



Case Study – Increased Expenses for Closets & Blinds Company

Background

A small business, specializing in manufacturing custom closets and blinds, has been operating in a medium-sized city for the past ten years with 50 employees. Despite a loyal customer portfolio and a reputation for quality products in the region, they've recently faced increasing financial pressure.

Current Situation: Revenue has been steady, but profit margins are decreasing. The primary reasons identified are rising operational costs and increasingly competitive market conditions.

Challenges

1. Increased Expenses:

- **Inventory Costs:** The company has been stocking up extensively to avoid stockouts, leading to high inventory holding costs.
- **Employee Salaries:** The company prides itself on fair wages but hasn't optimized staff productivity.
- **Utility Bills:** With a physical storefront and a warehouse, utility costs have been significant.
- **Marketing Expenses:** Recent marketing campaigns have been ambitious but not necessarily efficient in terms of ROI.
- **Miscellaneous:** Miscellaneous costs have been increasing, including office supplies, travel, and small-scale customer service initiatives.

2. Financial Management:

- The company lacks a dedicated finance team, relying instead on basic accounting software and unplanned financial decision-making.
- There is no systematic approach to budgeting or expense tracking.