

Case Study

NeoMam

Location: Manchester, UK

2015 Revenues: £700,000

Employees: 7

Industry: Marketing Agency

Highlights



Challenge

The business was hemorrhaging cash while revenue growth had stalled.



Solution

Cut costs and find new opportunities to grow sales.



Results

The company is again cash flow positive, profit margin has surged to 38%, and it has begun hiring again.

“We’ve moved beyond measuring success by how nice something looks or how fun it is to whether something adds value or not.”

NeoMam Studios

Creates and promotes infographic and video content that helps their clients get featured in top-tier media publications.

Company Background

Danny Ashton and a business partner founded NeoMam in 2012 on the idea that there was demand for creating visual content for customers that could then be shared with media outlets and websites. The company grew rapidly early on, reaching 27 employees at one point. But in 2014, Ashton’s business partner exited the company. After the company dipped into its cash reserves to buy him out, however, Ashton soon found himself in a cash crunch. Worse, the nature of their work meant that there were large fluctuations in client demand and they were facing a down cycle. To keep the business alive, Ashton – who had also brought his sister, Amy, on as a partner – was forced to cut expenses, including people on the payroll. At the same time, he hired a coach, Arend Welmers, to get the business growing again by playing the Great Game of Business. “That Monday morning was one of the hardest of my business life.”

Playing the Game Together

After taking extreme measures with cost cuts, Welmers led Ashton and his team through the process of opening their books. “We put everything out in the open and explained why the hard decisions had to be made to keep everyone else in employment,” says Ashton. They then began financial literacy training and weekly huddles to share information via their first scoreboard, which held people accountable to the numbers.

With costs in check, Welmers helped Ashton and his team begin the process of forecasting future sales while also hiring their first outbound sales person to stoke new leads – while getting everyone focused on retaining the clients they already had.

The team also began playing a series of MiniGames, including one particularly effective one designed to help reduce their accounts receivable backlog by getting invoices paid faster. At that time, invoices were taking an average of 46 days to be paid. But, as a result of the MiniGame, the number of days outstanding had been cut to just 30 days – which had an immediate impact on the company’s cash flow.

“It used to be that people were afraid to admit their mistakes. Now, we focus on how we can do it better the next time. That comes from being open, honest and accountable.”

Rapid Financial Results; Lasting Cultural Change

It’s been a wild ride, the first year playing the GGOB at NeoMam, and Ashton admits that they still have plenty of work ahead of them.

Yet, the changes the company’s culture is going through haven’t appealed to everyone. “Many on the team saw the social and creative aspects of the work they did as being more important than the results, which supported our future growth,” says Ashton, who made it clear that the changes they were making were permanent. That caused several people, including managers, to choose to leave the company. “We struggled with losing a few people,” says Amy Ashton, who is the firm’s financial guru. “But it was for the best. We recognized that we needed to have people on the team who had a drive to win.”

But now that the company is smaller, it gave the Ashtons the freedom to consider changing the type of clients they pursued. Rather than working with agency clients, who white labelled their services, they now focus more on landing corporate customers who would hire them on retainer rather than on an ad hoc basis. It’s been a successful pivot – NeoMam has already landed nearly a dozen clients, including Expedia.com, on six to 12-month retainers – we helped them hit their retained revenue target for the year, which was 85% of monthly revenue.

“From a business owner perspective, the GGOB has certainly fulfilled its promise of reducing the stress of running a business,” says Danny Ashton. “I am no longer the only one making decisions; now the whole team is making small decisions every day to support business.”

“We are now so much more educated about how our business works.”
