus my efforts on building a business plan than the books will be backed up, the sales will go down, the store will be messy, and I would have to hire more people which I am too small to do. I know I need to take myself out of working in the business, but if I do I'm nervous my business will crumble."



PROBLEM, SOLUTION, AND RESULTS

► 1 | Rachel needed a solution that would:

- A | **Get her working on the business not in the business.** Rachel not only owns the business, she is the business. Rachel needed to start running her business and not dealing with the day to day retail tasks on her own.
- B | **Increase staff, while not increasing budget.** Although Rachel's business was booming, her profits were modest. Rachel needed a solution that would be budget-friendly, but she needed staff to help her get out of the store.
- C | **Assist in accounting.** Rachel was running the books on her own with no experience in accounting. Rachel needed assistance on what to do in tricky situations and how to book certain items.
- D | **Build a business plan.** What was Rachel's plan? She has ideas, but she doesn't know if her ideas are too far-fetched because she has no ability to project the future of her business.



To solve these problems, CLM suggested that we hold monthly consulting meetings with Rachel to discuss internal operations, accounting techniques, forecasts, and management. **Rachel liked that CLM's monthly agreement is a fixed price, because, as a small business, her spending needs to be carefully controlled;** plus, she could avail herself of our advice at any time without worrying about running up additional fees.

Rachel's big-picture goal is to eventually open a studio/spa, where kids can have birthday parties, make-up parties, etc. In order to find out if Rachel can go this route we decided to draw out a two-year forecast of Rachel's business. This will help her determine how many staff members she can bring in, how much she needs to sell, and if she can continue to expand her business according to her ideas, based on her forecasted profit.

As we create the forecast, we provide Rachel with feedback on business decisions and bookkeeping tactics:

- ▶ **A | Rachel is meeting with CLM each month.** Every month for two hours Rachel will leave the shop and come to CLM to discuss the business plan and the past month's actual profit vs forecasted.
- ▶ **B | Rachel has hired a store manager.** CLM is able to show Rachel that she can hire a full time store manager to handle the shop when she can't be there. This will free up Rachel a lot and give her the time she needs to work on the accounting system and business plan.
- ▶ **C | Accounting Education.** Rachel reaches out to CLM whenever she has a bookkeeping question. We are able to give Rachel insights which in turn makes her bookkeeping skills stronger.
- ▶ **D | Testing New Ideas.** With a dynamic forecast in place, Rachel knows she can alter her business plan and test new assumptions reliably. Decisions feel more comfortable for Rachel because she understands the risks, rewards, and financial impacts of each one.

CONCLUSION

Within about 90 days we had an early draft of a dynamic forecast in development, and every month since, we have fine-tuned it based on information we gather from talking to Rachel about everything that is going on in her business. Within the first 12 months Rachel was able to make a couple of key hires that immediately relieved her of time and stress. Soon after that, Rachel started promoting the new studio/spa idea, and it is now bringing in a reliable revenue stream with margins much stronger than her core retail business! These changes have enabled Rachel to unleash her creative genius, and constantly innovate using cutting-edge technology and promotional platforms.

Rachel offered the following endorsement: "Before CLM, I was truly anxious about the direction of my business. I felt like I was a small fish in a big pond and I wasn't going to make it. **Now, I can see the future of my business and make decisions and changes based on the direction that we think we are heading. Not only are decisions made, but they are made with confidence in my numbers.**"