



## Catalyst Business Coaching Case Study

**Client:** Waste Hauling Company  
**Client Status:** 19 year old business  
**Revenue:** \$1.2M in sales  
**Client's Issue for Hiring Us:** \$40,000 loss previous year and on-track for same current year

### Overview

Client has been in the waste hauling business for close to 20 years. The last few years he has been experiencing shrinking gross margins and thus net revenues and he wanted to see what we could do for him.

We were able to get his most recent financials from his bookkeeping service (P&L, Balance Sheet) and his income tax returns from the previous year from his accountant. We immediately put them into our proprietary financial benchmarking system (this program holds the largest amount of data from privately held companies in the United States – over 900,000).

We also had the client take a very quick (10 minute) behavioral assessment that we sent to him online called an *Extended DISC*. This is valuable to the client and to us as well, because it helps bring awareness to the client about why they behave as they do and how they communicate to their staff or their customers. It is valuable for a business coach because, as mentioned, it lets us know how they behave, communicate, and gives us the insight, thus the ability, to tailor the delivery of our communication and our plans for improvement of their business with maximum effectiveness.

In addition to the financial benchmarking data and the *Extended DISC* behavioral assessment, we also administered our *Business Effectiveness Evaluation* and our *Initial Client Profile*. These are more self-analysis tools than anything else, but give us great insight as to how a business owner thinks they are doing in nine key areas of their business and in certain areas of their personal life. We like to keep in mind that perception *IS* reality.

### Strategy and Initiative Used

- Work on the key financial metrics that are a problem (sales per employee was low, wages were way out of line, medical expenses were very high, and their receivables were high).
- Interpret with the client the results of his *Business Effectiveness Evaluation* to get a better idea of where he thought he was and guide him to realize the validity or invalidity of his perceptions.
- Help the client crystallize the vision for his business by going over the *Client Initial Profile* (i.e. setting SMART goals, writing a business plan and tracking results, and working on more business planning).

- Give the client a clear understanding of his behavioral style and the styles of those under his employ. The main purpose for this assessment is to understand how to play to your strengths and hire those around you with complementary strengths.
- Get the client more organized with his business in general. He had absolutely NO systems in place for anything. He was running routes to pick up refuse, but had no route sheets. That meant that everyone was going on memory. The entire organization was flying by the seat of their pants.

Next, we met with the client to go over his *Business Effectiveness Evaluation* and his *Initial Client Profile*. During this meeting, we were looking to see what challenges the owner perceives he has and then prioritize what it is he thought he should work on first. He expressed feeling challenged in understanding his financials, his operations, setting up systems (a hiring/firing process, employee manual, policies and procedures, route sheets for refuse pick-up, etc.), he wasn't sure about his pricing or how to effectively manage his employees. We mutually decided that he really needed to work on his financial health, pricing structure, systems, operations, systems, and human resource challenge (in that order).

Normally, we do not find the need to jump into the financial benchmarking program as quickly as we would have to in this case. We typically like to wait until we've done some good education on the subject. We also find it more beneficial to have a better idea of the client's goals and their comfort level before we start "fixing" their financial health *for* them. If we do the work for our clients before they are educated on their challenges they might never learn how to do it on their own and are bound to make the same mistakes again later. This client was an exception however; as he had taken a loss of close to \$40,000 last year and was projected to lose the same amount in the current year.

Like many of our clients who are losing money or just not making what they know they could, they know they are losing it or just not making enough of it, they just don't know *why* or how to fix it. In analyzing his financial data we noted that his revenue level was decent (\$1.2M), but that he had many big expenditures. For instance, his payroll costs were very high for his size business and for his industry in general. Two of the metrics we look at are the *Sales Per Employee* and *Profit Per Employee* metrics. This tells us how productive his employees are in relation to his gross revenue. If these metrics are low, then the workers are either being paid too much or they are not servicing or generating enough business for what they are being paid (not working hard or effectively enough). Additionally, his health insurance costs were through the roof for the number of people he was covering and he had a lot of receivables, which meant he was doing the work, but just not being paid for it.

### Insights and Plan of Action

We met up with the client a week later and suggested the following for a plan of action.

- Have a professional (one of my Strategic Partners) review his business' health care costs (no cost to him).

- Have my Strategic Partner CPA look at his tax returns to see if there were any opportunities there to recapture some money (no cost to him).
- Create route sheets so that the drivers know where to go and that our client would know where his drivers were.
- Once the route sheets were set up, we needed to look at his pricing structure for a lot of his commercial business, as he was losing money by servicing many of his commercial accounts.
- Set up all of the necessary policies for the business (attendance, drug, disciplinary, vacation, pay, etc.) because at this point, his employees had zero policies to follow and they pretty much did as they pleased.
- Review the wage structure he had in place for his employees to make it equitable for all parties involved (his employees were making more than he was?).
- Start collecting on his receivables (\$58,000 worth) by setting up the ability to take credit cards for one.
- Work on a business plan and employee manual so that he and his staff are not flying by the seat of his pants any longer.

### Catalyst Advantage Provided

- We brought awareness to our client that he didn't have before in many different areas:
  - We uncovered that he wasn't paying his people in the most effective/fair manner for what they were doing.
  - We showed him that many of the accounts that he was servicing were actually **costing** him money. We had to either increase his fees or drop the accounts completely.
  - We helped him identify that he was paying excessively for his health care for his employees.
  - We identified that without policies and procedures that he would never be able to discipline his people due to his behavioral style.
  - We identified that there might be an opportunity for amending his tax returns to get some money back.
  - We showed him some very low-cost ways to collect on his receivables.
  - We showed him the importance of creating route sheets for him and his drivers.

We feel the ability for us to bring awareness to our clients is one of the biggest advantages to hiring us. We can most often see what business owners can't due to us not being emotionally tied to the business and by employing the very insightful tools that we have at our disposal. The biggest challenge most business owners have that we work with is "what they don't know."

### Outcome

- We had his health care reviewed by my Strategic Partner and we were able to save them \$2000 per month on that cost with no extra out-of-pocket expense.
- We looked at his tax returns, but were unable to realize any savings there even though initially it looked as though there might be a huge opportunity there. The opportunity we did discover

was that we felt he needed to hire a different person to do his taxes, as the work was somewhat sloppy.

- We developed route sheets for the office and the drivers so that everyone knew their schedule.
- We corrected the pay structure for his employees and ended up saving over \$83,000 by doing so. In addition, we got the employees to be more profitable for the company. They simply needed direction.
- We had the client set up the ability to take credit cards and used that tool to capture his receivables (\$58,000).
- We created a business plan and an employee handbook outlining every policy so that everyone knows what he or she is supposed to do and how he or she is supposed to do it. This took any emotional component out of disciplining employees because our client now was just following a procedure. This was great for his behavioral style, since he didn't like conflict.
- We analyzed his pricing on some of his commercial accounts and ended up dropping the loser accounts or raising the fees for servicing them.

This client will not experience a negative year again as long as he continues to implement what we set up for him. In total, we were able to help our client run more effectively and efficiently. In addition, we were able to add over \$140,000 to his bottom line (health care costs, wage scale, receivables, pricing for commercial accounts, other expenses). The client kept us on for the accountability component of our service until he is working effectively and efficiently on his own. At that point, he can cut us loose and he can run his business by himself successfully.

Cost to Client to Catalyst for 1 Year:	\$15,500.00
Savings to Client for 1 Year:	\$157,000.00
<b>Total Net Savings to Client for 1 Year:</b>	<b>\$141,500.00</b>

**For more information on Catalyst Business Coaching and Development and to learn about our *Money-Back Guarantee*, call us at 877.427.GROW (4769).**