

CASE STUDIES

Some wonderful adventures with friends

TWO GUYS WITH NO OPERATING BUSINESS EXPERIENCE SHOOT FOR THE MOON

Mid-year 2013, the sole owner of the business began working with a potential partner. The potential partner contacted Wingspan, starting a discussion that lasted for about six months before they became a client.

Their concern was simple. The potential partner had a strong marketing background, and the owner was a very skilled construction manager. Neither had ever run a business, and both knew they needed a lot of coaching, mentoring and sponsoring.

Look at what we accomplish in our first year and a half of working together:

	2013	% of Rev	2014	% of Rev	Peer Grp % of Rev	'13 to '14 Change
Revenues	\$584,533	100%	\$1,682,372	100%	100%	+188%
Cost of Goods Sold	\$519,379	89%	\$1,099,944	65%	56%	+112%
Gross Profit	\$65,154	11%	\$582,428	35%	44%	+794%
Pre-tax Profit	\$2,637	0.45%	\$282,078	17%	5.4%	+1,060%

Notice that the company's gross profit margin in 2014 of 35% was less than the peer group's 44%. Yet, the pre-tax profit of 17% was over 300% higher than the peer group's 5.4%. **One of the company's unfair advantages is its ability to manage independent contractors, turning what is a major fixed expense in many companies into a variable expense for them.** The independent contractor expense is carried in Cost of Goods Sold, so their COGS is higher than the peer group average. However, they more than made up for the increase in 2014 by having much lower fixed expenses than the peer group.

Wingspan provided the coaching, mentoring and sponsoring they needed.

We introduced them to trusted advisors with expertise in areas critical to their business success including a business lawyer, an outsourced human relations consulting company and bankers, along with several people we know (some of whom have been our clients) who might have a need for their services.

As we like to remind clients, the two partners are the MVPs (most valuable players) of the game. We are simply the catalyst that helps make the right things happen. **The passionate commitment to the customer that both partners demonstrate in everything they do is by far the most important aspect of the company's unfair advantages.**