

Stu's View

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Do You Have a Strategy for Growing Market Share?

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Growing market share is often talked about as a way to develop your business; however, market share alone is not necessarily the answer to growth and strong financial performance. Perhaps the most critical aspect to any business growth is whether the business has a strategic sales plan.

A strong plan will be a roadmap to growth and improved economic performance. While each company will have its own goals, a plan should include answers to the following questions:

- Do you have sales targets?
- Do you measure and report your sales results as closely as you measure your production activity?
 - By customer
 - By product or service
 - By profitability
- Are you looking to increase sales from current customers?
- Are you targeting new customers? How will you measure these new sales?
- Are you looking to penetrate new vertical markets?
- Do you have capacity and/or utilization goals?
- Are you calling on the right customers?
 - Growth industries?
 - Individual companies that are growing instead of shrinking?
 - Have you identified the decision makers at all of your targets?
 - If you are not getting business from one person in a company are you calling on others?
- How are you going to differentiate yourself from your competition?

A very important aspect of any strategic sales plan is to include your sales and marketing staff in the development of your plan. They are the people who will have to implement the plan and they should be involved from the beginning. Management and the sales and marketing staff should agree on the goals the company is trying to achieve. Consider the following:

- Growth in new accounts
- Growth in existing accounts
- Number of new accounts
- New products and services offered
- Frequency/number of sales calls
- Customer visits
- Monthly/quarterly/annual goals

It is important to be sure your sales organization is incentivized to do what you want them to do. If you have certain goals in your plan, make sure they tie in to the incentive plan for your sales representatives and managers. This includes encouraging your sales staff to sell each customer multiple services so it is difficult for the customer to leave you. Make sure that multiple people from your company have relationships with each customer as well. This is not an easy thing to do, but it will help with customer retention in the event a sales representative leaves the company.

If part of your strategy to increase sales and market share is to increase sales from existing accounts, you should have specific account plans to increase business from your most important and hopefully most profitable customers. An account plan should be designed for you to know your customer's business, including their strategy for growth and their problems and goals so you can help provide them with solutions. Your plan should include the following:

- An organization chart
 - Fill in the blocks for numerous levels in the customer's organization and denote whether each person is a coach, blocker, influencer or economic buyer
- The business issues confronting each area of your customer's company
- Is your customer profitable and why or why not?
- What are the problems confronting your customer?
- What are their specific strategies and how will they grow their business?

An important tool to consider for growing market share is to acquire the sales of a struggling competitor, but not necessarily the physical operation. Right now in the printing industry there are many such "Tuck In" opportunities to do deals for very little or no cash up front and royalties or commissions on the back end where the owner of a business is struggling to get value out of that business. Acquiring sales is the fastest way to make large improvements in market share.

All printers are all confronted with customers who are buying less and want lower prices. If they are a critical customer in terms of overall profitability, many times it forces action to adjust pricing to keep the customers. No one wants to create an opening for a competitor. For all customers, ask if you are getting 100 per cent of their work. It's a fair question. If so, devise a plan to keep it. If not, devise a plan to get more. Understanding the customer's strategy will always present ways to create more work. Every business action can be enhanced with stronger communication.

In summary, there are numerous tools to help you grow market share. They all start with a strategic sales plan and the buy-in of your organization, with clear and concise goals and objectives, followed by clear communication, and well measured and reported results. These steps are the critical tools of any successful market share growth goal.

Stu's View is contributed by Stuart Margolis, CPA and Partner of MargolisBecker LLC to provide information that helps firms operate profitably. More information can be found at www.margolisbecker.com.

About MargolisBecker

MargolisBecker has long been recognized as the financial expert for the printing and allied graphic communications industry, assisting thousands of companies with strategic and financial management, valuation, mergers/acquisitions, accounting, audit and tax services. The firm is noted for its expertise in enabling printing companies to optimize profits. Proudly, it is the purveyor of the industry's *Cash is King*, and *Value-Added Principles of Management*, and compiles the annual Printing Industries of America Ratios, the industry's premier financial benchmarking tool.

About New Direction Partners

The team at New Direction Partners LLC has guided over 200 printing company owners through the sales and merger process. The advisory services reflect a full set of skills to help you sell or expand your business: valuation, management consulting, financial advisory and investment banking. The deep experience and industry expertise at New Direction makes it uniquely suited to serve printing, packaging and allied graphic arts businesses.