

Consumer electronics retailer case study

A consumer electronics retailer gains increased net profitability through detailed forecasting models and operational analysis



AT A GLANCE

Client

A large consumer electronics retailer with locations throughout the West Coast.

Challenges

- Unrealistic revenue growth goals
- Client's financial projection consistently had large variances

Results

- Created advanced financial forecast models and KPI's
- Reset revenue goal to a more realistic timeframe
- Assessed internal resources needed to meet the adjusted revenue growth objectives

CASE STUDY

Consumer electronics retailer gains increased net profitability through advanced forecasting models and operational analysis

INDUSTRY

Consumer electronics, Retail

CLIENT NEEDS

Sales Growth, Enterprise Value

CHALLENGE

A large consumer electronics retailer wanted to quickly grow their revenues and net profitability, but their financial projections consistently showed large variances and therefore could not reasonably be relied on for growth projections.

SOLUTION

Rock Creek created a forecasting model that calculated the maximum growth achievable without adding costly internal resources.

Next, we created a cash flow, income statement, and balance sheet forecast model using higher growth targets, and then provided additional resource costs and timing of those costs to reach the new revenue goal.

OUTCOME

From the analysis, the client could:

- See how their revenue goal impacted the business from a cash flow standpoint. It was clear that reaching the revenue goal in a 12-month period was going to put too much of a strain on the business cash and employee resources.
- Decide that the revenue goal should be an 18-24 month goal.
- Choose if they would be able to meet the goal with existing cash reserves or if they needed additional funding.
- Determine if they had enough internal resources to meet goals, which positions need to be hired, how many positions needed to be filled, and the timing of new hires.

Additionally, Rock Creek:

- Created new financial forecast models that mapped out the financial outlook and created KPI's for them to monitor.
- Developed a written plan and departmental goals to achieve it.

