

A High Growth Business starts right

Plastic Extrusion Start up

Business Issue

A start up business was in the fortunate position of having (almost) guaranteed significant demand for the next 12 months. The management were about to enter negotiations with their key client and needed to know what was critical to their success and where they were likely to face issues. They knew cashflow would be an issue but not how serious it may be and what to do about it.

Solution

A spreadsheet model of the business was created. This showed on a week by week basis the performance of the company based on the anticipated production volumes. There were 2 key aspects of the business considered: cashflow and production.

The cashflow analysis showed that a change in payment timings could have an impact of £76,000.

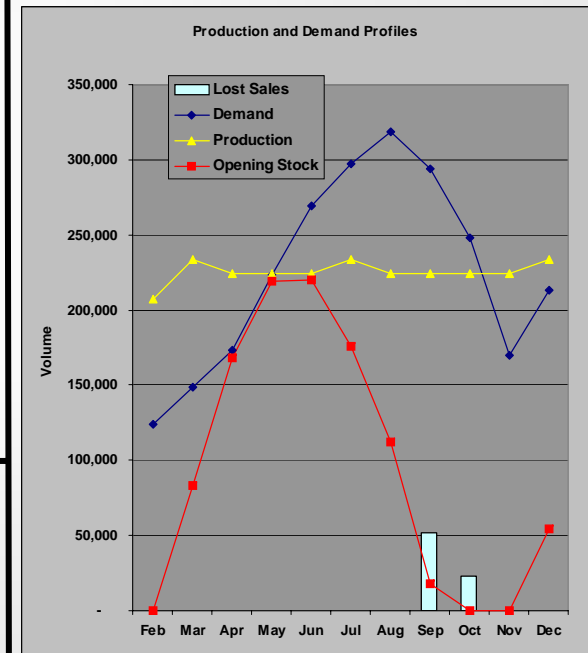
The company were planning to make large volumes of product. The production analysis showed that the timing of collections was critical, bi-weekly collections implied enormous stockholding compared to weekly.

Approach

An Excel spreadsheet was built based on an outline business plan and the knowledge of management.

Benefits

The management learnt exactly what was critical to the business in the sensitive start-up period and used this knowledge to negotiate favourable contracts to get a flying start.



Knowing what is really important to the business