

SHIFTING GEARS FROM TOP-LINE SALES TO LONG-TERM GROWTH

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As a business owner, do you constantly feel like you are chasing your customers? Are you not feeling satisfied with the growth of your business? Unfortunately, in the current business environment, employers are tremendously challenged with growing their business, while trying to properly manage their product, customers, vendors, and employees.

Some business owners in the mid-sized product sales industry appear to be losing focus on their long-term business goals by focusing largely on meeting short-term sales goals, delivering lower-priced, but unfinished or untested products. Employers generally measure their success by their top-line sales, generated within a specific time period. Within the distribution and manufacturing industry, the profit margin on product has been tightening tremendously, with more sophistication in technology and increased competition with customers and vendors.

Amazon, along with a few other suppliers, dominates online shopping. Because of this, employers of distribution and manufacturing companies are generally more concerned with how they are going to be able to make payment on their payroll, or their vendors'

invoices, in the short-term, then their long-term growth. In some instances, employers are even willing to give concessions on product pricing in order to make a sale, which generates quick cash flow solution in a time of distress.

As distributors and manufacturers are being forced to yield to their customers, whether via product cost, returns and allowances, or other customer benefits, they need to ask themselves if there is something that they might be doing wrong, and plan accordingly. Business owners need to take a more active role with their customers. Although some owners have blamed the economy for a lack of growth, the issue may be a lack of control over their business. The economy has shown substantial growth in the past few years, with unemployment rates being at their lowest in years, and a substantial rise in stock markets.

Restructuring For Efficiency

Lacking an efficient product development and sales strategy creates the potential for business failure. Even if a business makes enough revenue to keep its doors open, they are not reaching their full growth potential. There is a measurable increase in restructuring opportunities for professional service providers. Business owners are seeking assistance in establishing internal controls and restructuring business operations. Restructuring your business can help eliminate unnecessary costs and identifying opportunities for potential profit. Although a restructuring process can slow your business at first, the long-term benefits will lead to significant business growth.

Creating Brand Loyalty

The biggest contributor towards brand loyalty is a quality product. Owners should contribute more of their daily efforts towards quality of their product lines. When companies build strong brand awareness, consumers, and

end-users can make quicker decisions about purchasing a branded product. Strong brands typically sell at a price significantly higher than that of an unbranded product.

Building a brand requires time and money. A newly-introduced brand typically requires at least five years in order to become recognizable. Big brands maintain significant annual budgets in order to uphold their brand value, including a substantial investment into a few seconds worth of television commercial airtime. Money spent wisely on investing in brand recognition can have a tremendous pay-off.

Manufacturing and distribution businesses often enter into royalty agreements, which may require fees as high as 25 percent of the generated sales from a strong, licensed brand product. Stronger brand names yield higher rates of return. When manufacturers and distributors are sold to third parties, the purchase price of companies owning and even licensing brand names are sold at up to 10 times than that of companies operating without a brand name product.

As a business owner, you have a duty and a responsibility towards your employees, customers, and vendors, but most importantly, a personal responsibility to your and your families' livelihoods. It can be extremely rewarding, both personally and financially, to make the necessary business process changes that align with the demands of the current market environment. Business owners should speak to a professional about ways to optimize their business and increase their potential for growth.

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