



**Innovation Economy Partners**  
OUR FOCUS: IMPACT AND OUTCOMES

# Business Retention and Expansion Best Practices

January, 2017



# Introduction



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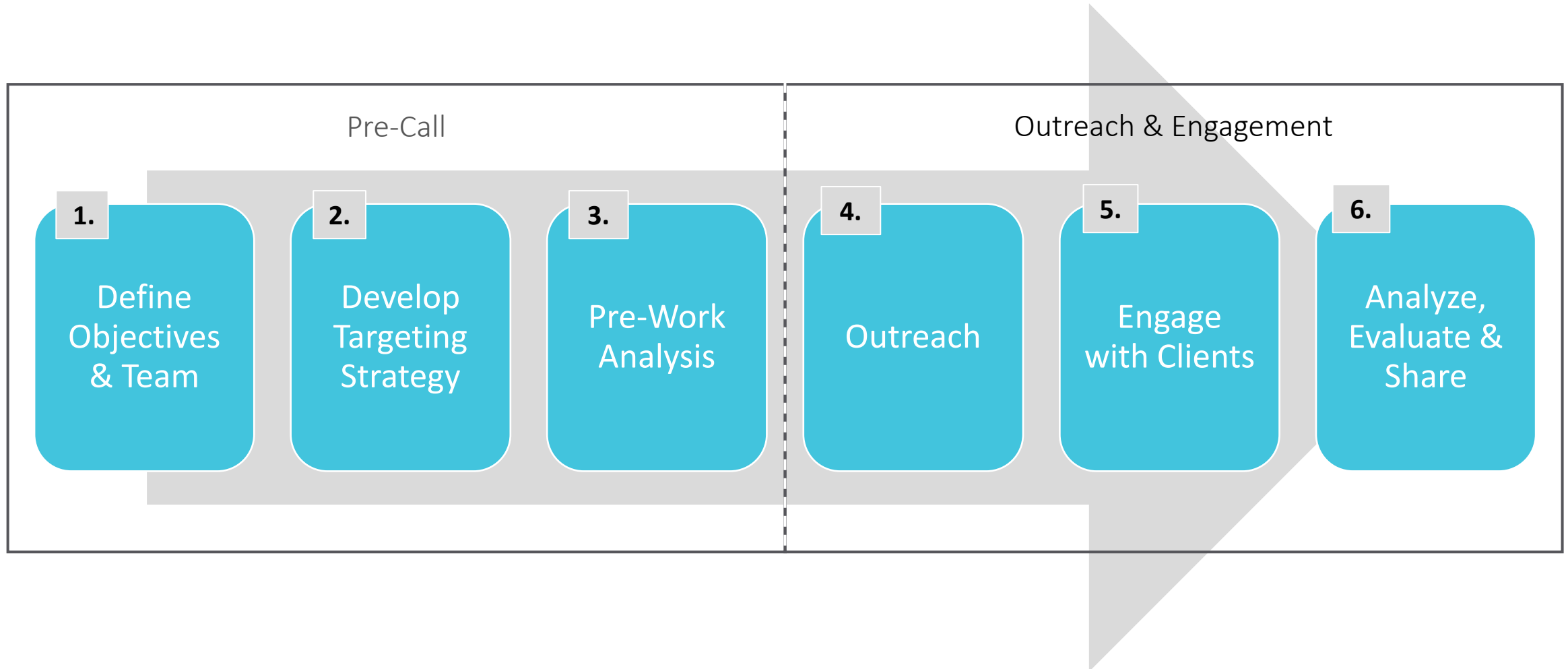
# Why do communities need to focus on BR&E?



- Is there an alternative?
- Do you understand and are you addressing the key challenges in your community?
- What part of your economy is currently at risk?
- How well are you positioned to support business growth?



# BR&E 2.0: A Six Staged Methodology







# The Power of Data

Designation: JumpStart

Date: 09 October 2015

Version: 1

## The Business Model Canvas

<p><b>Partners/Vendors &amp; Supply Chain</b></p> <ul style="list-style-type: none"> <li>200 suppliers allow quick access to trusted sources for tape, labels, cushioning, stretch wrap, strapping, poly bags and a variety of packing equipment</li> </ul> <p><b>SUPPLY INDUSTRIES</b></p> <ul style="list-style-type: none"> <li>adhesive manufacturing</li> <li>electric power transmission</li> <li>paper mills</li> <li>paperboard mills</li> <li>printing</li> <li>recycling facilities</li> </ul> <p><b>DISCUSSION AREAS:</b></p> <ul style="list-style-type: none"> <li>What opportunities do you see with suppliers?</li> <li>Opportunity to expand local/regional sourcing?</li> <li>Opportunities to attract local suppliers?</li> <li>What are supplier programs that you are inacting?</li> <li>What are your critical sourcing challenges?</li> </ul>	<p><b>Core Functions &amp; Capabilities</b></p> <ul style="list-style-type: none"> <li>Manufacturer of custom corrugated packaging and a distributor of packaging supplies</li> <li>Guaranteed supply of key inputs. Contracts for the supply of paperboard and other inputs</li> <li>Automation - reduces costs, particularly labor</li> <li>Installation of state-of-the-art technology to improve plant efficiency</li> <li>Economies of scale. Ensure that the cost per unit of output decreases as scale increases</li> <li>Having contacts with in key markets</li> <li>Ability to alter goods and services produced in favor of market conditions. This flexibility is important</li> </ul> <p><b>DISCUSSION AREAS:</b></p> <ul style="list-style-type: none"> <li>What are your most and distinctive capabilities?</li> <li>How do you think about your product pipeline?</li> <li>Where are major upcoming investments happening?</li> </ul>	<p><b>Products and Value Propositions</b></p> <ul style="list-style-type: none"> <li>Skybox provides a full range of testing services including LM / Hazmat, ISTA/ NMFTA, vibration, environmental chamber, Compression to 50,000 lbs., Drop Testing to 150 lbs., Incline, Impact, crush testing, Cobb water absorption test, Mullen burst</li> <li>Damage reduction and cost reduction initiatives</li> <li>Relationships with other manufacturers to provide more specialized items.</li> <li>Design services outfitted with Artios Cad software - allows quick and easy prototypes of new and revised packages for testing</li> </ul> <p><b>Products:</b> Stock boxes, tape, stretch wrap, strapping, poly bags, paper, mailers and cushioning, common types of corrugated packaging</p> <ul style="list-style-type: none"> <li>Carton, Pads, Honeycomb, Pallets, Point of Purchase Displays, Litho Label, Litho Lam, Assemblies, Build Ups, Set up boxes as well as Corrugated and Chipboard partitions</li> </ul> <p><b>Common products include -</b> Regular Slotted Carton (RSC), Half Slotted Carton (HSC), Full Overlap (FOL), Flap Panel Folder (FPF), One Piece Folder (OPF), Die Cuts, Design Style, Trays, Partitions</p> <ul style="list-style-type: none"> <li>Skybox offers warehouse programs, Kanban, just in time delivery, supplier managed inventory, automatic replenishment, short lead times.</li> </ul>	<p><b>Financial Model</b></p> <p>Revenue - \$96MM</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>Expenses - Industry Costs</b></td> </tr> <tr> <td>Profit</td> <td>4.8%</td> </tr> <tr> <td>Wages</td> <td>12.5%</td> </tr> <tr> <td>Purchases</td> <td>55.4%</td> </tr> <tr> <td>Depreciation</td> <td>2.2%</td> </tr> <tr> <td>Rent &amp; Utilities</td> <td>2.4%</td> </tr> <tr> <td>Other</td> <td>22.7%</td> </tr> </table> <p style="font-size: 2em; text-align: center; margin: 10px 0;">1</p> <p><b>DISCUSSION AREAS:</b></p> <ul style="list-style-type: none"> <li>What is your summary of your organizations financial state?</li> <li>Percent of sale from your top 4 customers?</li> <li>How are you thinking about your future capital?</li> </ul>	<b>Expenses - Industry Costs</b>		Profit	4.8%	Wages	12.5%	Purchases	55.4%	Depreciation	2.2%	Rent & Utilities	2.4%	Other	22.7%	<p><b>Customer, Marketing &amp; Sales</b></p> <ul style="list-style-type: none"> <li>Skybox serves customers in the industrial, food and consumer products and markets</li> <li>Food and beverages industry are the major end user of corrugated board packaging material followed by automotive and personal care industry.</li> <li>agriculture, forestry, fishing and hunting</li> <li>manufacturing</li> <li>wholesale trade</li> <li>retail trade</li> <li>transportation and warehousing</li> <li>packaging and labeling services</li> <li>accommodation and food services</li> </ul> <p><b>Major customers are commercial companies that use paper and boxes as containers to hold, deliver, and display products.</b></p> <p><b>Industry orientation...</b></p> <ul style="list-style-type: none"> <li>Sales are handled by an in-house sales force that operates within the geographical area served by the local converting plant. Standard items may be sold through distributors.</li> <li>While price is an important factor in sales, timeliness and reliability of production and delivery are often more important.</li> </ul>
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<p><b>Human Capital</b></p> <p>President - Marc Miller Co-Owner - Marty Rice</p> <p>70 Employees</p> <ul style="list-style-type: none"> <li>Production workers in converting plants are mainly machine operators.</li> <li>A large number of workers in the industry are unionized</li> </ul>	<p><b>Resources &amp; Assets</b></p> <ul style="list-style-type: none"> <li>100,000 sq. ft. facility that was originally built in 2001 and expanded three times since</li> <li>Corrugated manufacturing operations occupy 35,000 sq. ft. with the balance dedicated to</li> <li>Current site will support a facility double the current size.</li> <li>Recent addition - state of the art 3 color floor</li> </ul>	<p><b>Competition</b></p> <ul style="list-style-type: none"> <li>A-Kapak Container, Hinckley, OH</li> <li>Advanced Packaging Systems, Elyria</li> <li>Brasspack Packaging Supply, Mansfield</li> <li>Buckeye Container, Wooster</li> <li>Gallon Packaging, Medina</li> <li>Milan Stock Pack, Ashland</li> <li>WERCO Packaging, Westerville</li> <li>Wrightway Packaging, Mansfield</li> </ul> <p><b>NOTE:</b> Company has informed us that the database information is incorrect for many of these companies.</p>	<p><b>able profits, an</b></p> <p>Corporate converted paper all 0.5% in the period to 2014.</p> <p><b>able growth</b></p> <p>ers' shipments of paper products as 0.4% YTD in compared to July</p> <p><b>etail sales, a</b></p> <p>asure of converted paper increased 2.1% in the months of</p> <p>2011 and 2012, six, and North</p>															

## A Business Testimonial (Video Link)

**Therefore, cardboard manufacturers locate themselves close to these key raw materials suppliers in order to reduce transportation costs for inputs. The region is also a popular location because it gives industry producers access to many large markets in Canada and the East Coast.**

**DISCUSSION AREAS:**

- How are corporate results impacting local decisions?

**Real GDP for Ohio, 1997 to 2014**

**DISCUSSION AREAS:**

- How does your division think about expansion?

**purchase stock, but more and more companies are becoming vertically integrated from timberlands to end products**

- The US industry is concentrated: the top 50 companies account for about 50 percent of industry revenue.

**DISCUSSION AREAS:**

- How does your division think about expansion?

**Converted paper products**

**DISCUSSION AREAS:**

- How does your division think about expansion?

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# Potential Data Sources



CLUSTER  
MAPPING



public data  
explorer



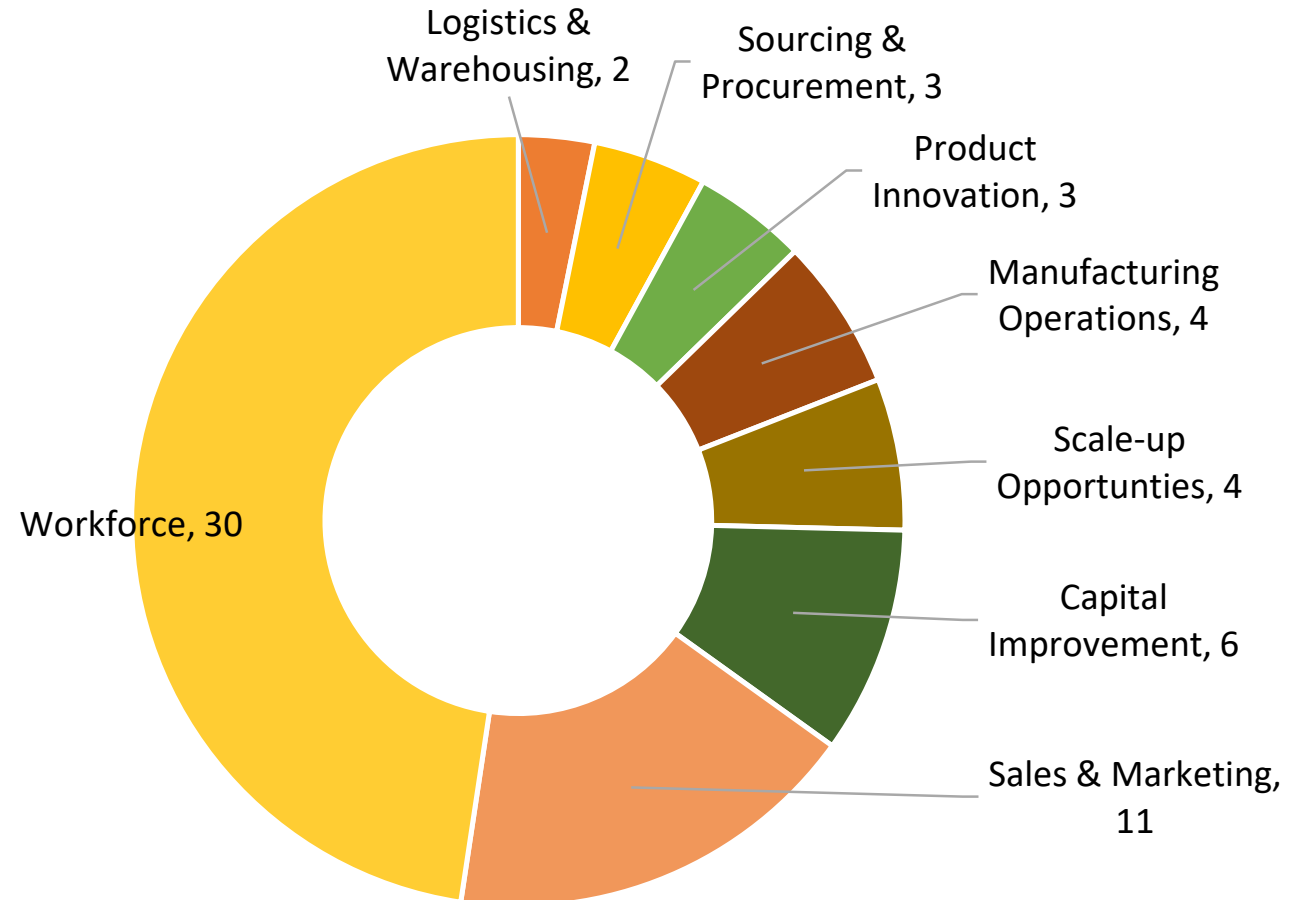


## Case Study:



12 company visits have generated 63 actionable events

- At least 30-40 open full-time positions identified
- Approximate regional economic impact is \$2.1M - \$2.9M\*
- Possibly two facility expansions



\* Assuming \$30K annual salary and a 2.4x spillover effect





# Questions?



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