

## 80/20 BUSINESS PROCESS OPTIMIZATION PROCESS TRAINING IMPROVES EMPLOYEE FOCUS, PROFITABILITY, AND CUSTOMER VALUE FOR ATHLETIC EQUIPMENT MANUFACTURER

**ABOUT LITANIA SPORTS GROUP.** Litania Sport Group is an athletic equipment manufacturer located in Champaign, Illinois, with 150 employees.

**THE CHALLENGE.** Litania was interested in zero-based budgeting, which the CEO had proposed to the management team in August 2016. The idea around this was that it would address the company's desire for aggressive growth in untapped markets. (Zero-based budgeting is a method of budgeting in which all expenses must be justified for each new period.) Having done previous work with IMEC, part of the MEP National Network™, particularly around the 80/20 Business Optimization Process, also known as the Pareto Principle, Litania trusted the experts to deliver the training they needed to implement true zero-based budgeting which they hoped would result in cost reduction by the end of their fiscal year, September 30, 2017.

**MEP CENTER'S ROLE.** In August 2017 Litania enlisted IMEC to fine tune what they had learned and strengthen its deployment of the 80/20 Business Optimization Process. The training proved to be a success for Litania in 2017, as it was in 2016. For zero-based budgeting to be successful, the employees needed to be on board and have a full grasp of zero-based budgeting, the 80/20 principle and how it applies. This would allow them to focus more on high profitability projects and not so much on one-off projects. Mary McGrew, VP of Human Resources noted "Once you learn 80/20, it's kind of hard to go back. You have a new mindset. It's best to focus on things that are more profitable and don't spend time on the non-profitable." The Litania team wanted to keep its focus on the Pareto Principle, customer satisfaction and profitability.

As a result of the 80/20 training for two consecutive years, Litania saw favorable outcomes. They were able to eliminate an entire division because it did not bring value to customers and was therefore not profitable. This allowed leadership to free up resources and make room for more profitable items in other divisions. In addition, the employees responded well to the training. They learned how to work with challenging customers, and as a result are less frustrated.

"Our big take away is to pay attention to the data and then focus resources on the customers and projects that are the most profitable. Rethink those customers and projects that do not offer a worthwhile return. For us, that meant phasing out some products. It seems pretty basic, and it is, but sometimes we get emotional attachments to customers, products, or projects and disregard what the data is telling us."

-Mary McGrew, Vice President of Human Resources

## RESULTS



**\$54,000,000** anticipated in new and retained sales



**\$1,010,000** in new investments in equipment, workforce development and information systems



Improved employee engagement



Improved customer engagement

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