

### Heading down the final stretch

UPDATE BY SEAN FITZGERALD,  
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Appleton-based Guident Business Solutions owner Gary Vaughan has been working for the past four months with Lu Ann Vander Zanden, owner of Bridal Elegance and Formalwear in Kaukauna.

As readers recall, Vander Zanden has been in business 13 years but is struggling to turn the corner toward profitability. She hasn't gone any further in debt – in fact, she's made tremendous strides over the past seven years to pay off debts related to financial mismanagement by a former partner in the business. At this point in her entrepreneurial career, she's ready to start taking a regular, healthy paycheck and finally buy herself a new car.



VAUGHAN

During the course of these past four months, Vaughan has identified the critical issue related to the Bridal Elegance's growth and inability to move forward as the inaccuracy of its financial records and some of the challenges Vander Zanden has had interpreting what the financials were telling her about the status of her business.

Vaughan said there's a lot of similarities between the basic principles of financial statements one may have learned years ago and the foreign language courses one might have studied in high school.

"Back when we were in high school or college we took a foreign language course and that was the last time we used the language. Today we may be able to count to ten or say 'hello,' but cannot speak the language or understand when someone uses that language when speaking to us," Vaughan said. "If a business owner has not been taught the language of all their financial statements, how can they be expected to understand what their financials are telling them?"

"We approach the financials like a foreign language and teach the business owner what they need to understand from their financial statements to make the best business decisions and eventually to accomplish their goals," Vaughan said.

On other fronts, Guident and its team worked with Vander Zanden's banker to develop financials for the loan she was seeking and eventually received.

Another financial hurdle Vaughan identified was the bookkeeping software Vander Zanden used wasn't the most appropriate for her business. Though it required some unexpected investment on her part, Vander Zanden purchased QuickBooks and converted her previous financial records over to the new software platform.

As part of that process, the two identified the profit centers of Bridal Elegance and developed a system for tracking gross profit of each center. Vaughan evalu-

ated the accuracy of Vander Zanden's main assets on her balance sheet such as inventory, accounts receivable, and fixed assets. That exercise proved to work in Vander Zanden's favor, as she has vast amounts of inventory in stock.

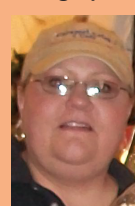
"Stating her assets accurately increased her owner's equity on the balance sheet," Vaughan said.

Now that she has QuickBooks in place for her store's accounting, Vaughan said they will structure an annual budget for the remaining months of 2012 and for 2013, and he'll continue to work with Vander Zanden to do an "actual vs. budget" analysis of her operations and trouble shoot any problems. Eventually, Vaughan said they will develop and implement a cash flow model that works for Bridal Elegance.

In our October issue, we'll wrap up all of the efforts Vaughan and his team from Guident have worked through with Vander Zanden to put out the fires in her business and work toward providing her with a steady paycheck.

In our other Firefighters episode for 2012, consultant Mike Thuecks with Green Bay-based SM Advisors held a "strategic planning summit" with Caramel Crisp & Café owner Chanda Anderson and her husband, Pete, in mid-July in an effort to shape their 2013 operating plan before the busy rush of the upcoming holiday season.

Thuecks has been working with Anderson since this past April, helping the 4-year-old business settle into a consistent operating strategy. The business has experienced success establishing itself in the market as a coffee shop, a deli and lunch destination, a bakery, an ice cream shop, a retailer of caramel popcorn tins and baskets, and as a gift shop for a variety of knick-knacks and decorative items. Anderson owns all of her inventory and the business doesn't hold any debt. In fact, Thuecks reported two months ago that Caramel Crisp has been on a lengthy stretch of being up every month over the prior year.



ANDERSON

Unfortunately, Anderson works nearly every waking hour, and she hasn't taken a paycheck since the business opened – not because she couldn't – but because she's chosen not to, rather reinvesting her gains back into Caramel Crisp operations. She and her husband live off of the income he earns from his job.

The "summit" – held away from the distractions of the store – helped identify some goals for the couple and at least a partial roadmap to achieve those goals.

"Our objective is to give Chanda and Pete back at least 10 percent of their day," Thuecks said, a goal



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which would be reached by eliminating some of the administrative and otherwise routine tasks that the business should manage on its own.

In addition, the group agreed upon the following key strategic challenges for 2013:

- Replace key employee losses and create a legitimate employee/supervisor training plan;
- Increase both the amount and consistency of floor traffic;
- Optimize the gift shop;
- Document processes;
- Grasp the financials;
- Create more personal time for Chanda and Pete.

"These are the most important challenges that need to be resolved as part of the 2013 business plan," Thuecks said.

We'll shed more light on that plan as we wrap up our 2012 Firefighters of Northeast Wisconsin initiative in our coming October edition.

## Methodology

*New North B2B* kicked off its 2nd annual Firefighters of Northeast Wisconsin initiative in April 2012, aimed at 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.

We put out a call for nominations back in January. In the end, our staff selected two area businesses for this endeavor: Bridal Elegance & Formalwear of Kaukauna and Caramel Crisp & Cafe of Oshkosh.

Through the generous help of Steve Van Remortel and Mike Thuecks of Green Bay-based SM Advisors and Gary Vaughan of Guident Business Solutions in Appleton, the two dedicated-to-improve businesses are receiving four to five month's worth of consulting at no cost to help their owners work on the strategy of growing their business rather than regularly attending to problems.

B2B is providing a monthly update on the progress of their efforts in each issue leading up to a capstone article in the October 2012 issue of *New North B2B* magazine.

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