

TAKING A PROACTIVE APPROACH TO BUSINESS



# How Case Systems Thrives in a Sluggish Economy

By Dan Shiffrin, Dan Shiffrin Communications

Hardly a day goes by without a headline about the dismal state of the economy. But while there's no denying that times are tough all over, some businesses are not only surviving, they're thriving.

Consider Case Systems Inc., a mid-sized, privately held company based in Midland, Michigan. Case Systems is a leading national manufacturer of plastic laminate furniture and casework for K-12 schools, laboratories, healthcare facilities and higher education. In July, the company set a record for monthly sales, and as of this writing, 2008 is shaping up to be the best year in the company's history.

Why is Case Systems flourishing when so many businesses are struggling? Certainly, the fact that the company sells its products nationally rather than depending on a narrower geographic market gives it an advantage. But Case Systems' president, Rick Vander Weele, attributes the company's success to strong relationships with customers and an unwavering commitment to executing its strategic plan.

Four years ago, Case acquired BOSTONtec, a designer and manufacturer of height-adjustable, ergonomic workstations for a wide range of industries. BOSTONtec is also doing well, although the company is more sensitive to the ebbs and flows of the general economy because its products, Vander Weele explains, are often viewed as "discretionary capital expenditures." In addition, the company has been affected by the rising cost of raw materials, particularly steel.

Case is in the process of developing a long-range strategic plan for BOSTONtec that's similar to its own.

## Thinking Long-Term

When the economy is weak, it's tempting to focus on short-term survival and put your long-term plans on hold. But this is a dangerous strategy, Vander Weele warns, because you risk "losing sight of the big picture."

When times are tough, some belt-tightening may be necessary, but managing month-to-month at the expense of your long-term goals can make it difficult to bounce back when the economy recovers. Cutting spending on things like marketing, training, employee benefits, or product development may provide a short-term boost, but it can place your business at an enormous competitive disadvantage over the long term.

Vander Weele believes that the smartest approach is to develop a solid, long-term strategic plan and to stick with it in good times and bad. By continually striving to deliver superior value to customers, maintaining a strong balance sheet, and operating a lean enterprise, Case Systems is able to maximize profitability when the economy is booming and stay strong during the inevitable downturns.

## Focusing on the Customer

Case Systems' strategic plan has five components: Sales growth, profitable growth, lean techniques, customer satisfaction and employee satisfaction. The plan may sound ambitious, but all of its components are driven by one simple principle: A relentless focus on the customer. "This isn't rocket science," Vander Weele says of the company's strategy. "It's about talking to and listening to our customers, finding out what their needs are, and working hard to meet those needs more effectively than our competitors."

**Sales growth.** The company's sales growth strategy is based on developing and maintaining strong relationships with its customers. And a key part of this is identifying who those customers are. Case sells its products through a network of independent dealers, and recognizing those dealers as customers, not just "middlemen," has been crucial to the company's success.

"It's important to understand," Vander Weele explains, "that our success is tied to the success of our customers, so we strive to find the best

*Front row, left to right: Jeff Clark, Human Resources Manager; Kelly Wehner, Controller & Supply Chain Manager; Rick Vander Weele, President & COO. Back row, left to right: Bill Carpenter, Manufacturing Manager; Keith Frasher, Product Management Department Manager; Marv Garrett, Case Systems – National Sales Manager.*

continued on page 6



*Case Systems is driven by one simple principle: A relentless focus on their customers — among them businesses, hospitals and schools. “This isn’t rocket science,” Vander Weele says of the company’s strategy, “It’s about talking to and listening to our customers, finding out what their needs are, and working hard to meet those needs more effectively than our competitors.”*

**How Case Systems Thrives,** *continued from previous page*

customers in each geographical and vertical market we serve.” To do that, the company uses a “scorecard” that rates customers according to factors such as experience in the casework business, reputation in the marketplace, financial strength, and infrastructure (sales, marketing, project management, estimating, etc.).

Another important part of Case’s sales growth strategy is product innovation. Through its relationships with customers — as well as with end users, architects, general contractors and others — the company is continually learning about users’ needs and industry trends and using that knowledge to develop new products and enhance existing products.

**Profitable growth.** Like sales growth, the company’s profitable growth strategy also focuses on customers. Controlling costs is important, but profitable growth “has more to do with serving customers and expanding capacity than with driving out costs,” Vander Weele says.

The company’s capital expenditure plan identifies equipment, software and other technology to be replaced over the next three to five years in an effort to increase speed, reduce lead times, drive out waste and cut costs. The company is continually looking at software tools — either developed in-house or purchased — that can make the design and manufacturing process more efficient and enhance responsiveness to customer needs.

Despite the slow economy, Case is aggressively seeking professionals for its management team. Identifying and recruiting top management talent is an important part of the company’s long-term strategy and, Vander Weele says, “is our biggest challenge.”

**Lean techniques.** Case has embraced the lean manufacturing principles of the Toyota Production System, which strives to improve efficiency, drive out waste, reduce lead times and provide the greatest value to customers. A key part of the company’s lean strategy is to expand lean techniques beyond the manufacturing floor to all of the company’s activities. The goal is to transform the company from an “operational lean” factory enterprise into an “organizational lean” enterprise.

Case also applies lean principles to measure the performance of its supply chain. The focus of these efforts is not to obtain the lowest cost for raw materials and supplies, but to develop partnerships with suppliers who can help Case meet its customers’ needs.

**Customer satisfaction.** One of the company’s biggest challenges and opportunities has been to transform its culture from one that is factory-focused to one that is customer-focused. Case’s employees are encouraged to develop personal relationships with customers and to visit them regularly. They ask customers how the company is doing and look for ways to improve these partnerships and provide more value.

# Ten Business Survival Tips

Generally, the most successful companies are the ones that continuously improve their businesses rather than merely react to external and internal pressures. Nevertheless, turbulent economic times may demand short-term survival measures. Here are ten ideas to consider:

1. **“Right size” your business.** It’s never a good idea to cut staff or eliminate benefits simply to reduce costs, especially given the high cost of recruiting and hiring replacements when the economy rebounds. But an economic downturn is a good time to evaluate your long-term staffing needs, let nonperformers go and invest in training and retaining your best people.
2. **Consider a hiring freeze.** Putting hiring on hold is usually preferable to laying off employees or reducing benefits, which can hurt morale and cause your best people to look elsewhere.
3. **Streamline.** Take a hard look at ways you can reduce operating and overhead expenses and make processes more efficient. Review telephone, utility and freight costs; negotiate lower rates from vendors; and make sure your insurance coverage is appropriate and that you’re not overpaying.
4. **Outsource.** Consider opportunities to operate more cost-efficiently through outsourcing or strategic alliances.
5. **Improve reporting.** Be sure that you have systems in place to report financial and operating results on a timely basis — daily, if possible — so that you can react to changes in real time. If you receive information days or even weeks after month-end, it may be too late.
6. **Take advantage of technology.** Examine your current information technology systems. You may be surprised to discover untapped resources that can help your staff work more productively and efficiently.
7. **Refinance.** If possible, refinance loans to take advantage of lower interest rates.
8. **Pay close attention to receivables.** Be sure that bills are sent out promptly and that you follow-up quickly on overdue receivables. Not only can this improve your cash flow, but it also provides an early warning of customers that are experiencing financial difficulties.
9. **Sublet excess space.** This can be a relatively easy way to bring in some extra dollars.
10. **Explore tax-saving opportunities.** Consider strategies, such as cost segregation studies, that can reduce your tax bill and give your cash flow a boost.

The company measures its performance and strives to deliver everything on time and 100 percent complete. The staff also visits job sites and meets with architects and general contractors to gather feedback and look for ways to improve.

**Employee satisfaction.** Case’s goal here is simple: “We want to be recognized as the employer of choice in the area,” says Vander Weele. The company understands and values the importance of recruiting and retaining the best people, so it’s constantly looking for ways to expand job opportunities, improve benefits and enhance employees’ work/life balance.

## Seeing the Big Picture

Case Systems’ objective, Vander Weele says, is “flawless execution” of its strategic plan, even though he recognizes it’s an elusive goal. There will always be day-to-day challenges that consume a lot of time, energy and resources. But Vander Weele is convinced that as long as the company doesn’t lose sight of its core strategies, it will continue to be successful. 📌

