

MAXIMIZING PROFITABILITY in a Minimized Economy

Planning for Success in 2010

By Bruce McConnell



The last two years have brought massive changes in the economy and, likely, in your business. You've probably seen reduced sales volume, a shift in mix, and new competitive pressures that often include drastic price reductions and eroding profits on the work that has been available.

With or without the start of a recovery, putting together your plan for 2010 will be challenging. Because many pressures are out of your control, you must focus on those areas within your control. Specifically, these should include stepped-up efforts in sales and marketing, pricing strategies, and overall expense controls.

Some Staff Reductions May Be Unavoidable

When revenue and profit dollars fall well below prior-year levels, being able to retain the same number of employees becomes very challenging. In many cases, it is impossible to remain profitable and keep everyone employed.

It's generally easy to know when to reduce work hours or eliminate a technician. When it comes to sales and administrative staff, however, the decision becomes a little more difficult. At some point, however, every business must consider reducing the hours of or eliminating key administrative employees.

Maximize Employee Performance

Now more than ever, each employee will need to perform at his or her highest level in order to maximize the investment you have made in them. Often this means that each team member, administrative and production alike, must take on more responsibilities. I suggest that you talk openly with your staff about this. Ask them what they could be doing differently and have them write down at least five things that they could start working on immediately.

This helps your salespeople maximize their productivity.

Generating sales is not just the salesperson's responsibility. The entire team must feel the burden of increasing sales. "Team Selling" methods can vary, but everyone must be more focused on generating more business in less time.

Every time an employee has contact with a customer, it becomes an opportunity for them to promote additional sales or service. This is especially important for technicians in the field. In-person contacts should not be wasted; they are generally much more fruitful than phone, mail, or e-mail contacts.

Employee Accountability Is Key

It's critical that employees clearly understand how they can help the company make money. Involve each employee in the next-year planning process. Not only must they have a clear vision of the company's objectives, but they also need to be made well aware of the economic realities and the significant issues requiring the entire team's effort.

After you share the master plan for the company, assign each employee some objectives that force a certain level of acceptable or improved performance. Splitting responsibilities among the team is an effective way to accomplish this objective.

For example, ask your techs to make an extra effort to interact with neighbors on residential jobs, either through personal greetings or leaving door hangers and yard signs. Ask your commercial techs to make cold calls along their return routes back to the shop. Both methods can be very successful; they allow you to get more value out of the same resource with minimum investment of time.

Open Communication Is Critical to Success

With few exceptions, the state of the current job market has almost everyone in your organization concerned about how it may affect them. By openly communicating your business challenges, identifying specific objectives for each employee, and involving them in next year's planning process, you will be surprised at the support you get.

Everyone wants to keep their jobs. More importantly, everyone wants to be a part of a successful team that slays the monster economy and wins the battle for survival. Through open communication, you can create a motivated, winning team that survives the downturn and emerges stronger for the coming recovery. ■

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Promote Active and Team Selling

In "Active Selling," a salesperson focuses his or her energy on creating leads, developing a prospect list, actively going after potential work, and diligently managing the follow-up process to maximize the return from the initial effort.