

MARKETING

Your company can thrive despite the 'perfect storm'

Text by LAURIE BREITNER

There seems to be an economic "perfect storm" brewing, with many companies seeing flat or declining revenues coupled with increasing costs. Yet, there's no sense in reacting to waning profits by putting more time and personal funds into your business, doing what you have always done but expecting a different outcome, or adding new products in existing outlets, hoping for a moneymaker. To succeed in volatile times requires focus, discipline and commitment.

Take an objective look at your company and its market.

- Assess the relative profitability of each product and service. Tally all costs associated with each, including a reasonable cost for owners' time, even if uncompensated. Apportion overhead costs reasonably, perhaps as a percentage of sales. Systematically answer these questions: What's making money? What's dragging down the bottom line?

- Consider your company's strengths and weaknesses and how it compares to the competition on products, service, price and other factors that determine whether or not the customer buys from you. Don't forget to involve employees, vendors and customers in this assessment. What you don't know can hurt you.

- Think about threats and opportunities. How do trends such as an aging population or increased use of the Internet impact your business? If consumers aren't buying new, are there alternatives like repairs or parts?

Create a detailed, measurable plan to guide your company. Reconsider the 4 Ps of marketing -- product, price, promotion and place - to focus on



increased sales at good margins.

- Price your product above the fully allocated cost of goods sold, plus a reasonable profit, but, remember, the price ceiling is market value. Are any of your products and services unique? Don't let a formulaic cost-plus approach blind you to profit potential.

- Define your target customers; plan promotions that catch their attention. Don't restrict yourself to traditional advertising; consider co-marketing, sampling and event sponsorship.

Evaluate whether a web presence or improvements to your existing website could make a significant difference. Is your business present where your customers shop?

- Size your company to operate efficiently. Stop activities that aren't part of the plan. A line of business that generates great cash flow, but poor or no margins, is hard to abandon. Unless

you can significantly lower cost and/or increase price, however, you may not have a choice. How much time and energy is spent performing unprofitable work? How much money is tied up in inventory, parts and equipment? Make a plan to transition to more productive activities.

Determine how to track the impact of planned changes. Pick measures that are easily understood and represent actual progress. Measure at intervals that allow enough time to see differences yet avoid drift. Commit to sharing results (good or bad) with employees.

Based on results, make needed mid-course adjustments. If your plan calls for sales of \$50,000 a quarter and you're at \$5,000 after a month, decide whether to stay the course, increase efforts, change the plan or lower expectations.

Be patient and stay committed. Take heart from even small positive changes - each step helps build positive momentum. Keep your employees and yourself focused.

Volatile times can offer opportunities, from taking market share from complacent competitors to benefiting from the thinning landscape when others go under. Make a commitment that your company will be among those that prosper.

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