



Type of Opportunity

Acquired real estate and failing business requiring a turnaround strategy and development of an effective business model.

Situation Background

Suwanee Sports Academy was created to provide basketball leagues, tournaments and event rentals. The founding owners considered the facility the competitive advantage. The rental programming was low margin and unable to do enough volume to reach positive cash flow. The business was losing close to \$600,000 per year when we acquired it. The original owners had the vision to build a facility, but were unable to create and effectively implement a business model that could reach sustainable profitability.

Our Strategy

We first implemented a turnaround strategy to stop the “bleeding” and reduce the cash burn. We then worked on our primary long-term strategy to transition the business from a low-margin, rental-programming model to a player development-programming model where we developed and managed our own high-margin programs. Once we successfully created a model that worked, we planned to replicate programming and expand into other geographic markets.

Key Entrepreneur to Enterprise Accomplishments

Some key strategies and actions implemented as part of the “business building” of Suwanee Sports Academy included the following:

- New offerings were developed and launched so customers had the choices they wanted when considering a full suite of programming that enabled them to get everything they needed in one place when it came to player development.
- A new corporate identity package was developed and branding strategies implemented to create high-impact recognition locally, regionally and nationally.
- Sales processes and systems were developed to more effectively sell our high-end recurring revenue programming. Our model is now receiving national recognition for basketball player development.
- Resources not usually available to small companies were accessed to develop and implement a marketing infrastructure that enabled us to communicate our unique point of difference very effectively.
- Technology infrastructure was put in place to manage the “business of the business,” and technology applications were included as part of our service offerings to further differentiate Suwanee Sports Academy in the market place.
- Planning and management systems were put in place to effectively manage additions to staff and the customer growth experienced. This included both non-financial and financial processes, such as budget and cash flow management.
- Small companies can't afford to hire experienced managers. We grew them from within. Several staff members were selected for personal and professional development and have been successful at learning to become effective managers. The Management team has been mentored and the transition is successfully taking place to the leaders who will take the business to the next level of growth. Much of the “organizational plumbing” has been put into place for a foundation that most small companies lack as they learn to manage their success. The organization has been effectively designed with the right structure and foundation for market understanding, resource management, operational systems and management systems. Suwanee Sports Academy is successfully making the transition from an entrepreneurial company to one that is the right blend of entrepreneurship and professional management.
- Effectively transitioned to a variable staffing model that provides the company with greater financial flexibility.
- All basketball programs have been processed, documented, and prepared for licensing, providing basketball programming to the “masses” throughout the United States as well as select cities overseas.
- The culture is now transitioning from the autocratic style of leadership required in a turnaround and initial growth stage of development to a more participative style of leadership where staff feels more a part of the decision process and learns to take ownership in those decisions. As the culture is transitioning, HR systems are being developed for the next level of growth.

Results

- The company has gone from losing \$600,000 per year at the time of acquisition to positive cash flow.
- Revenue growth approaching five times the level when acquired, with gross margin improvements in double digits.
- Succession planning has been successful. Management team has been developed and ready to lead the company through the next phase of growth.
- A platform for growth has been created for sustainable profitability at the Suwanee location, with possibilities for geographic expansion. The second location opened in the spring of 2007.
- Licensing offering will launch in second quarter of 2008 to address the need for teaching fundamentals throughout the United States.