

# Custom Countertop Fabrication Case Study

## From \$800K in Annual Losses to \$1.4M in Profit: How a Custom Countertop Fabricator Doubled Throughput and Rebuilt Its Operating System

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### Business Profile

**Industry:** Manufacturing

**Sub-Industry:** Custom Countertop Fabrication & Installation

**Region:** Southeast U.S.

**Starting Revenue:** \$11.9M

**Ending Revenue:** \$13.2M

**Number of Owners:** 2 (both with engineering backgrounds)

**Purpose of Engagement:** The company engaged Cogent Analytics to reverse sustained losses (~\$800K annually), eliminate severe operational bottlenecks, build financial visibility and accountability, improve production and installation capacity, and create a scalable foundation for sustainable growth.

### ROI Summary

#### Total Increase in Annual Revenue:

- **\$1.3M**
- **~10.9%**

#### ROI Multiple:

- **3.13**

#### Increase in Gross Margin:

- Gross margin per square foot improved from **\$18.08 to \$21.97**

#### Increase in Net Operating Income:

- Net operating income per sq ft improved from **\$6.42 to \$12.04**

#### Financial Turnaround:

- From approximately **-\$800,000** annual losses to **+\$1.4M** profit (swing of **~\$2.2M**)

## 1. About the Business

This family-owned custom countertop fabrication and installation company built a strong reputation for quality granite, marble, and quartz work in the residential market. Demand remained steady, and the company expanded into a larger facility to support growth.

The facility move exposed gaps that were easier to ignore in a smaller operation. Despite constant activity, the company was losing approximately \$800,000 per year. The CEO was trapped in day-to-day firefighting, unable to delegate, and the new facility operated at roughly half of its potential capacity.

The business tracked productivity using the industry standard of square feet per man-hour, but measurement alone did not translate into improvement. To scale profitably, the company needed a complete rebuild of its operating systems across financial controls, leadership capability, operational flow, quality management, pricing, and business development. Cogent Analytics began engagement and addressed the business end-to-end.

## 2. Initial Challenges

When Cogent arrived, the symptoms were visible immediately: the facility was underutilized, sales were stalled, and the owner could not take time off without the business grinding to a halt. Those symptoms traced back to systemic issues, outlined below.

### **Owner Dependency and Lack of Delegation:**

- Everything ran through the owner
- Every decision, problem, and question landed on the owner
- No clear roles or management structure
- Shop floor issues, customer complaints, and production schedules all required owner involvement

### **Financial Blindness:**

- Accounting looked backward rather than forward
- Financials arrived weeks late (too late to drive decisions)
- No regular financial reviews, cash forecasting, or visibility into profitability drivers
- Revenue was coming in, but leadership couldn't identify job-level profitability or where money leaked

### **Disorganized Warehouse and Material Handling:**

- Materials scattered without a system
- No one knew what was in stock (leading to redundant orders and excess inventory)
- Valuable remnants were wasted
- Workers lost hours searching for and moving materials multiple times
- Space existed, but without logical flow, it increased walking and handling

**Half-Capacity Production and Low Productivity:**

- Fabrication and installation productivity: 4-5 sq. ft. per man-hour (vs. operational expectation of 9-10 sq. ft.)
- Equipment capable of producing 20+ kitchens/day, but actual output was less than half
- Contributing causes included poor scheduling, unclear standards, and insufficient training

**Quality Costs Hidden in Plain Sight:**

- Rework and return trips accumulated to \$750,000 annually
- Incidents were treated as isolated rather than patterns
- Data existed, but wasn't analyzed in a way that revealed root causes

**Sales Lacked Direction and Infrastructure:**

- No clear sales leadership, process, or CRM
- Team operated on instinct and effort
- External marketing firm on retainer, but no internal capability to assess value
- Facility capacity existed, but no engine to drive growth

### 3. Operational Results

Cogent built an integrated operating system across measurement, people, process, finance, sales, pricing, and strategy.

#### Sales Volume

Action Item	Baseline Condition	Cogent Action Implemented	Result
Sales process management	No formal sales process, leadership, or CRM; sales driven by instinct	Implemented CRM and formal sales process ownership	Sales pipeline visibility established
Sales leadership	No clear accountability for sales performance	Assigned ownership of sales numbers and management cadence	Sales accountability introduced
Market expansion	New facility capable of more volume, but no growth engine	Conducted market expansion planning and territory analysis	Expansion into new geographic markets enabled

Marketing alignment	External marketing firm on retainer with no internal measurement	Established internal ownership to measure and adjust marketing efforts	Marketing spend aligned to business objectives
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### Direct Material

Action Item	Baseline Condition	Cogent Action Implemented	Result
Inventory control	Materials scattered; redundant ordering; excess inventory	Implemented inventory control system with weekly physical counts	Inventory accuracy improved
Remnant utilization	Valuable remnants wasted and discarded	Built a remnant utilization program	Reduced material waste; captured additional value
Material handling	Severe material handling bottlenecks and wasted motion	Redesigned material flow using process mapping	Reduced handling time and bottlenecks
Vendor management	Vendor pricing and reliability inconsistent	Implemented vendor management discipline	Reduced costs and improved reliability

### Direct Labor

Action Item	Baseline Condition	Cogent Action Implemented	Result
Production productivity	Fabrication and installation productivity at <b>4–5 sq ft/man-hour</b>	Implemented dashboards tracking sq ft/man-hour by department	Productivity improved to <b>9–10 sq ft/man-hour</b>
Installation capacity	Installation limited to <b>9–10 kitchens/day</b>	Implemented systematic scheduling, standards, and monitoring	Installation capacity increased to <b>20+ kitchens/day</b>

Workforce structure	Heavy reliance on 1099 contractors	Converted contractors to W-2 employees and built HR framework	Increased labor stability and management control
Training & standards	Inconsistent training and unclear standards	Built training and onboarding programs	Improved labor consistency

### Subcontractors

Action Item	Baseline Condition	Cogent Action Implemented	Result
Labor classification	1099 contractors reduced control and accountability	Converted to W-2 employment structure	Improved workforce consistency and accountability

### Indirect (Leadership & Culture)

Action Item	Baseline Condition	Cogent Action Implemented	Result
Accountability	Reactive culture; problems escalated to owner	Implemented Accountability Framework	Ownership shifted to department leaders
Leadership cadence	No consistent leadership rhythm	Instituted weekly leadership meetings with fixed agenda	Proactive problem-solving replaced firefighting
Leadership capability	Leaders lacked tools to manage effectively	Delivered leadership training across 18 core competencies	Leaders equipped to solve problems independently

### General & Administrative

Action Item	Baseline Condition	Cogent Action Implemented	Result
Financial reporting	Financials arrived weeks late; no routine reviews	Implemented monthly reporting and reviews	Leadership gained timely financial visibility

HR infrastructure	No formal HR function	Built HR policies, handbook, job descriptions, and recruiting process	HR foundation established
Process documentation	No documented processes	Implemented SOP discipline	Standards became repeatable and enforceable

## Cash Flow

Action Item	Baseline Condition	Cogent Action Implemented	Result
Cash visibility	No forward cash forecasting	Implemented BMT and 12-week cash forecast	Cash visibility extended 12+ weeks
AR/AP management	Collections slow; payment terms unmanaged	Rebuilt AR/AP processes and trained team	Faster collections and improved terms
Working capital	Growth constrained by uncertainty	Linked cash visibility to planning	Enabled informed hiring and equipment decisions

## Assets

Action Item	Baseline Condition	Cogent Action Implemented	Result
Inventory assets	Excess and uncontrolled inventory	Implemented inventory optimization	Improved asset utilization
Facility utilization	New facility operating at half capacity	Capacity expansion and flow planning	Monthly sq ft increased <b>18,029 → 21,382</b>

## Liabilities (Tax & Structure)

Action Item	Baseline Condition	Cogent Action Implemented	Result
Corporate structure	Operating as inefficient C-corp	Guided C-corp → S-corp conversion	<b>\$250K tax savings projected in 2026</b>

Tax burden	Corporate and payroll taxes inefficient	Implemented strategic tax planning	Payroll tax savings <b>\$32,284 annually</b>
Long-term tax exposure	No aligned tax strategy	Structured pass-through + asset protection	<b>\$500K–\$1M projected savings over 5 years</b>

## Return to Owner

Action Item	Baseline Condition	Cogent Action Implemented	Result
Owner dependency	Owner involved in all decisions	Built org chart and delegation structure	Owner freed to focus on strategy
Pricing discipline	Pricing based on intuition	Built estimating & overhead absorption model	Pricing aligned to 5–15% margin targets
Quality management	\$750K annual rework/return-trip problem	Implemented root cause analysis and Pareto	\$750K opportunity identified; prevention systems in place

## Owner Quality of Life

This business shifted from owner-dependent firefighting to systematic management. Weekly leadership meetings became the operating rhythm:

- Review the metrics
- Examine root causes
- Assign ownership
- Track follow-through

The owner was freed from daily operational involvement and able to focus on strategic growth.

## 6. Client Reflection / Testimonial

“When we started this collaboration, we saw in your proposal a promising opportunity to enhance our production processes. Today, I am pleased to acknowledge that it has been one of the most astute decisions we have made as a company.

The collaboration with Cogent has been transformative for our organization. From day one, we have witnessed the professionalism and dedication of each member of your team throughout

this project. The support in key areas such as Management, Finance, Operations, Sales, and Legal Affairs has been comprehensive, allowing us not only to optimize our processes but also to establish a solid foundation for long-term growth and sustainability.

One of the standout aspects of this experience has been your team's ability to adapt to our specific needs. They have deeply understood our internal dynamics and, from there, designed tailored strategies that have improved every phase of our operation. Their collaborative approach and willingness to work closely with us have been crucial to the success of this project.

In terms of results, we have achieved a positive, tangible impact across all levels of our organization. From senior management to the most basic operational roles, every member of our team has experienced both professional and personal growth. We have optimized our processes, improved internal communication, and developed a greater capacity to face market challenges with confidence and competence.

I would like to highlight in particular [the project director's] contribution, which has been crucial to this process. Every conversation with him has translated into valuable learning. His extensive experience, combined with his ability to convey knowledge clearly and effectively, has been essential in helping us assimilate and apply each of the proposals made. His leadership has left a profound mark on our operating methods and strategic vision.

The value that Cogent has brought to our organization is immeasurable. We have not only achieved our immediate goals but also established a working framework that will allow us to continue improving and growing in the future. I am convinced that the investment made in this collaboration has been a wise decision that will benefit us in the short, medium, and long term. For all these reasons, I wish to express my deepest gratitude to the entire Cogent team. The work you have done has exceeded our expectations and left an indelible mark on our company. We are deeply grateful for your dedication, professionalism, and commitment to our success.”  
- Owner