

Botanical/Nutritional products case study

Botanical products company improves cash flow and ROI through product analysis and inventory management improvements



AT A GLANCE

Client

A leading-edge formulator and distributor of exceptional quality botanical and nutritional products.

Challenges

- Poor cash flow
- Inadequate inventory management
- Lengthy ROI period

Results

- Identified unprofitable products
- Discovered where cash was being tied up
- Developed individual sales targets to maximize cash flow
- Improved their inventory management

CASE STUDY

Botanical products company gains control of its cash flow and product ROI through financial analysis and inventory management

INDUSTRY

Botanical/nutrition, Retail

CLIENT NEEDS

Reduce Costs, Enterprise Value

CHALLENGE

The botanical and nutritional products company was experiencing steady revenue growth and net profitability, but were not realizing the additional cash in the bank as a result. Not knowing where the cash was going, and concerned about their cash flow, they turned to Rock Creek Consulting Group for help.

SOLUTION

Rock Creek thoroughly reviewed their financial data to confirm record-keeping accuracy. We then reviewed capital purchases and discovered that their inventory on hand had dramatically increased.

We ran some analysis focusing on inventory, and found that their inventory was "turning" less. We took it a step further and analyzed each product in their entire product line and classified them into groups based on the length of time to understand the return on investment.

OUTCOME

We discovered that a high percentage of the total products took way too long to reach ROI, and that some products were simply not profitable when you consider the "all in" costs of the product. Our findings resulted in understanding exactly where the cash was being tied up.

We also were able to help the company develop individual sales targets to maximize cash flow, identify which products to focus marketing efforts on, improve their inventory management process, and helped them determine how to release that extra cash from inventory into the bank.

