

SUCCESSFUL

PEOPLE

PLAY

WHERE

IT

IS

UNSUCCESSFUL

PEOPLE

PLAY

WHERE

IT

WAS

OCT 2009 TRICK OR TREAT?

Will you be tricked into thinking you can sit back and relax?

Will you be treated to a reward for your proactive sales efforts?

Will you be scared by your own inability to change?



ENTREPRENEURS MARKETEERS FINANCIERS OH MY!

Wholesale Distributors are not on the yellow brick road to OZ in this economy, it's a much scarier place than that! Across the USA the decline in sales through wholesale distribution is most definitely in the "mid twenties" percent. Despite the shortfall, Distributors are expected to meet purchase commitments and pay manufacturers on time. At the same time distributors must finance the purchases of dealers and end-users facing the same economic environment. Adding some haunting sounds to the mix, sales policies by manufacturers who must satisfy shareholders can be frightening too. Many do so by expanding distribution and dropping discounts, enabling fierce competition. This action often results in shrinking margins for the distributor. Afraid yet? Distributors are also expected to be entrepreneurial and market new products and satisfy push-lines with advertising and sales promotion, increasing costs. The margin for error is so thin, the model may be in jeopardy as we know it! The entrepreneurial spirit looms, but the marketing costs and financial burdens are frightening the largest to smallest distributor. Inevitable changes may catch y'all off guard. BOO!

SMALL & NEW MANUFACTURERS HOWLING AT THE MOON?



If you are a manufacturer with a new product or a new company, the road to success is more ghoulish today than at any time in recent history. New Products are typically intended to solve a problem better, offer enhanced features, provide greater benefit and cost less. Imagine a new product hitting the market with a superior value proposition and higher profit margins with end-user appeal yet unable claim success! Why? The small and large manufacturer are dependent for success via wholesale distributors ham-strung by a tough economy, loyalties to incentives, consolidation of lines, and the resistance to change. The “fulfillment by demand only” strategy employed by some distributors also inhibits entry to the market. This attitude may prove to be just another factor forcing GO NOW manufacturers to seek alternative distribution methods. Maybe it is time to truly “partner” and eliminate redundant activity between manufacturer and distributor to drive down costs and increase profits. Perhaps paying for functional value-added services rather than depending on a turn-key middle-man buy-sell arrangements to drive growth is the key. The day may come when wholesale distributors do not write checks to manufacturers but manufacturers will write checks to distributors. With most wholesalers struggling to put 1-3% pre-tax to the bottom line, receiving a check for services rendered rather than straining for profits through the burden of the current business model may have a lot of appeal. Change is scary, but inevitable. BOO!

BEWITCHING



Tough times effect the actions of business owners in a variety of ways. Certainly decreased cash flow when there are minimal reserves is one. Another is concern relative to right-sizing. Deciding who or what and when to make a cut can be maddening. The temptation to “go cheap” is creeping in, resulting in the potential decrease to the quality of your overall product. The effects contribute to the demise of the economy too. For example, as elementary as it is, when you buy something for \$5.00 and want to “double your money” (the common “keystone” pricing scheme in this channel) you sell the item for \$10.00 for a gross profit of \$5.00. Then you get the great idea that your customer wants to spend less. You decide if my product sells for less, I’ll sell more. If products you sell now for \$10.00 are discounted to a selling price of \$9.00, the gross profit is reduced to \$4.00 and that is twenty percent less gross profit. So you look at it another way and decide to buy something that costs twenty percent less, \$4.00. You decide to sell it for \$8.00 where you doubled your money, feeling good about that, but the same \$4.00 gross profit exists. Let’s see the effect. First you decreased the amount of gross profit dollars by twenty percent. but now you are doing it with a cheaper product! Now you still must sell 20% even more to get to the original target gross profit of \$5.00. It seems targeting skill improvement, creating awareness on real problems, providing effective solutions, and looking to upgrade marketing efforts to proactively acquire new business rather than figuring out how to “go cheap” is a wiser play. A bewitching BOO!

ADVERTISING & PROMOTING

The obituary for the yellow pages has begun to be written! The day is in the not too distant future where the yellow page telephone book will rest in peace. With consumers Googling 61 million times a day looking for information and services, the yellow pages will be a history book. For many lock and security business owners their only marketing vehicle will be gone! Gone will be “the set it and forget it yearly advertising technique! Also gone will be the worry hoping it would generate enough business to cover the cost. If you were so lazy and hopeful about your marketing then, you will either be frightened (BOO) or energized by the new potential in marketing your business using electronic media. Let’s be absolutely certain about one thing, as much as you resist it, if your business does not have a website, you risk your customers and potential customers from finding you. When the yellow pages are gone, others will be so far ahead of those that waited, you will be further behind the eight ball! Marketing your business means advertising and promoting. As a function critical to the future success of your business, it is a *position* you must create and fill in your business. Typically in transition, many owners assume this role, but some may assign someone internally, especially if they took a class on web development, or hire an out-source. How important is this? Let’s see, how many of you are actively engaged on Facebook? Are you one of the one hundred million people that signed up for this free social media vehicle now touted as an information highway to promote your business? Look into it. Think the internet is a fad? Stop. How many of you went to YouTube for videos on how to pick locks and bump cylinders? Did you notice the quantity of viewers? It’s in the millions! For your information there are from 18,700 to 40,000 locksmiths depending on your definition...not all of them looked on-line hundreds of times...the internet is something to embrace, not to ignore. You know thirty years ago “marketing” meant heavy advertising, sometimes with sensational or ridiculous vehicles. Who remembers the Noxema and Miller Beer Billboards and TV commercials? Expensive media was the traditional communication tool for building brands, hardly within the budgets of most small businesses. Back then direct marketing and sales promotions were alternative marketing tactics a small business owner would consider implementing. But today, without presence on the net, small to large businesses are taking huge unnecessary risks! Today the internet is often the center of most companies' marketing budgets, online marketing is the norm. Within the internet vehicle several new methods to market and sell products and service have emerged and they too are choices to get to your target customer. On-line auctions out-sell TV infomercials. FREE on-line classifieds contain as many new product offers as recycled anything. Direct to consumer purchasing makes it a global not local market. There are some caveats! If you employ a “place an ad on-line” strategy for your web presence, you are committing the crime of good intention without benefit of knowledge. Your internet presence can and must be an interactive digital destination where you can communicate with customers. You will miss the benefits and hardly maximize your potential if you don’t do it right. Visit <http://w.mawebcenters.com/bizgen2>

Marketing your business is not scary, not marketing your business on the internet is horrifying! Boo!

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Second it is violently opposed

Third is accepted as
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**THE LIFE OF ACTION
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STRIVING MIGHTILY
RUNNING THE RISK OF WEARING OUT
RATHER THAN RUSTING OUT
MAKING THINGS HAPPEN-IT'S WHAT WE DO!**

What about business in the next quarter? Will you sit back and wait for the ghosts of the successful past to bring you good fortune? History says the last quarter, especially the month of December is likely to be weak, on the other hand, with this year's long decline until recently and now with the slow rise perhaps it will be better. Will you depend on trends and fate? You can make it better than the norm by being proactive and taking action. Will you sell more safes? Safes are a great end of the year purchase that is tax deductible when used to store tax records. Will you offer a unique through-the-wall safe solution for property managers to ease the process of rent collection. Will it be a stand-alone access control with audit to increase security adding accountability to protect the locked office holding receipts, customer credit card records? Will you offer a sale on Transponder Keys, wrapping gift bows around your advertising? Will you sell extra security for travelers, offering TSA approved padlocks for sale? You can do ALL of this and a lot more with a Web Site. You can reach out to customers rather than hope they find you. It's not scary!



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