



Moving the conversation from “What’s your cheapest product?” to “What’s your best product?”

You know you’re doing things right when the conversation with your customers changes from “What’s your cheapest product?” to “What’s your best product?”

When Patrick McDonald opened [McDonald's Vacuum Center](#) in downtown Arkansas City, Kansas in 2004, he opened with an eclectic mix of products and services that weren’t available in his home town. Used books, vacuum sales and repair, sewing machine sales and repair – McDonald’s Vacuum Center made it all available to customers under one roof.

It was a diverse mix of product lines that worked on some days better than others. Most customers were always looking for the lowest price, a *bargain* – a tough situation for any business trying to take off and grow.

Early on McDonald, not unlike other small business retailers, often shot from the hip making decisions without the guidance of a business plan. When we asked what advice he’d give himself if he could go back in time, he shared, “that it would have been nice to not experience the growing pains made in some of my rush decisions.”

McDonald realized that if he was going to grow from where he was to where he wanted to be, he’d have to leave the shooting-from-the-hip method behind. The business he’d started was getting too big to make rush decisions with the hope that they’d work. It would take a new way of thinking.

To get help with developing a new approach McDonald contacted Jason Cole of the [Kansas SBDC at WSU located in Arkansas City](#). McDonald knew about the consulting offered by the Kansas SBDC and one of organization’s valuable but lesser-known resources – market research.

When he contacted the Kansas SBDC, McDonald had already expanded to [Derby, Kansas](#), to grow his business in a new geographic market, but was finding that the expansion wasn’t enough. He wanted to further expand his products and market share into the Wichita metro. Cole gathered market research for McDonald to analyze not only where his best opportunities were,

but also what those opportunities might be in the near future. By working closely with Cole, using both market research and consulting, McDonald decided that any short-term future expansion would be realized through new select brands and product lines.

To make this move, and to sustain his current growth, Cole and McDonald identified several changes to McDonald's Vacuum Center – changes that would need to take place over time.

A new business model.

Operating multiple locations with new product lines, as well as securing new dealer contracts, all while maintaining his growing original location in Arkansas City, would require a different approach to business. His original location in Arkansas City has grown to the point where it was time to separate his sewing and vacuum sales from used book sales. And the February 2014 closure of an established quilting store in Wichita (due to retirement) added to the opportunity mix. Together Cole and McDonald worked on a phased approach to keep all the moving parts working successfully.

As of today, they continue to research and develop a new business model that will support McDonald's profitable long-term sustainability and growth.

A new approach to financing.

Over the years McDonald had relied on cash flow to purchase the majority of his products. Market research from the Kansas SBDC identified opportunities to expand one of his product lines – sewing machines – from the \$300 sewing machines he was used to selling to \$10,000 high-end machines. Additionally, McDonald was recently able to secure a protected dealership area with two major sewing and vacuum manufacturers. All of these changes taking place simultaneously called for a different approach to financing.

And with new financing, as most businesses know, McDonald would have to look at pulling together a business plan for lenders. So he and Cole began working on one of the key parts of his business plan – financial projections.

Cole tapped into his background in the banking industry to build projections along with current tools Kansas SBDC consultants access for clients. Because McDonald's product mix involved expansion into new product lines, historical financial figures didn't reflect future earnings, Cole took a 360 degree approach to develop accurate cash flow projections. Cole used [ProfitCents](#) – a financial analysis and benchmarking tool – to evaluate how other small businesses were performing in the industry. Additionally, Cole reached out to suppliers and manufacturers on McDonald's behalf to gain a better understanding of his potential revenues.

After gathering financial projections, benchmarks, and analysis, McDonald and Cole began contacting local resource partners. They began working with a local bank and regional Certified Development Company (CDC) to explore SBA funding and revolving lines of credit.

Additionally, they reached out to the county economic development organization to explore opportunities for support of local small business growth.

McDonald secured the financing he needed to manage his expanding business and support his growth. We believe one of the keys to securing McDonald's funding was Jason Cole's 360 degree approach to develop an actionable cash flow.

A new approach to operations.

Operating multiple locations with expanded product lines called for new systems. By working with Cole, McDonald recognized that this would require a different approach to operations. McDonald has recognized the need for and recently added a part-time bookkeeper to his team.

And while many things have changed, some things have remained the same. McDonald knows that part of what has grown his business and allowed him to secure exclusive brands is his reputation for quality service. He knows the key to his long-term sustainability and growth is ensuring that customers continue to have a positive experience at every location he has now and in the future.

McDonald continues to work with Cole to put additional systems – inventory tracking, detailed profitability tracking by product line, and others – to keep the business moving forward.

Moving forward.

As McDonald's Vacuum Center has grown, and owner Patrick McDonald has taken a more strategic approach to his business, he's noticed one great benefit that can't be overlooked – the change in how he competes in the market. Fewer and more infrequent are the days where customers call or stop by asking for the lowest price. Today's conversation is focused on quality.

Looking back over the past ten years McDonald smiles and reflects, "When I sold vacuums and sewing machines in my used book store, people would ask, "What's your cheapest product?" Now they ask, "What's your best product?"

For any small business, that's a great conversation to have.

About McDonald's Vacuum Center

Learn more online at <http://mcdonaldsvacuums.com/>

About the Kansas SBDC at WSU in Arkansas City

The [Kansas SBDC Cowley County Outreach Center](#) is a partnership between [Wichita State University](#) and [Cowley College](#) as well as funding partners that include: [City of Wellington Economic Development Department](#), [Cowley County Economic Development](#), [Harper County Economic Development Council](#), and [Sumner County Economic Development Commission](#).

About [Jason Cole](#)

Jason started as the consultant for the Cowley College Kansas SBDC Outreach Center in 2012. Clients seeking loans find themselves in good hands with Jason's experience as an Assistant Vice President for Home National Bank in Arkansas City. As a co-owner of Centaur Solutions, a company specializing in employee assessment, Jason developed a passion for creating high-performing workforces. He helps Kansas SBDC clients identify and solve employee issues that are constraining sales, operations efficiencies, and profits.

Jason also served as Adjunct Instructor with the Business & Industry Training branch of Cowley College and taught in the Wellington school system. Jason holds a B.S. in Business Administration from LeTourneau University and a M.S. in Business Education from Emporia State University.

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