

A large, multi-story stone house with a pergola and a swimming pool at dusk. The house features a mix of light-colored stone and dark wood accents. A pergola with a dark wood frame and a stone base covers the front porch area. A swimming pool with large, smooth rocks is in the foreground, reflecting the house and the sky. The scene is lit with warm interior and exterior lights, creating a cozy atmosphere.

COLTIVAR

STRATEGY | ANALYTICS | FINANCE

Strategic-Powered Growth

Coltivar Group Boosts Firm's
Profitability Through Pricing
and Estimating Optimization
Program

Client Profile

Our client is a landscape contractor that performs maintenance, irrigation, installation, and snow removal. Founded in 1970, our client grew steadily until 2009. Following the recession, the company increased revenue by 2.5x in three years and distinguished itself as one of the top green industry companies in the United States.

Opportunity

The company's rapid growth was accompanied by process breakdown. To manage new accounts, the company multiplied in managerial layers. The additional complexity and oversight bogged down systems resulting in a profitability decline.

The firm collaborated closely with Coltivar Group during a two-year period to standardize processes through work coordination and optimize the company's pricing structure.

Coltivar evaluated projects end-to-end to identify over-concentrated areas of the business. Through firsthand observation, Coltivar proposed structural changes to reduce convoluted and work duplication.

After optimizing basic processes and initiating a company-wide training program, Coltivar enacted a monthly financial performance meeting with key management to enable accountability, encourage collaboration, and drive performance improvement.

Solution

In-depth financial review meetings revealed that the company could realize greater financial return through an improved pricing model and aligned strategy.

Coltivar designed a customized job-costing system that integrated with the estimating program to provide real-time pricing based on actual production rates and seasonal demand. Operating expenses were recovered using a multi-dimensional overhead structure that accounted for labor versus material intensive jobs.

To fully capitalize on the efficiencies of the new systems, the company needed to refine its strategic direction to encourage profitable growth in targeted local markets.

In an intensive four-day strategy design session, Coltivar established the firm's ideal customer. This entailed a major client trade-off, as the company sacrificed residential work to focus exclusively on the non-residential segment.

In addition, Coltivar performed a financial analysis of the firm's extensive job history to determine the most profitable geographies. The company established that its limited resources could be best utilized in the local market. It narrowed its geographic reach to reduce point to point mobilization costs and to focus on a profitable core.

After designing the strategy, Coltivar worked to ensure successful implementation. Applying the process and pricing solutions devised in the initial stages of the engagement, Coltivar aligned the strategy with the tools to execute.

To measure progress, Coltivar created and trained the executive team on an interactive analytic dashboard.

Through utilizing the new tools, the company is able to make data-driven decisions and adjust strategy based on market conditions.

Results

With the new solutions in place, the company has reduced its cost of goods sold by 5.8%, adding over \$1.08M in gross margin. Through the refined estimating system, the company has reduced average bid turn around time by 2.5 days and improved its bid-win ratio by 25% while increasing overall net profit. Since the beginning of the engagement, customer satisfaction has increased on average by 55%. The firm continues to grow, using the insights shared by Coltivar to improve operational performance.

About Coltivar

We are management consultants who help our clients leverage strategy, finance, and innovation to sustain a competitive advantage. We apply our expertise in strategy to help forward-looking companies capture profitable growth. By identifying strong processes, we enable organizations to employ repeatable steps to create value. We believe that a great business strengthens the people within it and the community where it operates.

Contact

Steve Coughran
Director of Strategy & Finance
scoughran@coltivar.com

Sarah Dubetz
Senior of Strategy
sdubetz@coltivar.com

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