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How to restructure a business with non-cooperative owners



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Background

Universal Interiors is a custom drapery and design company servicing both the residential and commercial markets. Based in Southern Ontario with a staff of 10 the company has been established for 30 years.

Business Insight

This white paper outlines the challenges the company was facing and solutions designed and implemented by Alexson Solutions and the results from those strategies and actions.

Problem Faced

Universal Interiors was operating very ineffectively and was a company on the verge of bankruptcy. It had a number of challenges;

- No tracking of profitability of its work or projects.
- Legacy systems and procedures with high error rates.
- Poor productivity and high absence rates of staff.



- Limited and out of date use of technology resulting in high inefficiencies and costs.
- No Human Resource department leaving the company exposed to violations and potential lawsuits.

Proposed Solutions

Although the owners of the company had asked for help they were extremely reluctant to make changes and pushed back very hard on any new ideas suggested. One of the owners was openly antagonistic and condescending.

Introduction & Application of Solutions – Profitability

- Created a visual representation of costs summarized monthly so that key decision makers can monitor the company's expenses at high level and catch them before they get out of hand (owners, until this time never viewed the books, now they monitor their business).
- The tracking of costs allowed the company to switch from a “swing by the hips” company when working on pricing to a company fully aware of all the costs associated with their services and so profit was the only variable for each project.

Introduction & Application of Solutions – Productivity

- Sales measurement process nearly eliminates sales measurement problems (eliminates human error when transcribing numbers). A photo is taken of the window on an iPad, a laser “tape measure” is tethered to the iPad, all measurements are automatically placed on the photo. Quoting staff see exactly what the salesperson sees, there is no guess work.
- Designed and implemented employee time tracking meaning no more cheating on holiday and snow days. This tool became integrated with the manufacturing-tracking sheet allowing the owners to track efficiency of employees and the company over all.
- Implemented processes with quality assurance sign-offs during manufacturing. This increased productivity to the point that 50% of the staff were able to be eliminated.

Introduction & Application of Solutions – Technology

- Installed a monitoring thermostat, which reduced the propane usage for heating (heat on weekends and holidays is automatically dropped to 55F, 68F during working hours). Before this, the building was kept at 70-72F 24/7. The system monitors temperatures and alerts when the temperature breaches a threshold. This occurred 3 times this past winter. Staff was dispatched after hours to ensure no water pipes froze saving a lot of money, insurance claims and the hassle dealing with flooded buildings that become frozen.
- Replaced old style commercial irons with more user-friendly irons. This nearly eliminates the heat being produced and now air condition is no longer required during the summer. Irons are lighter weight so staff are no longer fatigued.
- Brought in new installation tools to decrease installation times by tens of minutes/site.
- All documentation was turned digital. No longer are there any errors based on legibility of handwriting.
- Updated their computer hardware and software. Saves roughly 0.5 FTE/year.
- Switching of telecommunications systems and providers reducing costs by 60%.



Introduction & Application of Solutions – Human Resources

- Outsourcing the HR department to a third party (reducing staff efforts by 1 body/year).
- UI didn't actually have an HR department and so were quite out dated on what was legally required to deal with staff and safety. I audited their infrastructure and replaced all unsafe or "illegal" tools such as ladders and implemented safety training by all staff.
- Implementing systems and procedures requiring each staff member to sign off and became accountable for their respective roles.
- Consultants regular presence created harmony in the organization that had previously low morale. The non-cooperative owner overtime changed their approach to much softer and more conducive to getting staff to do things.

Future Direction / Long-Term Focus

The company is now on a much stronger foundation and footing.

Results / Conclusion

The work and changes conducted over a number of years have resulted in;

- 40% increase in productivity
- 80% reduction in returned goods
- 50% staff size reduction
- 60% reduction in telecommunication costs

Appendices

Appendix A –Testimonial

"You completely restructured a business with non cooperative owners."