

ABC IT Solutions

Findings Report

ABC IT Solutions is an IT consulting company based in the Atlanta. The company offers domain registration, hosting, web design, software installations, and business process automation in the Atlanta area.

Financial Information

- Company Stage: Startup, two year limited history
- Annual Turnover: \$ 100,000
- Monthly Net Burn: \$ 20,000
- Breakeven \$ 155,000 sales/yr. or \$ 3,200 per week

Management Team

- Owner/Operator: Wendy Springs - Strong background in HR management and IT. Currently doing all the work as equity partners (husband and colleague in Macon GA) are both employed full time in other jobs until this business takes off. She is a bit overwhelmed, doesn't employ strong sales & marketing tactics and has limited knowledge of accounting and finance.

Financial Systems

- Bookkeeping and invoicing system done in Sage One accounting.
- Not taking advantage of tax benefits of business ownership such as asset depreciation, car and home office. May be losing tax benefits.
- Does not currently have balance sheet and cash flow reporting due to incomplete bookkeeping process.
- Limited use of financial reports to guide decision-making.

Human Resources

- Currently paying far more in salaries each month than is being generated in revenues.
- Not tying labor costs directly to the work being performed. As a result, accurate profitability by product type not possible.
Not using commission or bonus structure in order to retain employees, who seem to be defecting to higher-paying jobs.

Market Focus

ABC IT Solutions does not seem to have a particular focus at present and seems to take work wherever it happens. By developing a core competency, particularly with business process automation, ABC might be able to reuse previous implementation development work for future projects, if the same industry is targeted. Based on a broader market of small to medium-sized businesses, there is a \$ 160 million opportunity in the immediate Atlanta vicinity for IT consulting services.

Operating Model

ABC is a high margin business with a number of different revenue drivers, but it has a very low volume, with high operating leverage due to significant fixed costs, namely employee expenses.

Operations Process

ABC practices what it preaches in that many of its operations were modeled with SharePoint to handle the company's work flow. Still, bookkeeping and sales & marketing seem to be somewhat labor intensive processes that could be streamlined and improved.

Infrastructure

The company, including three FT and three PT employees is currently operated out of a room in Wendy Springs home. She also has access to a virtual office facility in Century City in Atlanta. Computers are really the only major capital cost in the operation.

Competitors

There are a variety of competitors in the area, large and small, so IT Consulting is a fairly competitive space with low barriers to entry.

Marketing Strategy

ABC has not implemented much in the way of a clear marketing strategy, beyond attending a few events here and there, and through word of mouth. A targeted approach to getting new business is needed.

Sales

Sales activity does not seem to be organized or targeted towards specific groups of customers. Wendy does not pay commissions or bonuses at present or otherwise incent people for bringing in sales. In fact, she is the only employee who seems to be doing sales work.

Revenue & Pricing Model

The company has front end services such as domain registration, hosting, and web design as well as downstream services like software installs and business process automation. Pricing varies widely by job.

