

Stu's View

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Revenue Growth: More Fun Than Cutting Costs

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As the recent recession reminded us, business profitability must be managed through cost containment measures. Let's not overlook, however, the equally important revenue growth aspect of profitability.

Every company should have a business plan which includes revenue growth projections at targeted margins. Projections should be tracked on a regular basis (monthly or quarterly) with appropriate adjustments made to realize the targeted sales and margins.

Your business plan should include a good Marketing Plan that considers these components:

- *Identify both horizontal and vertical growth opportunities.*
 - Horizontally – Look at your firm's offerings and expand product and service areas to your customers. For example, a book printer with declining sales could explore the digital book market with its 25% per year growth. (Photo albums, yearbooks, calendars, etc. are also a high growth area.)
 - Vertically – You might consider expanding to health care, aerospace, financial services, and high tech manufacturing as they are all current vertical growth segments. The college & university market is also promising for digital products such as course packets for individual professors to update as needed, thereby replacing expensive hardcover texts.
- *Look for latent demand in the supply chain.*
 - Research customer supply chains thoroughly to see what relevant solutions you can offer. Understand the value chains in the key markets, look for disruptions happening to the technology, and think of ways to go after or supplement those markets.
- *Technology.*
 - Do you have or can you acquire the appropriate technology to cost effectively/competitively produce the items you wish to produce?
- *Stay focused on your target industry.*

- Model a solution for your target industry and implement it well. Do a case study and design your “elevator speech” to capture attention with information relevant to the target.
- Once you have a success, cascade across the industry.
- Refer back to your business plan goals to keep your efforts focused.
- **Sales & Selling**
 - Be sure you have the right people in the right job. Get rid of poor performers.
 - Educate your sales people on how to sell
 - Track results, create urgency within your sales staff, and monitor progress throughout the sales cycle.
- **Create Customer Stickiness & Monitor Profitability**
 - a. Integrate front-end processes so customers can submit all jobs over the web. This makes it harder for competitors to steal them away.
 - b. Do quarterly business reviews with your largest/most profitable customers. Brainstorm revenue growth strategies with their marketing people. Listen and supply solutions. Show them what you can do, leveraging your experience and technology to achieve that goal.
 - c. Help customers with their business strategy. Think outside the box. For example, if global expansion is the goal, help them find or create partners in their target areas.
 - d. “Fire” customers who take a disproportionate amount of time for little revenue.
- **Leverage other resources to help you grow your business** (vendor contacts, industry consultants, etc.). Basically, use your own data to help you expand.

No one can deny the importance of expense management as a necessary part of maintaining business profitability. – but following these steps to increase revenue can add fun and rewards to business growth.

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, packaging and allied graphic communications industries, 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 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 printing 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.