



The Benchmark Model

How dealers are using it & increasing EBITDA

Compiled by: Elizabeth Marvel, Office Technology Magazine

Following are two related questions submitted by a dealer member as part of BTA's Dealers Helping Dealers resource and many of the answers received. These answers and others can be found in the members-only section of the BTA website. Visit www.bta.org/DealersHelpingDealers. You will need your username and password to access this member resource.



In what ways do dealers use the benchmark model [as taught by John Hey and Todd Johnson in BTA's ProFinance 3.0] to run their businesses? What is the best way to increase EBITDA?

"We use the benchmarks completely in our system. We work hard to hit all of the metrics. I think a lean and very profitable company with long-term contracts will increase your EBITDA."

*Stephen Valenta, president/owner
Offix, Gainesville, Virginia*

"There are four keys:

- (1) Buy right, with best-possible pricing
- (2) A 90-day turn on inventory with proper forecasting
- (3) Keep only key employees
- (4) Manage receivables"

*Clint Feybusch, president
Office Concepts, Warminster, Pennsylvania*

"We use it [the model] all the time and typically find that something is out of bounds when things are not good with our cash flow. We are using the model to keep our headcount, payroll and expenses in check."

*Tim Stanley, owner
TDSiT, Lowell, Arkansas*

"We use this model. Focusing on growing revenue and cost containment monthly affects EBITDA."

*Jeremy Meadors, vice president of sales
ABT Utah, North Salt Lake, Utah*

"I use the model (still the old one though) to get department quadrants for management teams to ingest and better understand the business model we are working. Improving

EBITDA is the result of effort to improve efficiency with the money you get. There is not really one magic move. Obviously, profitability hits that line straight away, so focusing on moves that directly impact your net profit is the quickest way to improve. You cannot just raise prices

normally because we all face competition; that can be counterproductive if sales drop as a result. Improving your cost-of-sale numbers in all departments has the best impact, but takes the most work."

*Ron Hulett, president & CEO
U.S. Business Systems Inc., Elkhart, Indiana*

"[There is] no trick to increasing EBITDA. [You have to] sell more, spend less."

*Sheryl Gregory, accounting analyst
TTS Group Inc., Hanover Park, Illinois*

"We live by it [the model] and fill it out every month, not just once a year."

*Chip Miceli, CEO
Pulse Technology, Schaumburg, Illinois*

"Increase revenue and cut expenses [to increase EBITDA]."

*Mike Boyle, president
BASE Technologies, Bethel, Connecticut*

"The model is awesome, but you need to eyeball it monthly; once a year is too late to make changes. We have been focusing on overall gross margin on the copier side to leverage all points/rebates, etc. It has made a difference by looking at this number every month."

*Chap Breard, owner
MOEbiz, Monroe, Louisiana*

"We finished [ProFinance] training in June and are starting to implement the model. We are trying to see where we are losing money on the copier side. We have IT and water, too."

*Jeffrey Persha, staff accountant
Advanced Business Systems Inc., Watertown, New York* ■

*Elizabeth Marvel is associate editor of
Office Technology magazine. She can be reached
at (816) 303-4060 or elizabeth@bta.org.*