



## **CASE HISTORY - MENTOR SENIOR MANAGEMENT WEBTANK, INC. & BIZZUKA, INC.**

**BACKGROUND:** According to John Munsell, president of Webtank, Inc. and Bizzuka, Inc. “Nelson Consulting played a critical role in the life of Webtank since our inception in 1998. The first piece of advice John Nelson gave us turned out to be not only profitable, but four years later, it would become our saving grace.” John Munsell’s software development businesses specialized in providing full-service development and support services for mid to high-end Web sites and high-end branding solutions from logo development to corporate identity campaigns. In the fall of 2000, John Munsell added staff, equipment and upgraded his facilities to keep pace with 2001 growth projections of 200% to 300%. Suddenly, the DOT COM bomb hit, and Internet projects all but ceased. John Munsell said; “After a highly profitable 2000, our market suddenly evaporated in 2001. Radically changing market conditions, steep declines in pricing, shrinking profit margins and generally bad karma in the DOT COM market space forced us to reevaluate our business model. We considered bringing in a senior executive on a fulltime basis to help us solve the puzzle. However, given the pox hanging over the Internet space, we could not afford or attract a person of stature to join us as an employee. We contacted Nelson Consulting to help us survive the DOT COM debacle.”

**ACTION TAKEN:** In 1998, Nelson Consulting recommended the company develop its software applications using a component-based architecture. The component architectural concepts provided by Nelson Consulting allowed for rapid changes in products and services as well as increased profit margins. During the 2001 crisis, Nelson Consulting worked side by side with executive management and quickly led the development of a strategic and tactical plan. New business options and recommendations were crafted and implemented. An across the board salary reduction was devised and implemented. None of the key employees resigned. The Intellectual Property and other assets of the company were analyzed carefully, and a strategy was devised to protect the Intellectual Property in the event the corporation collapsed. A new lower priced, high functionality, fast-track product line emerged rapidly with modest cash outlay. A compressed selling cycle and new product delivery processes was devised and implemented. Given these new and unique competitive advantages, a new private placement was drafted and selectively circulated to attract a capital infusion. A significant investor group immediately saw the value in the new business model and was prepared to fund the new product line and the growth potential of the company. Unfortunately, the investor group backed out within 24 hours of the terrorist attacks of September 11, 2001. Nelson Consulting immediately recommended the implementation of Webtank’s asset protection plan, which ultimately led to the survival of the proprietary technology.

**OUTCOME:** “Nelson Consulting’s experience, wisdom, supports and coaching over the years has always been right on the money,” says Munsell. Bizzuka, Inc., a 2 year old, dormant corporation with no debt and owned by John Munsell, was reconstituted. Bizzuka, Inc. acquired the rights to use and modify an array of Intellectual Property from Webtank in exchange for the assumption of corporate debt personally guaranteed by Munsell. Fixed expenses transitioned to variable expenses. Staff members converted to independent contractor status and paid for billable hours only. Non-essential staff, expensive office space and other expenses were eliminated, without incident. The acquired technology has since been significantly enhanced, and a new, highly profitable business model has emerged. Since downsizing, corporate restructuring and the release of the revised services, Bizzuka achieved profitability in record-breaking time. John Munsell believes the business outlook for Bizzuka to be excellent.