

Case Study

40Digits

Location: Springfield, Missouri

2015 Revenues: \$5 million

Employees: 42

Industry: Internet Services

Highlights



Challenge

While the company had always been fast growing, managing cash was a persistent problem. The founders wanted to find a better way to plan ahead in managing their business.



Solution

Open up the books and use scorecards to track key metrics like cash on hand and find ways to create accurate forecasts that would allow the company to plan ahead and act more proactively to opportunities and threats.



Results

Since the founders of 40Digits first collided with the Great Game of Business, their company has expanded into two cities while enjoying nearly 3,000% sales growth.

“By teaching each of our production teams how we actually earn revenue, teams found opportunities in so many unexpected places.”



40Digits is a digital experience design and development company that collaborates with brands, agencies, and other digital firms.

Company Background

Chris Langston and Josh Burch founded 40Digits back in 2008. But it wasn't until more than a year later that they were introduced to a company in town called the Great Game of Business, who happened to be looking for a firm to help redesign their website. It was in the process of learning more about the GGOB and its parent company SRC that Langston and Burch began to see the potential of opening the books in their business as well. “Our beliefs in transparency for the benefit of our team made it an ideal fit for us,” says Burch.

“GGOB, as a discipline, has taught us to dig for, track, and forecast the numbers in our business that matter most and everyone quickly learned the stories that they told. The GGOB has given us a common language and understanding of our business where open dialogue and continuous improvement is encouraged and happening organically”

Playing the Game Together

Teaching a group of creative employees to embrace financial literacy was admittedly a challenge for the 40Digits team. But it's since become a selling point to new employees, a benchmark for the company's success, and a sounding board for resolving challenges inside the business.

The 40Digits team credits their playing of the Great Game of Business for helping them avert multiple crises such as cash flow shortages and sales slumps that, had they not been forward-forecasting, would have packed a potential punch to put the company out of business. "In each scenario, we saw the missteps coming and were able, as a team, to devise solutions," says Langston. "As owners, these would have been nearly fatal in terms of stress without our GGOB practices. Instead, we had the tools of foresight and the team carried the burden and solved the challenges together. To say that the practice of GGOB has been impactful to our business is an understatement. It has been invaluable in numerous ways and saved our butts more than a few times."

The team has also evolved what numbers and metrics it tracks. For example, they originally tracked their sales pipeline as a single line item. Today, it's now six lines that gives everyone in the company visibility into where their revenue is coming from. They also have added metrics to track customer satisfaction as well as how key performance indicators like effective hourly billable rate and year to date variance impact the company's bottom line. "Our culture has shifted away from focusing on 'growth' because we learned that revenue growth without profit is simply more work," says Dave Corner, who works in business development for 40Digits. Similarly, the team has learned to understand the cost of adding on new people to the team and how to better plan ahead for when they might need extra hands. "GGOB gives us enough visibility to know when to hire before it's too late," says Corner.

"We've been able to pivot from poor decisions, and we've gained the benefits and knowledge of how to take our next steps with more confidence."

Rapid Financial Results; Lasting Cultural Change

One of the first real successes the team experienced was in playing a Jurassic Park inspired MiniGame focused on improving profitability inside the company. As a way to get everyone pulling in the same direction, the team decided to break down their scoreboard from looking at departmental-wide numbers to smaller team-based boards, which gave each team the line of sight they needed to see how they were impacting the bottom line.

"Folks were talking about and looking for all of the opportunities to recognize revenue, including mis-categorized billable hours, finishing projects under budget, and looking for more work to keep everyone busy," says Kristin Binford, the company's marketing manager who used to work for the Great Game of Business. "By the end of the second quarter we blew our stretch goal out of the water by achieving a 24% profit margin. Our team celebrated the win and recognized the prizes as something earned, not a gift."

The 40Digits team is now focused on new MiniGames, this time breaking down scoreboards in a way that allows them to see how each project contributes to the company's revenue and profit.

"GGOB isn't just a game we played, it became a part of the company, a pillar upon which we grew. It became a selling point to new employees, a benchmark for our success, and a sounding board for resolving our failures."