

DORVAL

MANAGEMENT ASSOCIATES

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Focus of Business

- General contractor
- \$15,000,000 in Annual Revenue
- In business 25 years (Second Generation)

Business Problems (Before DMA)

The span of control was much too wide for the President (he had more than 12 people reporting to him on a daily basis). Debt service on their bank loans was severely weakening their cash flow and the President was not getting job cost information from his CFO in a timely manner.

Span of Control Solution:

Organizationally, DMA developed a structure consisting of a four member management team reporting directly to the President with focused responsibilities, authority, accountability and opportunity to make the company grow. DMA developed job descriptions for all senior and middle managers and implemented an evaluation procedure.

Reducing Debt Service Solution:

DMA taught the management team how to develop goals and incorporate them into a meaningful budget. In order for the budget to balance, DMA assisted the company in developing and implementing a methodical plan to reduce expenses. DMA then met with the company's primary financial institution to discuss the recent organizational re-alignment and expense reduction. DMA presented both the new budget and the yearly cash flow report to the bank.

Job Cost Information Solution:

DMA reviewed the vendor invoice accounting process and discovered that the flow of paperwork was inefficient. DMA streamlined this accounting process which allowed the information to be put into Timberline much quicker.

Result

Now that the President had 4 people reporting to him instead of 12, he was able to use the new found time to focus on growing the business instead of putting out fires. The job descriptions empowered the management team and the new evaluation procedure was a stimulus in structuring a meaningful "Gap" training program. After one of the Vice Presidents completed the initial evaluation, the President realized that he was not qualified to do his job and was let go.

The company's loan officer told the President that having DMA on their team served to increase his confidence in their ability to survive the then economic downturn. He subsequently decreased the interest rate on all their loans which resulted in a sizable reduction in their debt service, increasing their working capital significantly.

By streamlining the vendor invoice accounting process the CFO was able to deliver the job cost information to the President two weeks earlier every month, which permitted him to make better informed decisions

We also implemented several Action Items with specific savings over a three-year period including a \$90,000 savings in health insurance; \$40,000 savings in vendor management; \$1,600,000 savings in payroll reductions; and a savings of \$300,000 by changing the manner in which they approved their projects.