

FIREFIGHTERS OF NORTHEAST WISCONSIN

EXTINGUISHING THE FIRE

**Business owners find new direction
after six months of intense introspection**

STORY BY SEAN FITZGERALD
NEW NORTH B2B PUBLISHER

IT STARTED OUT INNOCENTLY ENOUGH BACK IN THE EARLY PART OF THIS YEAR:

New North B2B sent out a call to business owners who feel as if they're constantly putting out fires within their business, chasing their tail and never really advancing the company forward in any meaningful way.

We'd select two businesses among the nominees, then pair their frazzled owners up with a couple of northeast Wisconsin's leading small business strategy consultants for six months of fix-it assistance at no cost.

What happened along the way came as quite a surprise. Not only to the business owners themselves, but to the advisors who helped guide them along into a new chapter in their entrepreneurial journeys.

At the end of the six-month Firefighters of Northeast Wisconsin initiative, co-owners of Green Bay-based IT Connexx went through a clean and amiable partnership divorce, of sorts, and the husband and wife team running Action Painting & Carpet Care in Appleton have been sleeping better at night because they've better organized their business and personal finances. Each of the business owners say they now have a definitive strategy to move their enterprises forward in the years ahead, a peace of mind they didn't all necessarily share six months ago.

Here's how far each had come, and what they learned along the way.

A healthy separation

IT CONNEXX CO-OWNERS Brian O'Shaughnessy and Kevin Scholz sent in their nomination for our inaugural Firefighters of Northeast Wisconsin initiative as the size of their two companies' operations had grown to a point where they faced challenges managing their resources effectively.

IT Connexx, a regional IT solutions provider for small to mid-sized companies across northeast Wisconsin, was started by O'Shaughnessy eight years ago after he spent a career working in IT departments for larger employers – the last being with American Medical Security, now United Healthcare, in Green Bay. In 2005, Scholz had evolved a specialized practice serving the IT needs of veterinary clinics nationwide into a fulltime business. The two friends and former co-workers in the Eau Claire area during the 1990s decided to merge their one-man shows in 2005 to become more productive and more efficient together.

In the six years since, IT Connexx and its sister company, DVM Connexx, have grown up together into a shared operation that had matured to 12 employees, shared a large office in downtown Green Bay, and intertwined systems such as payroll and lines of credit.

While the vision for each of the companies might have been somewhat clear for O'Shaughnessy and Scholz, it was anything but for employees. One minute, O'Shaughnessy might ask an employee to give immediate priority to a project for IT Connexx. Two minutes later – and without knowing the

PROFILE

Company: IT Connexx
Owners: Brian O'Shaughnessy
Location: Green Bay
Year started: 2003
Employees: 7
Web site: www.itconnexx.com



PROFILE

Company: DVM Connexx
Owners: Kevin Scholz
Location: Green Bay
Year started: 2005
Employees: 4
Web site: www.dvmconnexx.com



immediacy of the employee's new task – Scholz might come by and ask that same staffer to drop everything they were doing for a DVM Connexx emergency. The two companies, and their two owners, needed a common vision and a shared strategy for the future if they were to remain vibrant together.

We matched the two business partners up with Steve Van Remortel, president of SM Advisors in Green Bay, who has completed more than 500 strategic planning processes in more than 250 different businesses across the country. Focusing on the fundamentals and strategy and talent, Van Remortel developed his proprietary Stop Selling Vanilla Ice Cream process which he uses with clients to develop differentiating – in the nuance of not being vanilla – strategies.

The two business owners immediately noticed a difference in themselves as they began working with Van Remortel.

"I am now always thinking about our company strategy," said Scholz, the CEO and now the sole owner of DVM Connexx. "I have, at least to a significant degree, stopped living by the 'urgent is most important.'"

O'Shaughnessy agreed, noting that for the first time he realized the strategy needed to make IT Connexx successful wasn't necessarily the same strategy needed to enhance DVM Connexx.

"At the size we had both become, it was difficult to make strategy decisions that would affect both companies (in the manner which they were intended)," O'Shaughnessy said.

Working through Van Remortel's Stop Selling Vanilla Ice

The consultants



Gary Vaughan

Founder, owner and president
 Guident Business Solutions LLC,
 Appleton
www.guidentbusinesssolutions.com



Steve Van Remortel

Founder, owner and president
 SM Advisors,
 Green Bay
www.smadvisors.com

Cream process, the business owners more clearly saw their operation as two separate storefronts with a common back end. It was confusing for staff to hone in on the company's identity. Just a month or two into their work with SM Advisors, the two partners realized they'd be better off putting all their eggs in one basket – focus exclusively on either IT Connexx or on DVM Connexx, but not both.

“I am now always thinking about our company *strategy*. I have, at least to a significant degree, stopped living by the ‘urgent is most important.’”

*Kevin Scholz, CEO
DVM Connexx*

Passion and pride created quite an obstacle. Both had put a good deal of sweat equity, love for their work and time away from their families to get each respective company to its current status. Neither felt comfortable walking away from everything they'd accomplished with one company to support the other. At the same time, both owners also realized they'd likely lose some of their key staff members if they went one direction versus the other.



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Toward the end of this past July, a random brainstorming session between the business owners led to a possibility that hadn't previously been on the table – a formal separation of the two companies, splitting the staff, the office, the ownership, much in the same way an amiable divorce might be mediated. It initially felt a bit extreme.

“My first thought was that, ‘We’re failing. This isn’t the way it was supposed to work,’” O’Shaughnessy said. But as the two discussed it further in the following days and eventually brought the idea up with Van Remortel, it seemed to become more logical. The two set an effective date of September 1, 2011 for the business separation, which gave them about a month to work out all the details of the separation.

The untangling of the two companies came easier than they expected. O’Shaughnessy paid Scholz \$1 to sell his share of DVM Connexx, while Scholz paid \$1 to O’Shaughnessy to liquidate his stake in IT Connexx. DVM Connexx would take four of the employees and move into a new office space in the Advance Business Center on Green Bay’s west side, while IT Connexx would retain the remaining staff and existing office space. Van Remortel helped walk them through the amicable separation.

“We did it in probably the most painless way possible,” O’Shaughnessy said. “In some cases, it was easy to just pull stuff apart and say ‘This is your company, and this is our company.’”

Still close friends but no longer business partners, the two have discovered a positive outlook for each of their separate companies that allows room for growth at both IT Connexx and DVM Connexx without one stepping on the toes of the other.

“Nearly a month into our change of company structure and location, it is already evident throughout the team that we now have a clear purpose,” Scholz said of his DVM Connexx staff. “We all know what our business is about and how we as individuals fit in the business.”

O’Shaughnessy said he and Scholz probably spent the past six years intentionally avoiding stepping on one another’s toes or hurting one another’s feelings.

“In some ways, we communicate better now than we ever did when we were together,” O’Shaughnessy said. “Now that our own individual successes aren’t impacted by each other and it’s not affecting each other’s business, it’s easier to communicate.”

Now moving forward on his own, O’Shaughnessy said he plans to change the business development strategy for IT Connexx with a goal of doubling the size of the company a year from now. He said the experience of working with Van Remortel and SM Advisors ultimately brought out a defining fork in the

“It seemed as if we were always doing what we needed to do for the moment.”

*June Contreras, co-owner
Action Painting & Carpet Care*

PROFILE

Company: Action Painting & Carpet Care

Owners: Ruben and June Contreras

Location: Appleton

Year started: 2005

Employees: 6

Web site: www.actionpaintingservices.com



road for both he and his former partner, Scholz.

"It was a solution that we were not thinking about doing, but it was the right one to do," he said. "We could have gone through any strategic planning process, and if it had not been Steve's (Van Remortel), we probably would be doing something extremely different."

Financial picture in focus

WHEN OUR FIREFIGHTERS OF NORTHEAST WISCONSIN initiative profiled Action Painting owners Ruben and June Contreras back in April 2011, the two were six years into a seemingly successful business, but the financial picture was an unorganized mess. June, who did the bookkeeping for the six-employee company, said she suffered a lot of sleepless nights as a result of their challenges.

"It seemed as if we were always doing what we needed to do for the moment," June Contreras said. "The path where I was on before felt like I was just hanging on."

We paired the couple together with Gary Vaughan and Guident Business Solutions in Appleton. Vaughan has a good deal of success working with business owners to get back to the basics of understanding financials, human resource practices and management skills. He brought in one of the accountants from his team, Schelly Somenske, to help the Contrerases take a more systematic approach to their business finances.

One of the first steps the Guident team took with the Contrerases was to collect the last 12 months of profit and loss statements to assess the validity of the information they were using to guide the business decisions affecting Action Painting.

Next, they dissected the balance sheet and cash flow statements for the company, a task in which the business owners required a bit of training in order to interpret what the financial statements were saying about their company.

"Getting their cash flow under control was one of the critical aspects early on," said Vaughan.

Three months into their work with Guident, the Contrerases established a formal operating budget, which allowed them to more strategically make decisions regarding the business. They also worked on formally systematizing certain procedures within the business, as well as establishing job descriptions and an employee manual.

Altogether, the financial picture is under tighter control, stress levels are down substantially, and the two are better able to look forward into the future of their business.

"They've given very good advice, and we've followed their advice, and that's why we've been able to have the turn-around that we've had," June said.



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