

**INSIDE/OUT PAINTING  
BUSINESS MAKEOVER  
CASE STUDIES**

Compiled by

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## Foreword

One way to gauge the success of a program is in terms of bottom line financial performance. By this measurement, the first Naperville Area Chamber of Commerce Business Makeover was an unqualified success.

By the end of the program, compared to the previous year:

- Inside-Out Painting Company's revenue was up 64%, with commercial work accounting for 73% of that increase.
- Gross Profit was up 151%
- Net Profit was up 616% -- (this was after subtracting expenses for computers, phone system and additional marketing)

**NACC Extreme Business Makeover  
Inside-Out Painting Co.  
Business Snapshot**

## **INTRODUCTION**

Inside-Out Painting Co. is a commercial and residential painting company based in Batavia, Illinois. The business started about 15 years ago doing mostly residential work but has progressed to multi-family and other commercial work. Their services include:

- Power Washing
- Residential painting
- Commercial Painting
- Property Management Painting
- Shop and Warehouse Floors
- Office Interiors
- OSHA Color Coding
- Handyman Services
- Insurance Restoration
- Property Management Maintenance

As a full-service painting company, Inside-Out provides a wide range of services. From start to finish, they can handle your project using well-trained, experienced craftsmen. They pride themselves on their ability to respond to your needs quickly and efficiently, and do all of this at a competitive rate. Inside-Out Painting also has a handyman division that started in October 2003.

## **BUSINESS GOALS**

- Increase Gross Revenues from November to April
- Increase Gross Profit margins to 40%. They are at 34-37% now.
- Increase Gross Revenues from Commercial and Industrial painting
- Increase Gross Revenues from multi-family painting
- Increase customer satisfaction
- Ensure consistent customer experience and WOW! factor
- Build company infrastructure to support operations and growth
- Eliminate seasonality as much as possible

## **THE OWNER**

David Lockhart has a Bachelor of Science degree in Business from Northern. He works about 12 hours a day, from 5-6 am to 6 pm. He feels that he can safely leave his business for a week or two and the business will survive, but not a month. David likes his work

and is not tired of it, but experiences some frustration occasionally when things aren't running smoothly.

## **BUSINESS OPERATIONS**

Inside-Out works on 7-9 jobs a day, with an average of 20 painters and up to about 30 working during peak months from May - October. Most jobs are in Du Page and Kane County.

They have seasonal workers, though most would choose to work full time if given the opportunity. About 95% of the painters return every season, and they get new painters via word of mouth. During the busy season, painters can work 60-hour weeks. Outside of busy season, they work about 40-45 hours a week. Overtime costs are about 1% of annual revenue.

All Job estimates are done by Dave & Scott. The average job size for residential work is about \$2500-3000 (about 40% gross profit), and \$15-20,000 (about 60% gross profit) for commercial work. Their work is about 70% exterior work and 30% interior work.

Handyman Services account for about 20% of their business revenues, and bills at a higher rate than painting services. The majority of their handyman projects take more than a day.

Commercial Services currently account for about 15% of revenues.

## **THE PERSONNEL**

### **Painting Services**

David Lockhart – Owner

Scott – Sales manager

Armando- Field Supervisor

Rita- Office Manager

Seven foremen – each foreman supervises one painting crew of 1-2 additional painters

Nineteen to 30 Painters

### **Handyman Services**

Christie Mortimer, Office Management

Mark Mortimer, Field Operations

3-4 Handyman

## **KEY BUSINESS ISSUES**

### *Vision*

In meeting with the Audit Team, questions were raised about the business's vision as to whether they wanted to pursue the residential or commercial market. Much of Inside-Out's revenue is currently generated by the residential market. The commercial market is more profitable, with larger jobs, so they are interested in expanding into the commercial market. David Lockhart would like some help in clarifying his vision for his business.

*Suggested Teams: Audit/General Team*

### **Rapid Growth**

Inside Out has been experiencing growth rates of 20-30% a year, however, their company infrastructure, policies and procedures have not kept pace.

Suggested Teams: General Team/Accounting/Finance/Technology

### **Seasonality**

The business is influenced by seasonal factors. Peak business occurs from May through October. The winter months are the slow season for the business. They would like to increase the amount of business they due during the winter months.

Suggested Teams: Marketing/General Team

### *Accounting/Finance*

They are currently using an outside accounting firm in St. Charles, who connects remotely to their system to work on their Quickbooks: Contractor Edition.

They have a line of credit, and cash flow is about 10% of receivables. The company breaks even about June. The company is profitable, with an average net profit margin of about 10%.

The business tracks the profitability of each project, but lost equipment is not charged against the project.

Suggested Team: Accounting/Finance

### *Marketing*

The business needs a better and more defined marketing plan. They feel that their current plan to reach their target markets is less than effective. Growth, particularly in the winter months, continues to be a struggle. The business currently uses the yellow pages to advertise, and gets a lot of calls from that. They also gain about 50% of their business from referrals and networking. They are involved in the Valley Industrial Association, two Chambers, etc. They have tried some advertising but have not tracked the results very well. There is nothing in place to market to existing customers.

They would like to increase the amount of business they do in the commercial and industrial market. They have subcontracted a newsletter to be sent out to prospective commercial customers. They have targeted 250 companies and will be sending the newsletters to key personnel at those companies such as Plant and facilities managers, controllers, etc. There is no plan to mail the newsletter to existing customers.

Right now, the company makes occasional voice calls to existing customers to look for additional work but there is no methodology in place to fully exploit this potential. They are thinking of getting postcards to mail out to 3-4,000 people.

They are working on getting co-op advertising with their suppliers where the suppliers would absorb  $\frac{1}{2}$  of the advertising costs.

They do not target nearby homes for flyers or door hangers when they are working in a neighborhood, however, they do send out door hangers on a quarterly basis to specific neighborhoods

They need a marketing plan and calendar to help smooth out the workflow over the slow months.

There are no incentives for staff for getting new customers (for example, by handing out flyers at nearby homes) or up selling other products and services to customers while on site.

Last November 2003 they started calling real estate agencies and did 7-8 presentations with little result. They got 1 job from 3 estimates.

Current Key Selling points:

1. Foreman and staff are trained to involve the customer in projects.
2. They want to show that they are responsive to needs and requests
3. They always return phone calls.

Suggested Teams: Marketing Team

## Inventory Control

On an annual basis, the business accumulates hundreds of gallons of excess paint for various reasons, such as overage, wrong color, etc. There is no tracking system for the paint in stock, which has a 2-year shelf life. David Lockhart stated that they have gone out and bought paint, not knowing they already had some in stock. Paint is often donated to charities, but more would be used by the business if they could get a handle on what is available.

Suggested Teams: Accounting/Finance/Technology

## Asset Management

The business has a significant number of assets in the field including ladders, \$800 sprayers, \$3000 power washers, etc. At any given time, the location and disposition of these assets are not definitively known. For example, David Lockhart gave an example of a site where the job was finished for a month and a half and 7 ladders were left on site. There is no tracking or procedures for controlling these assets, and no methods for establishing accountability for their loss. In addition, knowledge of the location of assets would aid in dispatching equipment from sites that are close to completion to new jobs nearby. The business does have insurance for equipment but has not made any claims for lost equipment.

David would also like to create a painter's kit, a set of equipment and supplies for each painter and each crew, to help prevent avoid situations where a painter has to stop working to go out and buy a \$2 roller.

Suggested Teams: Accounting/Finance/Technology

## Technology

The business has 4 PC's and one notebook of different brands that are networked together. There is no file server. Information is stored on various computers in a peer-to-peer network and not always accessible from other computers, they have a hard time finding stuff. There is no centralized backup systems or procedures in place. Backups are done at whim on CDRWs. There is a mix of operating systems in use, from XP Pro, XP Home, Windows 98, and Windows ME.

They have had a couple computer companies look at their systems but they have not resolved any systemic issues, and sometimes they made things worse.

The business has no phone system. They are using standard phones. They need call routing and other phone system features to enable their business to operate more efficiently. They have had little success in finding a system that meets their needs and is within their budget.

They are currently using Quickbooks, Word, Excel, and Act!

Suggested Teams: Technology

## Customer Service

A primary goal of the business is to increase their customer satisfaction level by giving the customer more than they expect, and ensuring that their experience with the company is consistent from the start of the relationship.

They are looking for a plan, a methodology for going the extra mile to make customers happy. They need some way to train their employees, create checklists of things to do to ensure customer satisfaction, and formalize ways for their staff to up sell other products and services to their customers.

Current customer service training is only done intermittently.

There is only limited information available about customers. They just started using Act! about 6 months ago but they need training on how to use it effectively. Right now they are tracking basic name and address information, but there is no coverage on follow up calls, notes on conversations, last contact, or the paint used on the job.

Right now when a customer calls, they enter the contact information into Act, enter it again when they create a proposal in Word, enter it again into QuickBooks when they bill, and enter it again on any field documentation that goes to the crew.

A proposal bid package given to customer includes information such as “7 mistakes in choosing a contractor”, is printed and not handwritten, includes a contract, describes step by step what will occur, and allows a 3 day right of rescission. Of the bids that they submit, they get about 4:1 of them. They do not follow up on reasons for lost bids.

At the start of a job, the foreman (who communicate very well and do not suffer from language problems) will walk through the site, and introduce the crew to the customer.

The business would like to increase revenues by up selling the customer when possible, for example, offering additional painting or handyman services when a need is identified.

However, this is not happening consistently. They have been training foremen to do this. There are no incentives offered to staff for successfully increasing job revenues.

After each job, the company does a walkthrough with the customer and gets them to sign off on their work.

David would like to create some pre-job checklists on what needs to be done, and have a project inventory done at the start and end of a job.

For the last 2 years, customers have been given surveys to comment about their experience. They get most of them back with the customer's payment, but the surveys only use a 1-5 rating scale and do not provide enough feedback to act upon to improve the business.

Suggested Teams: Accounting/Finance/Technology/General

## Subcontract or Not?

There has been a trend among larger painting companies to use painting subcontractors. David Lockhart would like a study of whether his business should do the same and the pros and cons. There is some question as to the quality of work. He currently feels that it's better to have employees to maintain quality and control but he's having trouble competing with companies that outsource. These competitors are paying on a piecework basis rather than an hourly basis.

Suggested Teams: Accounting/Finance/General

## Personnel

David would like to have job definitions and a clear statement of job responsibilities for each role within his company.

Incentive plans should be reviewed, to see if we can or should align compensation with the goals and marketing goals of the company.

## The Makeover Begins:

Dozens of Chamber Members volunteered their time, skills and resources to the process.

### **MANAGEMENT TEAM**

The Management Team was responsible for policies, procedures and oversight of the entire process.

#### **Team Members:**

Shane Beard, FASTSIGNS, Team Leader  
 Sun Kwok, Integral Corporation, Project Manager  
 Pam Denniston, Denniston Consulting Group, Inc.  
 Annmarie Siwik, DiGiovine, Hnilo, Jordan and Johnson, Ltd.  
 Peggy Barry, Naperville Public Library  
 Gregg Eisel, One-2-One Computer Assistance, Inc.  
 Barbara Pantazopoulos, Synergy 3 Communications  
 Debra Lellbach, Lellbach Builders  
 Ron Davidson, Harris N.A.  
 Sandy Ketcham, The Word Pro  
 Maria Wilson, Financial Network

### **SELECTION TEAM**

The Selection Team reviewed all applications, selected three finalists for personal interviews.

#### **Team Members:**

Tim Donoghue, Financial Insurance Concepts, Inc., Selection Committee Chair  
 Pam Denniston, Denniston Consulting Group, Inc.  
 Annmarie Siwik, DiGiovine, Hnilo, Jordan and Johnson, Ltd.  
 Peggy Barry, Naperville Public Library  
 Gregg Eisel, One-2-One Computer Assistance, Inc.  
 Barbara Pantazopoulos, Synergy 3 Communications  
 Sun P. Kwok, Integral Corporation  
 John Hennessy, Edward P. Graham Law Offices

### **AUDIT TEAM**

The Audit Team was made up completely of previous Small Business of the Year Award winners. They met with Inside Out Painting to determine the overall needs of the business, providing the first report of areas for improvement.

#### **Team Members**

Mary Anne Powers, CPA., DiGiovine, Hnilo, Jordan and Johnson, Ltd.  
 Rick Hitchcock, Hitchcock Design Group,  
 John Schmitt, john greene Realtor  
 Dave Martin, Russell Martin Carpet and Rugs, Ltd.  
 Ed Channell, Sound, Inc.  
 David Fish, The Collins Law Firm  
 Al Lautenslager, The Ink Well

## Overview

The Business Makeover process began with a "snapshot" of the business. Included in this "snapshot" was a list of definable business goals that the owner wanted to address. Based on those goals specific areas of need were identified and assigned to a specific "team." The final roster of teams included:

- General Business
- Finance
- Marketing
- Sales & Customer Service
- Technology
- "Other" (later renamed Specialists).

Each team was charged with developing solutions that would best allow the business owner to realize his business goals.

Teams were to meet with the owner for a needs assessment and suggestions for improvements. The teams would return to the owner with formal proposals. If the owner agreed, work would begin.

However, because this is the "real world" and not a laboratory, the makeover did not always progress in a linear or predictable manner. At times, the assessment phase turned into a hands-on session. When a team saw an urgent need, they often rolled up their sleeves and worked on the problem immediately. At times, the owner was so anxious to get started with a good suggestion that he implemented it even before any kind of formal proposal could be made. "Some of them were ideas we hadn't thought of. They generated energy and excitement and we just couldn't wait," he said.

Much of what was done during the Makeover was not on the original list of "needs." When the business owner became aware of the areas of expertise of the volunteers and the value that expertise had to him, he often decided to use those services. As one of the EBMO management team said, "Sometimes a business owner doesn't know what he doesn't know!"

The following case studies are meant to give an overview of how each team addressed the challenge of a Business Makeover.

## FINANCE TEAM

**Bill Mitchell, Benefits Insurance Group**

**Shirley Fancher, Advantage Bookkeeping Professionals, Inc.**

**Art Littlefield, Financial Strategies & Solutions Group**

**Dino Romano, Wilkison & Romano, LLC**

"SNAPSHOT"

- Company uses Quickbooks (Contractor Edition). An outside accounting firm connects remotely to the system and works on the books.
- Financing is done with a line of credit. Cash flow is about 10% of receivables.
- Company breaks even in about June.
- Average profit margin is 10%.
- Business tracks profitability of each project, but lost equipment is not charged against the project.

NEEDS...

1. A better banking relationship
2. An accounting system that takes into consideration all variables to arrive at an accurate estimate of profit from each project.
3. Reports that are useful in understanding the financial health of the business.

RECOMMENDATIONS/ACTION

The finance team reviewed the company's accounting procedures and financial reports, and also its banking and financial arrangements. They suggested that the owner consider his business as a personal wealth builder, and also that he consider succession planning and exit plans.

Final suggestions in each of the financial areas included:

### Banking

1. Consider a larger working capital line and short-term working capital in order to cover accounts payable that hit before Receivables are realized.
2. Consider more aggressively paying down credit – better management of funds.
3. Consider having a relationship with a business banker as an advisor.

### Collections

Find out why the money is not coming in as quickly as it should and implement procedures to get it. Including:

1. Better communication with current customers.
2. Working on a relationship with clients – to get the business higher in the list to be paid.
3. Make the time to make calls to collect receivables. Put it on the calendar. Do it regularly.
4. Consider some type of automated system that does not make the collection calls personal.

### Bookkeeping

1. Use financial reports as a management tool to track where the money is going.
2. Develop specific formulae for job costing to understand the actual cost of the job.
3. Track each segment of the business separately, i.e. commercial painting, residential painting, handyman services, etc.
4. Monitor transaction entries to make sure that all information entered is correct to assure that the final reports are correct.
5. Develop a better inventory tracking system.

### Financial Planning

1. Look at the business globally – owner should define his goals – what he wants to get out of the business (e.g. vehicle for retirement, college for children, retirement income, income for spouse in the event of owner's death).
2. Plan for the future. Will the owner pass it to someone, sell it, or just close the door? Specific strategies need to be considered for succession planning.
3. Use the business to accumulate wealth by having specific financial goals and plans in place.

Finally, the finance team suggested a team approach in order to insure financial success of the company. The owner of the company was encouraged to partner with his accountant, his attorney, his banker and his financial advisors in order to take his business where he wants it to be.

## **GENERAL BUSINESS TEAM**

**Jack Medor**, Jack Medor Consulting, is an independent consultant with over 25 years of financial and accounting experience. Through his consulting, he has helped clients in many industries. Prior to consulting, Jack served as a Financial/Accounting Officer for New York Life, Cine Books, Chapman & Cutler and Clow Corporation. He was also on the audit staff of Coopers & Lybrand.

Jack is a CPA and graduated from the University of Illinois with a BS in Physics and Northwestern University's Kellogg Graduate School of Management. He is an active member of the Illinois CPA Society, the Naperville Area Chamber of Commerce and the Midwest Entrepreneurs Forum.

**Lynn McKenzie, AlphaGraphics-Lisle/Naperville**

**Calvin Iwema, Best Mind Forward**

**John Lafferty, CFO Pro**

**Bill Crawford, Everydry Waterproofing**

**Mike Hickey, Millennium Leasing & Financial Services**

**Robert Slayton, Robert Slayton & Associates**

## "SNAPSHOT"

- While the company had enjoyed rapid growth and revenue increases, there was no formal or overall business plan.
- Company owner questioned whether or not to subcontract some of his work – competitors are able to underbid jobs because they pay on a "piecework" basis, not hourly wages.
- Quality control is important.
- Owner wonders if it is logical to compete on price alone.

## NEEDS...

1. Observe how the company actually operates.
2. Have owner define his philosophy and specific goals for the company
3. Work with owner to come up with a comprehensive business plan

## RECOMMENDATIONS/ACTION

The Team helped the owner write a preliminary Business Plan Summary, answering five key questions: Who are your customers? What is their problem? What is your solution? Why is your solution better than your competitors? What prevents your competitors from providing the same or a better solution?

Various members of the Business Team met with the owner to outline their special areas of expertise. This helped him understand the breadth of the resources available to him and to see where these volunteers might help. Areas such as risk analysis, equipment and furniture leasing and non-legal record retention were discussed.

At the conclusion of the Makeover, based on input from other teams, the general business team members worked as advisors as the owner began to develop a formal Business Plan for both short-term and long-term success – "defining where we want to go and how we are going to get there."

## TECHNOLOGY TEAM

**Arthur Flowers** is the owner of Expetec of Naperville #1171. He has worked with/on computers for 26 years. He has a Masters Degree in Management Information Systems from North Central College and plans to complete a Masters in Business Administration this summer (2005). He is knowledgeable in computer technology and project management and has proven leadership skills. He notes his reason for joining the technology team of the Business Makeover: "I am looking to understand the needs of other types of small business and how my services can assist them to reach their goals."

**Richard Stompanato** is founder and owner of ARDS Services, Inc. Richard's training, experience and background allows him to now offer enhanced levels of business class solutions beyond those typically provided smaller businesses. His many years of training and experience in the technology field position him to bring specialist-level computer, networking and software services spanning all three common yet critical areas of computing. His wide range of computer technology and software disciplines includes IBM mainframe computing, DOS, UNIX and all versions of Microsoft Windows including the newer and more complex Windows Server and Windows XP versions.

Richard is a Microsoft Registered Partner and an OEM Systems builder with Microsoft and is Microsoft Certified Systems Engineer trained on Windows XP and Windows Server operating systems. He is highly proficient with Computer hardware Systems, Networking and many Windows based Software programs. He has aligned his business with many "best of class" industry businesses that provide products and services throughout the North American and International markets.

Richard is a military veteran and an active Member of the Naperville Area Chamber of Commerce and Business Networking International, where he participates in leadership or committee membership roles.

**Tony Farley** is with Data Consultants Corp. (DCC) where he works as VP Operations Manager. He has a BS in Business, career certifications from Cisco Systems, certifications from Best business accounting software, Sony Video certifications and MS software certifications. He serves on the Technology Growth committee's infrastructure sub-committee for the Chicago Chamber of Commerce as well as the outreach sub-committee.

He has consulting experience with networking, data and voice infrastructure, wireless technology, security for the LAN and WAN telecommunications solutions, ISP services, and business software applications (Microsoft -- Word, Exchange/Outlook, power point, Excel, Visio, Access, Project, Publisher, Front page), and Dreamweaver Web software, Best business accounting software, Virus protection, spy ware protection, and custom application programming), Business management and value added assembly/manufacturing processes. He has expertise in Cisco System products and services.

When asked what he hopes to get out of this program, Mr. Farley said that he hoped to learn "how I can work better and smarter with other groups/individuals. I would like to find out better ways to position my products and services with other companies."

He also hoped to learn "how other individuals approach issues such as growth in business, changes in business technologies, personnel, and helping businesses reach their potential." He firmly believes that the fastest way to become successful is to help someone else become successful.

**Dianne Pollitt, CRM** is owner of Records Management Systems. She has 25 years of experience in the field of Records Management, and has worked as a records analyst in the City Clerk's office of a local municipality, as the records manager of a large Chicago financial institution, and as a sales/records management consultant. She is a Certified Records Manager, and a past president of the Chicago Chapter of ARMA (Association of Records Managers and Administrators). She has spoken extensively to local and national groups on various records management topics, and has also presented records management seminars to various ARMA chapters, local colleges and clients.

She volunteered because "businesses often overlook filing and storage systems as having a real cost in time and materials affecting the bottom line. I felt that my services might provide some insight and assistance in this area."

"SNAPSHOT"

- Company owns 4 PC's and a notebook – all different brands with different versions of Microsoft operating systems.
- Computers were loosely networked, but there was no file server. Information stored on one computer not always available to others.
- No centralized backup systems or procedures in place.
- Antiquated phone system with no ability to efficiently route calls.
- Software used at beginning of program: Quickbooks, Word, Excel and ACT!

NEEDS:

1. A centralized computer network with all computers able to share information.
2. Updated phone system
3. An adequate system to backup computer files on a regular basis.

RECOMMENDATIONS/ACTION

At their first meeting, the tech team members realized that Inside-Out Painting had immediate computer needs and the team set out to get the office up to a functional operating level. They rebuilt the Windows disk image and worked on a network file-sharing problem. The team also installed a new firewall and a new PC.

As a solution to his technology issues, two options were offered to the owner – a peer-to-peer network with a PC server or a server-based network with a domain server. Either of these options would address the needs of the company, including a single location for storage of operational and business information; the ability to safely and effectively back up company information; and the ability of functional units to share only the information required by that functional unit.

At the conclusion of the program, the computers had been networked and communication was more efficient. Laptops had been provided to sales people in the field, enabling them to provide printed quotes for jobs at the job site. Customer relations and management solutions had also been addressed with software programs that allowed better tracking information. The first mailing to past customers was in process.

## SPECIALIST TEAM

**Leslie Day**, Day Consulting

**Mary Bresnahan**, President of The Bresnahan Group brings knowledge of HR and behavior styles and believes that as people understand each other better, they work more effectively. Mary has a graduate degree in Organization Development. She has worked as a technical recruiter, an HR generalist, trainer and organization development consultant. She has held positions in for profit and not-for-profit organizations from manufacturing to financial to academia both nationally and internationally.

She brings an interest in working with companies to achieve their vision with a particular focus on the people side of business, which often gets lost in the financial, technical and production end. Her goal is to make the workplace a better place to be where everyone is happy and achieving their goals.

**Bob Crosby**, Bob Crosby Consulting, admits to joining the Naperville Chamber of Commerce specifically to participate in the Business Makeover. Since improving companies was what his business was all about, he felt that the makeover idea was right up his alley. He hoped to meet new people with talent and learn more about the art of consulting in the process.

As a facilitator and coach, he has worked within all levels of organizations to focus on improving business processes using best practices. He has worked at Kodak, Amoco Research Center, Atx Telcom and Scientific Atlanta, Inc. He considers himself a down-to-earth, hands-on provider of well-thought-out methods which help small companies get more of what they already have.

**Jeannie Triezenberg**, Hire Order, Inc.  
**Tom Kapusta**, TKA Architects, Ltd.

"SNAPSHOT"

- There was no tracking system for paint that accumulated in the warehouse for various reasons (overages, wrong color, cancellation of jobs, etc.)
- There was no mechanism for tracking equipment, e.g. ladders, power washers and paint sprayers. Equipment was often left on customers' sites.
- There was no accountability for employees who lost equipment.
- Job descriptions were loose, based on generic industry descriptions
- There was no incentive plan for employees, which gave them "ownership" or a "stake" in the company

## NEEDS:

1. A method of organizing inventory.
2. A method for organizing and tracking equipment.
3. The creation of a "painter's kit" with all equipment and supplies needed for painters to do the job.
4. Improved job descriptions for all positions within the company.
5. An incentive plan to help with job satisfaction, but also to inspire employees to "sell" products and services to existing customers and anyone with whom they come in contact.

## RECOMMENDATIONS/ACTION

A professional organizer worked with the company to develop an inventory and equipment tracking system, including a "check out" system. At the conclusion of the program, the owner was amazed at the difference a good inventory system made.

A system to improve the documentation of customer jobs to improve ability to retrieve past job orders was proposed; this would help for use in soliciting repeat jobs in the future.

The office floor plan was improved for better function. Options for expansion were discussed.

The Human Resources professionals on the team helped develop an improved definition of job roles and responsibilities, based on job descriptions provided by employees vs. job descriptions developed by the owner. Employee performance could then be evaluated based on formalized job descriptions. They also suggested ways to improve and formalize policies and procedures. An organizational chart was developed, which outlined tasks expected of each position. This minimized overlap and made for a more efficient work force.

(DiSC) behavior training was done with the owner, his foremen and his office team, enabling them to understand the culture of the office and how various personalities and styles impact those inside the group and those outside the group. This also enabled the owner to recognize the potential leaders in his company and to hire the appropriate people for open positions.

The Quality Control team members began to explain how to improve business with improved process efficiency.

Personal coaching and leadership training were recommended, but deferred until a later date.

## SALES & CUSTOMER SERVICE TEAM

**Ellen Edwards** is a Regional Account Executive for The Merchant Net, a credit card processor. She enjoys being able to reduce the fees her clients pay for their Visa & MasterCard merchant accounts and educating them about ways to keep those fees low. Her earlier work experience includes health care sales and administration and teaching high school English. A member of the Naperville Area Chamber since January 2004, Ellen has been impressed with the innovation of the Business Makeover project and has enjoyed the opportunity to collaborate with other talented people to help Inside Out Painting enhance their business.

**Latha Nemani** is the President of Dream N' Travel, Inc. She formed her company in 2003 after her voluntary retirement from Lucent Technologies. Latha earned an M.S. in Computer Science and was a software developer and product manager during her 18-year technical career at Lucent Technologies. After retirement, She decided to become an entrepreneur and do something different from the technical career. Since Travel is her passion, she went back to school and got an associate degree in Travel and Tourism from College of DuPage, Glen Ellyn, IL. Since starting her business she has acquired additional certifications as Certified Travel Associate and Accredited Cruise Counselor. She is a specialist on several destinations such as Europe, Caribbean, and India. She has been a member of the Naperville Area Chamber of Commerce since 2003. She enjoys networking and has learned a lot of business skills through the entrepreneurs she has met through the Naperville Chamber of Commerce.

**Mary Zoch**, currently working as the Assistant Dean at DeVry University and Keller Graduate School of Management in Naperville, has previously worked 12 years in retail management for Kmart and four years in customer service at Aetna U.S Healthcare. She is currently working on her MBA at Keller Graduate School. "As I worked on the project I could see how many of the courses we offer at DeVry and Keller Graduate School of Management would benefit entrepreneurs who own their own business," she said. "In our marketing class, students work on a Marketing Plan, and our Managing Quality course covers many of the topics that In-And-Out Painting was trying to address, such as creating satisfied customers and gathering and analyzing customer information"

## "SNAPSHOT"

- The goal of the business is to increase customer satisfaction by giving them more than they expect, but a system to meet that goal is lacking.
- There is only limited information available about current customers. Act! Has been in place for six months, but is being used for tracking names and addresses.
- A formal bid is submitted to prospective customers, which includes step-by-step description of the job. It was estimated that they win about 25% of the bids they submit.
- Post job customer surveys are used, but do not adequately measure job performance or improvements needed.
- Customer service training is done only intermittently

## NEEDS...

1. Checklists or other instruments to be used when bidding on a job in order to thoroughly define the work to be done and to up sell if possible.
2. Formal customer service training for all employees
3. A better way to track customers – perhaps using Act! for notes on conversations, follow up calls, and other pertinent information on customers
4. A way to follow up on bids that are not accepted – finding out the reasons.
5. More effective customer surveys to assess the level of customer satisfaction with suggestions for future business improvements and as a tool for referrals.

## RECOMMENDATIONS...

- The Sales/Customer Service team created a one-page "WOW" factor definition listing the advantages that differentiate Inside-Out Painting and that create extremely satisfied customers. This list was developed and forwarded to the Marketing Team and Specialists Team for them to incorporate into marketing initiatives and into job descriptions for Inside-Out. The WOW factor is a useful addition to sales presentations and should be used for employee training purposes.
- A Sales Checklist was created, listing on one document the steps from qualifying a prospect to doing the paint job and following up afterwards, to improve oversight of jobs and to ensure consistent and complete execution of all tasks.
- To improve follow-up on proposals, eight recommendations were made: The use of a laptop and printer in the field to create proposals right away for was enthusiastically adopted by the owner and has already had positive results. A database of customers, containing all pertinent information was created. A customer database was developed to provide useful information. Employees are presently being trained to use it.

- It was suggested that scripts for recurring situations (such as handling customer concerns) be developed, which would give customers a consistent message.
- A list of FAQs and resolutions, kept by the phones in the business office would help employees to provide a consistent message and would aid in training new staff.
- The Customer Satisfaction survey was revised to better assess customer satisfaction or dissatisfaction. It was suggested that foremen present Customer Surveys at the end of the job to increase the rate of return on the surveys. Another suggestion was to have surveys completed via e-mail -- also to improve the rate of return.
- Referral cards should be designed to be mailed to the company – several could be given to each customer. E-mailed electronic gift cards or coupons could be sent to customers, who refer business.
- To address the seasonality factor at Inside-Out suggestions are:
  - An Open house in the off-season to showcase work.
  - Offer an early booking discount to customers;
  - Explore other services that could be offered, i.e. Installing Holiday decorations, winterizing homes, caulking, weather stripping, etc.

## **MARKETING TEAM**

**Devonie McLarty** is a Certified Internet Consultant with WSI Complete Net Solutions. This independently-owned office has over 30 years of business and information management consulting experience with the last three years focusing in providing Internet Solutions to small and medium sized businesses. Devonie brings to the table, patent pending processes that foster successful web site design, development, hosting and marketing. For existing business sites, these processes help Devonie identify why the website is not working efficiently for your business and fosters the building of a plan to change that direction. It is not just a website, it is a complete Internet solution. Devonie is proud to be the team leader for the marketing team, and is ready to help Inside Out Painting develop a successful marketing plan and stronger web presence.

**Chris Cash, Roseland Home Décor**  
**Pam Denniston, Denniston Consulting Group, Inc.**  
**Steve Farrar, OM Workspace**

### "SNAPSHOT"

- Marketing done primarily through Yellow Page ads, networking and word of mouth.
- A newsletter was being planned and would be sent to prospective commercial customers, however, would not be mailed to existing customers.
- While phone calls were occasionally made to existing customers to solicit further work, there was no formal program in place to market to existing customers.
- While door hangers were distributed on a quarterly basis to specific neighborhoods, flyers and door hangers were not routinely passed out in areas where work is currently being done.
- There was no incentive program in place for employees to "upsell" services or for employees who bring in new customers.
- There was no formal marketing plan and no way to track the cost of marketing vs amount of business generated.

### NEEDS...

1. A formal and targeted marketing plan.
2. A more aggressive "offseason" (winter) marketing program
3. A plan to target existing customers
4. An incentive program for employees who bring in new customers or "upsell" existing ones.
5. A way to track results of various advertising programs.

## RECOMMENDATIONS/ACTION...

The marketing team made specific and targeted recommendations to enhance the marketing activities already being done by the company. Some of these included:

- Enhancing Chamber of Commerce membership by participating in "Chamber Stuff" program and placing a banner on the chamber website
- Enhancing Valley Industrial Association membership by participating in a "spruce up" of the VIA reception area
- Upgrade image by targeting high-end neighborhoods and placing door hangers on the 50 closest homes to the one being painted.
- Use the Business Makeover as a PR tool for future ad campaigns.
- Develop a program for customer appreciation and referrals.

The final proposal from the Marketing team was a 15-page document that included five-year goals, 12-month goals for the residential market, 12-month goals for the commercial market, and a campaign and plan for residential marketing. It also included suggestions for a website fix-up, and recommended future enhancements. This comprehensive document gave a very complete and detailed road map for Inside-Out Painting to follow.

Highlights of the plan included a one-year marketing calendar, outlining certain tasks to be done on specific days. Some of the events covered in the calendar were: deliver door hangers, make phone calls to two different customers to thank them for their business and solicit repeat business or referrals, and to make five phone calls to commercial developers. Giving specific tasks on specific days will help to guide the company in the right direction. At the end of each quarter, the owner is instructed to evaluate the marketing efforts and edit the calendar's events to further enhance the program.

The "Yellow Page Ad" was reviewed. Although the ads were running around \$35,000 per year, the return on investment was calculated at over 10%, and therefore considered worth the expense. A new and exciting ad was designed to focus on the target market of Inside-Out Painting. The number of books and size of the ad were left the same. The intent was bigger impact for the same cost.

At the program's end, the business had started mailing a quarterly newsletter to clients, and instituted mailing programs to past customers and to potential customers who live in the proximity of current jobs.

Finally, to address the seasonal nature of this business, the marketing team suggested that the company focus on developing commercial work, which can be completed during the winter months. The marketing team arranged to have commercial property managers meet with the company owner to discuss ways in which the owner could network with property managers to discover how to market to them.

By the end of the program, while residential painting continued to be the mainstay of the company, commercial sales had added significantly to the company's revenue.

## Afterword

The success of this program is due to the many volunteers who generously gave of their time and expertise. It is also due to the willingness of the business owner to open his doors to a group of relative strangers, to listen to what they had to say, and to have the courage to act on their suggestions.

### **ADDITIONAL STATISTICS--**

Since the makeover began, the company added:

- A new business manager
- Two new foremen – one promoted from within and one new hire.
- Four new painters.

They had imminent plans to hire one new salesman, one new foreman and three new painters to service McHenry County and northwestern Cook County.

They were running eight crews and servicing eight customers a day.