



THE STRATEGY EXPERT®

Organization

Swimming Pool Company

Situation

A successful local swimming pool company with three locations was interested in growing its business. In addition to its three retail establishments, the CEO of the company also pursued installation, maintenance and repair contracts for new and established residential customers, which generated more profit than the retail stores.

The CEO wanted to know if his strategy to acquire a local competitor with two locations was the best approach.

Solution

As part of our internal analysis we discovered that not only were the installation, maintenance and repair jobs more profitable, that was the part of the organization that the CEO really enjoyed. He didn't care much for scheduling employees, taking inventory and the other components related to retail.

As part of our external analysis we discovered that the owner of the competing organization enjoyed running his stores, but didn't like the installation, maintenance and repair projects and assigned staff to that duty but struggled managing personnel.

We advised the client to not place an offer to acquire the competitor (and acquire two more retail sites) but instead to make an offer to buy the installation, maintenance and repair contracts from the competitor. The final agreement was for the client to pay \$250 per account plus purchase the products and supplies for those accounts at the competitor's stores. Our client got to keep the labor side of the contracts and profits.

This turned out to be a win-win for both organizations. Our client obtained the types of accounts that he liked and were profitable and the competitor had a viable solution for those who were interested in the repair and maintenance services.

Making the right strategic decision saved our client nearly \$1 million.