

By MaryBeth Matzek

Learning curve

PROBLEM: No working budget

SOLUTION: Taking time to understand the ins and outs of the entire business and its financial needs so decisions can be made without panicking.

When Duane Webber started Auto-Comm 10 years ago, working on a budget was easy. The provider of LED sign solutions continuously saw year-over-year growth. Then the great recession hit and that laissez-faire attitude came to an abrupt end.

"I never thought about the budget much. We had a budget, but what was in the budget and what we were actually doing were two different things. Then suddenly, the economy came to a halt and I started to scramble," he says. "The budget we had didn't work. When you're in the heat of the moment, you just start cutting to save on expense. I cut marketing, I cut people."

Webber soon realized that kind of reaction wasn't helping so he turned to Gary Vaughan, owner of Guident Business Solutions, to help guide him and Auto-Comm general manager Dave Salzwedel through the rough spots. The key to making it through? A real, working budget.



Gary Vaughan (left), owner of Guident Business Solutions, goes over monthly budget sheets with Dave Salzwedel, general manager of Auto-Comm in Appleton, and company president Duane Webber. "You need the right tools to make the right decision and having a budget that's realistic is one of those key tools," says Vaughan.

"A budget is the ultimate form of a strategic plan. If you have a budget that's real and workable, it makes such a difference," says Vaughan, a consultant who works with businesses on a variety of issues including financial issues, marketing, strategic plans, HR and operations management.

Investing in a consultant at a time when finances were tight was a tough decision, but it's one Webber says he had to make.

"If I hadn't spent the money, I'm not sure we would be where we are today," he says.

Now as the economy sees signs of life, Auto-Comm is doing well and is well prepared to handle what the market throws its way, says Salzwedel.

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Auto-Comm leaders focus on the ins and outs of the budgeting process

Getting there was a bit of a challenge. Vaughan, Salzwedel and Webber sat down and closely looked at the budget line by line. Every item was challenged and it taught Salzwedel a lot about the business.

"You see these numbers and sometimes you aren't sure what they are, but after going through this process, every number has a meaning," he says.

"Dave can now look at the finances and see where they are at and why they may be over or under," Vaughan says. "You can then make adjustments more in real time instead of panicking at the end of the month."

At first when Auto-Comm began working with Vaughan last fall, the consultant would spend hours at the company's Appleton office trying to formulate the best possible budget. Then, once the budget was done, he came weekly to look at numbers, offer advice and answer questions. Now that the budget is in place and things are going well, Vaughan comes twice a month. "The goal is to not be on the company's books forever. I enjoy working with businesses, helping them address their problems and teaching them.

Then I can walk away," he says.

Salzwedel, who worked as a business consultant before joining Auto-Comm, says sometimes people are hesitant about bringing a consultant in, but that it can make a real difference. "It's fresh eyes on a situation," he says.

That's something Vaughan agrees with. "Duane started this business because he's an expert sales guy. Dave is a great manager. I'm great with numbers. It's all three of us bringing our strengths to the table that has made the difference," he says.

Webber agrees. "You need to work with someone who you respect and there's a give-and-take involved," he says. "Working with Gary has brought me confidence that Dave now has the right tools to run the business and I don't need to focus on that as much. I can do what I do best – which is sales – and think about strategic planning."

STICKING TO THE PLAN

All businesses have a budget, but sticking to the budget – especially if it's realistic – requires discipline, Vaughan says. A business can then apply that same discipline to other areas, such as cash flow.

"You need the right tools to make the right decision and having a budget that's realistic is one of those key tools," he says.

An example of that new discipline as well as thinking a decision through and looking at all possibilities is what the company decided to do when its copier died. Without a "real" budget in place, Webber says he would have just gone out and bought a new one. "But we looked at the budget and thought about other options, such as leasing, which is now what we're doing," he says. "Decisions are not so reactive now. They are thought out and we look at every option."

Teamwork is another necessity when sticking to a financial plan, Salzwedel says. "We're really a team here. We all have our different strengths and we know that and all work together," he says.

Vaughan points out he offers advice and information when it comes time to making a decision, but in the end the final call goes to the business owner. "It's his name that's on the bottom of the checks. He's the one that has to live with the consequences. I'm just a sounding board," he says. ①