

How to Grow in the New Economy

The economic turbulence in the past twelve to fifteen months has completely changed the previous formula for growth in the foreseeable future. Most companies have pruned staff to meet bottom line financial goals for the current year. Others have a way to go still. Inventories have lowered to increase the bottom line. Budgets are going down not up. Many balance sheets for the coming year will have positive percent comparisons to last year. However, monthly gross or net sales figures will be know where near pre-recession levels. Which approach will executives take to increase revenue in a flat economic climate, at best, in 2010?

Channel Marketing Group has spent considerable time in the last four months concentrating on growth in a down economy. We have interviewed many electrical industry executives to determine, 'What is the best course for profitable growth in 2010 from a revenue growth prospective'. We networked with other business professionals in other related industries as well to try and determine the best course of action. Here are our findings.

- 1- Growth by Acquisition - If you have a healthy cash position or have negotiated a strong credit line, the coming year may offer opportunities never seen before.
- 2- Sales Force Expansion – One of the most successful strategies to undertake is matching the number of sales personnel to potential market. We have strategies to help clients determine their market share and then effectively grow it. In very few cases do distributors have more than 15% market share within their geographic area or their key market segments. Hence, a lot of room to grow. Some of this growth can come through enhanced marketing (which can be a passive sales generator) or through your sales organization (an active sales generator). Now is the time to add to your sales force whether it's inside or out (especially since there are a number of experienced people looking for opportunities – both employed and unemployed!).
- 3- Extracting more Sales from Existing Customers. – More than any other time, this should be on the top of your list. You already sell them. They probably purchase from multiply distributors. The key is to determine what will motivate your customer to give you more of their purchases than they have in the past.
- 4- New Customers – This is by far the hardest to achieve in a short period of time. But you have to start somewhere. This is a planned long term process that is better viewed through a three year window. Consider it "restocking".
- 5- Attribute Evaluation - An audit needs to be conducted to determine if the reasons your customers do business with you are still valid. Is your service the best in town after you reduced your inventory in the last twelve months? Is your pricing competitive? Or, has your competition's value proposition changed where you are perceived second or third in your customer's eyes?
- 6- Segmentation – Are there new market opportunities that fit your company's ability to serve? Energy? Safety? Testing? Repair? Maintenance? Temporary Power?
- 7- Strategic Evaluation – Is it time to stop selling large contractors with low margins and still longer days outstanding. With the long term economic forecast at best breakeven, is it time to change your business profit model? Higher margin percent with smaller sales versus large gross sales and small profit percent? Markets you call on? Geographic footprint? The profitability of the lines you carry? The profitability of customer segments (or specific customers, including distributors – if you are a manufacturer)?
- 8- True Supplier Partnering – Do you wait until the last minute for your strategic manufacturers to participate in your plans for the New Year? With co-op funds becoming less and less and manufacturers selectively choosing only distributors who are truly trying to make a difference in the marketplace, are you the one they will go to market with? New thinking is required if you want to get the manpower and funds from your suppliers.
- 9- Help – Many distributors have never experienced this economy before. While many owners have guided their businesses successfully before, the battlefield has changed. Now is the time to truly believe that, "Two heads are better than one". Outside fresh thinking is required.