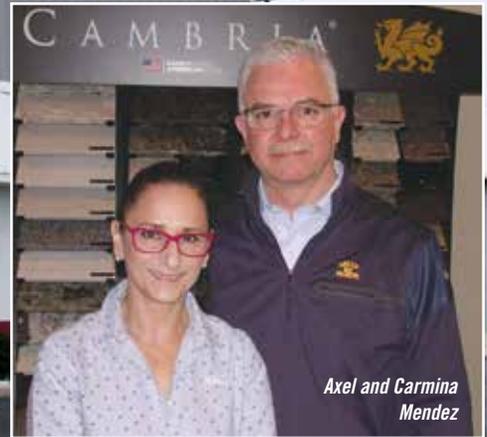


Building a lasting business

AMC
Countertops.com



Fond du Lac-based fabricator of decorative stone countertops aims to improve processes through B2B's 6th annual Firefighters of Northeast Wisconsin initiative

Story by Sean Fitzgerald,
New North B2B publisher

Business would appear to be good for AMC of Wisconsin, a Fond du Lac-based fabricator of stone surface countertops for the home improvement industry. The nearly 15-year-old company founded by Axel and Carmina Mendez started in a small shop in 2002 with 10 employees and an agreement to provide custom countertops to a small handful of Home Depot stores in eastern Wisconsin.

Now a decade and a half later, the company occupies three industrial buildings in a complex near Fond du Lac's Rolling Meadows Industrial Park, and it's already out of space. Today AMC provides custom countertops on a wholesale basis to Home Depot stores across the Midwest, and last quarter ranked as the top vendor among Home Depot's entire supply chain for its "voice of customer" rating category.

The company also manufactures product for various Lowe's stores in Wisconsin, a number of smaller independent home improvement retailers, and even sells its product direct to consumers through its own onsite retail center. The company employs close to 40 people at present, but – like many businesses – struggles to retain key staff in its higher-skilled positions.

"Every year we've been having growth. Sales growth ... people growth," said Axel Mendez. "But I know the facility we have for fabricating right now is not enough for growth to add a second shift."

The Mendez couple acknowledged that despite sustained sales and volume growth, they're facing challenges turning a profit and generating sufficient cash flow. That's led to a number of sleepless nights worrying about having sufficient cash to cover the next payroll. And there's plenty of small fires the owners work to extinguish at AMC on a daily basis.

Axel and Carmina recognize many crucial elements are in place for their business to demonstrate dramatic success, but they also know they need to operate AMC of Wisconsin smarter and more efficiently in order to generate healthy income and improve their equity in the business. They've developed a solid foundation with AMC, but as Axel Mendez admitted, "I don't know everything in business."

They've reached out to participate in *New North B2B* magazine's 6th annual Firefighters of Northeast Wisconsin business improvement program, in which we've successfully matched anxious-to-improve business owners with some of the region's leading business consultants for five to six months of work at no cost to the business. Our team of volunteer business consultants – who we refer to as "firefighters" – work with business owners to help put out the fires in their companies and develop strategies to work on moving the business forward rather than simply surviving from day to day.

The Mendezes have been paired with Gary Vaughan, owner of Appleton-based Guident Business Solutions and a veteran mentor of our program, to help AMC develop a plan for enhanced credit terms from their financial lender and sustained profitability over the long term. Vaughan will meet with Axel and Carmina two to three times a month until late summer on a plan for improvement. In exchange, the Mendezes agreed to diligently work along with Vaughan and share what they've learned with B2B readers. B2B will provide a brief progress report of the Mendezes' work with Vaughan in each edition of the magazine leading up to the end of the initiative in August or September, when we'll provide a capstone article on the refinements AMC of Wisconsin makes to its operations and financial management.

Gary Vaughan

Guident Business Solutions, Appleton
www.guidentbusinesssolutions.com



Vaughan launched Guident in 2009 after spending his entire career teaching – both in the classroom and in business. Having previously spent many years as a business owner himself, Vaughan realized many business owners lacked fundamental skills such as understanding financials, human resource practices and management skills, as examples. His firm's proprietary Guident 360 Assessment Program enables business owners to holistically address their business needs.

Vaughan has professional experience in a variety of industries, including retail, petroleum, manufacturing and academics. He is a senior adjunct instructor in the MBA program at Concordia University of Wisconsin, and a lecturer in economics and entrepreneurship at Lawrence University in Appleton.

It's our goal with the Firefighters business improvement program that readers facing similar issues within their own business learn lessons along the way to enhance their own business practices.

COMPANY: AMC of Wisconsin

OWNERS: Axel and Carmina Mendez

LOCATION: Fond du Lac

FOUNDED: 2002

EMPLOYEES: About 40

WHAT IS DOES: Fabricator of decorative stone countertops for the home improvement industry. Much of its product is sold wholesale to a mix of national big-box and local, independent home improvement retailers. A smaller amount is sold direct to consumers through its own retail outlet.

WEB: amccountertops.com

Understanding financials

Vaughan, a veteran entrepreneur himself, has amassed a portfolio of dozens of small business clients across northeast Wisconsin who he's worked with over the years to improve their financial outlook by building owner equity in the company. He also teaches finance in Concordia University's MBA program, as well as teaching economics and entrepreneurship at Lawrence University's undergraduate program in Appleton.

Vaughan shared his perspective that any business's financial documents – primarily its profit and loss statements, balance sheet and cash flow statements – serve as a roadmap to chart its future financial goals.

Fortunately for Axel and Carmina Mendez, they have 14 years of operational performance to compare current data against. But the company has never really put together a definitive annual budget, and Vaughan expects that to be one of the first tasks in his work with the Mendezes.

"We use the budget as a benchmark to gauge financial performance," Vaughan said.

Vaughan also wants to ensure the financial data AMC of Wisconsin enters into its bookkeeping software is the most accurate and up-to-date information possible. He said he's seen other businesses not accurately record financial data, ultimately generating profit and loss statements and balance sheets that don't accurately illustrate the financial performance of the company.

"A really good business decision based on poor financials is going to give us less than desirable results."

Gary Vaughan
Guident Business Solutions

Firefighters of Northeast Wisconsin

“A really good business decision based on poor financials is going to give us less than desirable results,” Vaughan said.

Vaughan assigned reading the book *Financial Intelligence for Entrepreneurs*, an easy-to-read guide providing business owners without any financial background a base-level understanding of the language around business finance and why it’s important.

“Getting the financial acumen up to snuff will help elevate the conversation with your lenders,” he explained, referring to any entrepreneur.



The Mendezes hope to develop a strategy to reduce their inventory of “orphan slabs” in AMC of Wisconsin’s yard.

Other areas requiring attention

Though the company is approaching 40 employees, Carmina Mendez explained AMC of Wisconsin has struggled to define its organizational culture, and that’s a trait she’d like to change.

“We want a culture that (the employees) feel they want to belong to,” Carmina said.

Axel explained the company recently lost its production manager of nearly eight years who moved out of state with his family. They filled that gap, but the replacement lasted just a short few months. Currently, the fabricator of decorative stone countertops has just one employee skilled to operate its CNC machinery. Overall, turnover of its staff has been a challenge to overcome, and the Mendezes hope to build a

pipeline of skilled employees and recruits that can continually ensure the company’s production demand can be met without interruption.

“We saw that we were lacking a lot of control and lacking a lot of management,” Axel Mendez explained. The couple hopes to evaluate and enhance its employee benefit package in order to attract more highly skilled recruits applying for open positions at AMC of Wisconsin. The company is a part of a national trade organization of about 35 member countertop fabricators, and hopes to tap into that resource more effectively to help enhance its employment offerings.

AMC of Wisconsin also hopes to develop a strategy to more effectively capitalize on its growing inventory of “orphan



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“The strategy is not necessarily a single solution, but it’s identifying a profitable business model, and then running with it.”

Gary Vaughan

slabs,” the byproduct of its fabricating process as well as its raw materials that break during handling.

Lastly, there is a seasonal dynamic to the home improvement business, and Axel said he hopes to develop a strategy to better manage the high and low points of demand for its products. Vaughan indicated he’ll eventually work with the Mendezes to develop a cash flow schedule around its seasonal demands.

Striving for a solution

Axel Mendez acknowledged he doesn’t necessarily view the solution to the company’s eventual success coming from volume growth. He hopes it might be possible to do more with less. Vaughan agreed.

“Sometimes business owners fight that,” he said. Often, he explained, it’s possible to grow the bottom line of the company while reducing overall revenues by focusing on more efficient cost centers that drive profitability.

Sometimes such an effort means minimizing attention given to – or even possibly shedding altogether – those products and services of the company that require greater resources but provide little return to the bottom line. He expects to review such opportunities with Axel and Carmina once they’ve established a budget and have the company’s financial house in order.

“The strategy is not necessarily a single solution, but it’s identifying a profitable business model, and then running with it,” Vaughan said. ■

Methodology

New North B2B magazine began seeking entries for its 6th annual Firefighters of Northeast Wisconsin initiative late last year, with a goal of assisting those northeast Wisconsin small business owners who feel as if they’re constantly burning the candle at both ends, putting out fires, spinning their wheels, but intent on finding a way to improve.

Through the generous help of Gary Vaughan of Guident Business Solutions in Appleton, AMC of Wisconsin’s owners Axel and Carmina Mendez will receive five month’s worth of consulting at no cost to help them work on the strategy of improving their business profitability.

B2B will provide a monthly update on the progress of the Mendezes efforts in each issue leading up to a capstone article in the August 2017 issue of *New North B2B* magazine.

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