

# CASE STUDY



Max Mabuti

## The Turnaround At Flat-Foot Engineering

After an ill-fated expansion plan, Max Mabuti's Flat-Foot Engineering faced insolvency. Mabuti turned to a Certified Value Builder™, and within one year of leveraging The Value Builder System™, Mabuti had stabilized the business and grown its top line by more than 30%.

### The Contender

Since 2006, Flat-Foot Engineering has been a leading South African electromechanical company specializing in commercial air conditioning and laundry installations (hospitals, office buildings, shopping centers, etc.). In just over a decade, Flat-Foot has grown from a local installation outfit to a national company managing large commercial contracts.

The company is owned and operated by Black South Africans, a tribute to the country's post-Apartheid policies enabling historically disadvantaged groups access to the market and allowing Flat-Foot's leaders' diverse talents and expertise—from engineering to finance—to drive the company's exponential growth to its current level of success.

### The Fight

When former boxer, Mabuti, founded Flat-Foot Engineering, the operation was so small that there was no delivery method in place—Mabuti hand delivered each air-conditioner by wheelbarrow. An early government contract led to rapid expansion, and Mabuti invested in a fleet of company cars, hired technicians throughout the eastern Cape of South Africa, and dramatically increased his overhead. The trouble was that Flat-Foot was too reliant on a single customer to pay its bills, and by 2013 unpaid invoices were piling up without guarantees of when payment would come.

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*“As a trained scientist, any tool I use must be proven from all angles. The Value Builder System™ doesn't lie. It forces you to be honest and then shows you where the opportunities are. It is a very credible tool.”*

- Max Mabuti,  
owner and managing director of  
Flat-Foot Engineering

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With all the overhead costs the company had accumulated, the ledgers were out of balance and creditors, employees, and the bank were calling Mabuti non-stop. Flat-Foot couldn't pay salaries, was deep in debt, and was on the way to bankruptcy.

## The Comeback

Mabuti immediately took responsibility for the company's missteps and knew that to stay in the fight he had to secure short-term financing. While making sure customers never sensed any distress (Flat-Foot earned ISO certification during this period), Mabuti planned his next move.

The company was able to attract investors to help keep it in the game, but Flat-Foot had grown so rapidly that Mabuti had never written a formal business plan.

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*Mabuti had a vision for the company and knew he had to get realistic about the steps he needed to take to make that vision a reality.*

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Mabuti reached out to consultancies but, despite charging thousands, they failed to provide the insight Flat-Foot needed for stable and sustainable growth.

## Finding Their Footing

In 2016, Flat-Foot Engineering applied for and was selected as one of South Africa's top growth-potential companies. Flat-Foot was recognized as an exciting company to work for and was attractive to the Minister of Small Business Development for employing people across the country. As a Top 40 company, Flat-Foot was given access to specialized growth tools, which included the opportunity to work with a Value Builder advisor, Desmond Stemela.

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## Why work with a Value Builder advisor?

Mabuti's Value Builder advisor had the best vantage point for seeing the business' potential. As the "corner man" outside of the ring, Stemela helped Mabuti see where there were opportunities to land his punches and where he was left vulnerable to a hard hit.

Stemela coached Mabuti, but it was up to Mabuti to apply the insights gained in working through the Value Builder modules. The advisor did not take over the business; the advisor made the owner into the leader and visionary he needed to be for his company.

After completing a year on The Value Builder System™, Mabuti rescored himself and realized there is still room for improvement. After two years, the Value Builder System™ continues to be a guide for the owner to keep his business on track and growing.

Desmond, also a retired boxer, became Mabuti's "corner man", a boxing term for the coach in your corner with the best vantage point, the person who whispers strategies in your ear. Stemela led Mabuti through The Value Builder questionnaire to determine Flat-Foot's Value Builder Score and gave him a clear understanding of the company's performance on each of the eight key drivers of company value. Mabuti looked at the drivers where Flat-Foot scored the lowest and knew right away that if he could raise those scores he could give Flat-Foot the stable footing it needed to compete and get ahead.

## They identified key issues and worked to find solutions:

- Through the Scalability Finder module, Mabuti escaped the Owner's Trap and is now "working on the business not in the business." The company now has a "pass it on" culture, where each area of the business has a succession plan so that Mabuti isn't both the hub and the spoke.
- Through the Switzerland Structure module, Mabuti realized the danger of having only one customer and forged new client relationships with hospitals and private businesses.
- Through the Scalability Finder and Growth Potential modules, Mabuti transformed and diversified his product offerings, expanding into manufacturing.
- Through the Recurring Revenue module, Mabuti discovered his subscription model and now sells three- to five-year maintenance contracts on the products his company manufactures.
- Through the Hub & Spoke module, Mabuti created a culture where his employees take ownership of their role in the company's success. Mabuti shares Flat-Foot's lowest Value Builder Scores and its revenue targets to engage employees in their success.