

Best Small Business

Teal's Supply

Lori Lohrey and her brother Terry Teal had already laid off all of their employees in preparation for closing their company when they came to the First Step, Inc. MI-SBTDC in Escanaba. Teal's Supply, a company that manufactures and sells wreaths, both birch and balsam, utilizes resources from the Upper Peninsula. Lori and Terry were in a desperate situation with negative cash flow and unsatisfactory profitability. They hoped that the MI-SBTDC could help them identify the causes responsible for generating the recent negative income.

Joel Schultz, Business Consultant, worked with Teal's Supply and determined that the largest problem was a discrepancy between the expected labor and material costs, and the actual expenditures. The discrepancy was corrected between expected COGS and actual expenditures by increasing some prices, developing personnel policies to address the non-productive labor hours and implementing a buying policy accounting system for unsuitable material, shortages and misclassifications. Focus was also placed upon financing, which led to Teal's Supply gaining a new financial partner, Northern Initiatives, who supplied them with over \$80,000 in assistance. Overall, their number of full-time jobs increased from zero to fifteen and a half and profits are up 23%, with the recapturing of over \$600,000 in manufacturing sales. With their recent success they are investigating the possibility of buying out a small company that manufactures one of the components of the wreaths, the metal wreath ring.



Lori Lohrey and Terry Teal