

Taking Share Means Taking Risks

Driving Your Company Forward

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Now Is The Time To Act

Yes the economy is slow, and yes no one knows when we will begin to see an upwards trend, but ... if you don't make the investments now to move forward, you will move backward – guaranteed.

The days of 8-15% growth are history. As is the ability to cut much more cost out of your business. So what to do?

Presuming you plan to be in business beyond the next two years, **now is the time to look forward**. Business has hit a plateau, which historically is a precursor to growth. The time is right to evaluate your market, identify opportunities and take calculated risks that play to your strengths.

In the words of Bryan Bowers, an insurance executive with Zurich Financial Services Group quoted in a *Fast Company* article entitled "A Rule Book for Risk Takers", "**You have to rethink the premises now, or the market rethinks them for you. You can't think traditionally in these circumstances.**"

What to Do?

Look at July as the beginning of the year. Between now and summer 2003, the economy will rebound. So take a long-term viewpoint and think of how you can jumpstart the process.

Being aggressive now will enable you to take share.

- **Analyze the market.** Where is it going? How have your competitors held up? Where are their weaknesses? Is your

business mix well-balanced? Can you upgrade your personnel? Where, and with whom, are your manufacturer salespeople/ reps spending time?

Do some scenario planning to identify strategies for when opportunities come about, or make opportunities happen!

- If you are an **industrially-oriented distributor**, what is your mix between OEM, contractor and MRO? Do you need to target other markets? Each audience responds to different offerings. Can you satisfy each? Should you?

Most industrial customers have significantly downsized, and need you to provide additional services and training. Do you know what they need? If not, conduct a focus group and ask; or create an industrial advisory council where your customers can network, share ideas and provide you with ideas on how to help them. With this audience, the key is customer retention, since they do not have more business to give you, unless you take more share of their business.

- Consider **your sales force and your manufacturers' sales force**. Where do they spend time?

With your sales force, are they focused on selected accounts? Do they have some accounts that they are trying to grow (the "planting the seed" strategy)? Does each salesperson have a couple of your competitor's accounts on their prospect list? Do they have the skills to differentiate your company from the competition (do they know what differentiates you from your competition?) Do your salespeople have too many accounts to call on? If yes, focus your marketing department and your inside sales group on these accounts – find less expensive ways to sell these customers.

Consider recognizing sales efforts for supporting specific company and

manufacturer objectives. I know a number of companies that share their SSP/CTME awards with their sales forces in support of selected manufacturers. It is truly amazing what a little focus, motivation and competitiveness can achieve.

Where are your manufacturers' sales force spending time? If not with you, it must be with someone else! How can you change this? If you have their time, your competition doesn't. And if you deliver for them, why do they need your competition? Would the same focus and reward strategies you use for your sales force work for you in motivating your manufacturers' sales force?

- **Contractor-oriented?** Consider focusing your efforts on top customers and HPHP (high potential high profit) customers. These customers are not typically large volume customers, but the next tier down - they represent tomorrow's growth.

Cost-effective promotions, frequency programs, incentive travel programs and educational strategies are very successful with this audience. You always need to have something happening for these customers - that is how branding is created for contractor-oriented distributors!

- Distributors that **focus on specifiers and/or purchasing agents** can still use some of the ideas that contractor-oriented distributors use. Frequency programs can be developed where companies earn business awards for equipment, subsidies to off-set other costs (vehicles, repaving, etc), provide funds for charities in the name of customers or discounts for future services/materials.

Travel programs, which are very effective at strengthening relationships, can also be used as educational seminars, where customers are invited to a nice destination to receive the latest product and application training, courtesy of your

manufacturers and leading industry speakers. Call it a symposium or a university.

You say you can't afford these ideas? Can you afford not to do them if they are structured based upon incremental business, or differentiate you from your competition or help you retain business? If you take a long-term view of your business, you can make the investments now that enable you to take share.

Consider the words of Yoram "Jerry" Wind, professor of marketing at the University of Pennsylvania's Wharton School of Business and founding director of Wharton's SEI Center for Advanced Studies in Management, "Companies that do what they think is safe, that try tiny changes, don't get results. Companies that are bolder get bigger results."

And after all, don't you want "bigger results"?

If it is the right thing to do, and you are committed to the future, in the words of Nike, **"Just Do It."**

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