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## Increasing Efficiency as a Means to Grow

**SMALL BUSINESSES ARE CHALLENGED** with finding growth opportunities in today's economy. Making drastic changes to the business plan can be intimidating, but staying competitive may mean looking beyond the way things have always been done. Here is the story of one company who took on this challenge successfully.

**Background:** Artistic Finishes is a custom manufacturer of pre-finished, hardwood moldings, treads and risers. They sell through distributors and dealers. Their business is heavily tied to the home remodeling industry but they also do business in the new home construction arena. [www.artfinishes.com](http://www.artfinishes.com)

**Challenge:** Beginning in 2007, as the economy began to decline, both remodeling and new home construction businesses started to suffer. As a result, the company's revenue began to decline and that decline continued in the following years. This prompted a very comprehensive evaluation of their current business model.

**Solution:** Building on their lean manufacturing vision, they adopted a Vendor Managed Inventory (VMI) model, whereby they reduced the amount of cash they had tied up in inventory by ordering smaller lot sizes, automating their restocking schedules and taking daily delivery of their inventory from key suppliers. While they lost a few vendors, most

were on board with the change and the net result was much more efficient inventory management.

On the client side, they were able to partner with the distributors who supported ordering in smaller batches and more frequently so that they were not sending out huge shipments of products only to have large amounts returned 90 days later.

They began holding Kaizen events, where internal staff and vendors were challenged to create process improvement through standardizing and systematizing daily processes in the company.

Despite declining revenue, they made software and hardware investments to support all of the above-mentioned efficiency measures; measures which still go on today.

### Lessons learned:

- A business has to constantly be thinking about ways to improve.
- Change doesn't always have to take place internally, think of ways to involve vendors and clients.
- Utilize the talent you have in your company. By involving your staff you are not only empowering them, but also may discover areas of improvement not previously recognized.