

# Lifeboat!

## *An Exercise in Identifying Your Best Customers*



Here's the situation.

As the business retention manager for Anytown British Columbia, you are piloting a helicopter headed towards the Perfect Storm. Your target is a lifeboat with seven companies on board.

Your dilemma? The helicopter can only hold five companies. You have to decide which five to take and which two to leave behind.

The companies are as follows.

- A candy store on Anytown's Main Street
- A small manufacturer
- A small legal firm
- A 10-person IT firm
- One of Anytown's largest employers
- A third-generation family farm
- A dollar store on Main Street

Which companies do you rescue? Which companies stay behind?

### **A Candy Store on Main Street**

Carvelli's Candies on Main Street only looks like an ordinary small-town candy store.

Behind the front counter is an aggressive, growing company specializing in not only retailing but making high quality, low fat chocolates. Originally sold from just this one retail outlet, Carvelli's chocolates are now sold nationally through its interactive web site which accounts for 80% of its total sales.

With 6 full-time and 3 part-time workers, Carvelli's has established a national reputation in the world of candy. Now, it is about to announce a major supplier agreement in which it will supply Superstore/Loblaws with private-brand, low fat chocolates on a provincial basis. There is the further potential to supply all Superstore/Loblaws in Canada.

To accommodate this new customer, Carvellis' will need to build a new 15,000 s.f. facility and hire another 25-full time, workers earning family-sustaining wages in the next 6-9 months. Further expansions are planned as the product rolls out to all Superstore/Loblaws nationally.



**Does this company get saved?    Yes    No**

### **A Small Manufacturer**

Dovetail Wood Products makes high-end wood cabinetry (case goods) for office and bank lobbies. The firm is well-known for the quality of their work and design. Major architectural firms within a 500-mile radius of Anytown gravitate toward Dovetail because they can purchase high quality case goods for their clients at prices far less than other case good manufacturers in the major cities.



Dovetail is just six years old and started with five highly skilled craftsmen. Growth has been steady and the owners have willingly invested in new technologies and training. The owners, both of whom are Anytown natives, conservatively project a 15-25% growth rate in sales and employment over the foreseeable future. They plan to stay and grow in Anytown as they expand to markets beyond British Columbia.

**Does this company get saved?    Yes    No**

### **A Small Legal Firm**

The law firm of Kraye Moyer and Smythe is well known in the Anytown, BC area.

The trio has been in business for 35 years and each has been active in the community.

As the founders near retirement, the company has stagnated. The trio seem reluctant to expand their market, preferring instead to concentrate on the immediate Anytown area. Employment at the firm has dropped from 12 to 7 good-paying jobs, primarily through attrition and retirement over the past five years. Almost all of the staff is nearing retirement.

Most troubling of all, the trio does not have a succession plan and have started to spend more time at their 'winter' homes in Arizona.



**Does this company get saved? Yes No**



### **A 10-person IT Firm**

Integrated Sales Solutions is a small software development firm that hit the big time four years ago. At the time, its Tracker™ database system was revolutionary, enabling small, independently owned retailers to track inventory, communicate and place orders with major suppliers.

Unfortunately, Tracker has been eclipsed by other products on the market and ISS has not been able to develop a hot new product. From a high of 10 programmers, ISS has declined to a 5 - person firm. One of the co- founders, an Anytown native, just left after a highly publicized feud with Julie Hopkins, the other co-founder.

Hopkins is a Toronto native who has never adjusted to Anytown. She recently vacated her leased facility in the towns business park and her and her staff are now working from her home. There are rumors that she is trying to sell the Tracker system to a competitor.

**Does this company get saved? Yes No**

### **One of Anytown's Largest Employers**

CJ Industries originally started life as the Anytown Chair Company. It was purchased by CJ Industries from Alberta 15 years ago.

With 45 employees, CJ Industries is still one of the major employers in town but the handwriting is on the wall. Employment is down from a high of 75 workers as recently as 2014. A manufacturer of high end office furniture, sales are down 40% -- just like the premium office furniture industry as a whole. Industry experts do not expect the premium office furniture industry to recover for at least five years.



The Anytown facility has been operating at a loss for the past four years. Once actively engaged in the Anytown facility, management at the parent company has reduced the number of its annual visits from four to two. In the last year, the parent company has discontinued membership in the local chamber of commerce.

**Does this company get saved? Yes No**



### **A Third-generation Family Farm**

Enchanted Valley Farms is on a mission. The third-generation owners are young, college educated, and understand the growing trend toward organic foods among big-city dwellers.

In the last four years, they have transformed Enchanted Valley Farms from a dairy farm selling

milk to one that is generating over 65% of its sales and profits from high margin, organically grown specialty produce sold in major grocery chains under the Enchanted Valley Farms brand name.

Now, the owners want to bring packaging and labeling operations in-house, necessitating a \$1.8 million, 30,000 square foot expansion that includes cold storage, production and assembly areas as well as additional loading docks. Up to 25 full time jobs will be created, adding to the firm's current 12 full-time and 30 seasonal workers. The expansion is part of the strategic plan for this agribusiness that outlines a 15-20% annual growth rate in sales and employment over the next five years.

**Does this company get saved? Yes No**

### **A Dollar Store on Main Street**

Anchoring the block across the street from Carvelli's in downtown Anytown is Kennedy's Old-Fashioned Dollar Store.

Complete with wooden floors, original store fixtures and soda fountain, Kennedy's has become a bona fide attraction, attracting those seeking the five and dime stores of yesterday. It has become nationally known and has even been featured on the Travel Channel.



Despite its old-fashioned image, Kennedy's does a robust Internet business. In just three years, Internet sales have grown to 40% of its total and the percentage continues to increase. With sales growing at a steady 10% clip and approaching \$1.5 million, Kennedy's employs 10 in the store and another 12 in its modern distribution center at the edge of town.

With as many as 10 bus tours per day in the summer season, Kennedy's draws over 150,000 people annually from outside of the community. The success of Kennedy's has prompted a successful Main Street program in Anytown that captures the small town, old fashioned feel of the store. Several restaurants and other specialty stores have opened in downtown Anytown, encouraged by the traffic generated by Kennedy's.

**Does this company get saved?   Yes   No**