

Your 2011 Plan: **GET BACK TO BASICS**

By Bruce McConnell

With 2010 nearly over, you have probably seen the effects that lower volume and a shift in product mix have had on your garage door business. Although you may be holding your own with an acceptable profit level, the business is not the same business you had just three years ago.

With declining activity in nearly all segments again this year, many of you realize that you must make additional changes to survive. This will add to your planning challenges for 2011. In short, you will need to take a closer look at the basics of your business.

Historically, your planning could rely fairly heavily on your past performance, selling strategies, and having adequate manpower to fulfill your growth and profit objectives. Unfortunately, many of the historical benchmarks used for annual financial and strategic planning have been rendered somewhat useless by the uncertain economy.

You may find it comforting to know that these same phenomena have been experienced by many Fortune 500 companies. However, the extra punches being delivered to the construction industry and to small business are making it harder for us in the garage door industry.

BACK TO BASICS: THE SIX Ms

To get your planning started, take a look at the six Ms of your business: Market, Manpower, Manufacturing, Marketing, Money, and Management. With a few exceptions, most aspects of your door business will fall into one of these six categories.

For each "M," I've listed important questions to ask yourself.

1. Market

- How much business is available out there?
- What is your market share by segment, and what should it be?
- Who is your competition today, and what are they doing about the changes in the market?

With a changing market, your competitors may start targeting your commercial service accounts and contractors. You may need to plot a strategy to counteract their efforts.

Now is also an excellent time to conduct an informal survey of your marketplace. Enlist your sales and production teams to gather information each day about contractors and businesses that were previous customers and those that are served by your competition. The results will help your sales team develop appropriate selling strategies to go after these accounts.

2. Manpower

- Do you have the correct balance of office/sales/production staff to operate efficiently?
- Do the skill levels of your key employees adequately support your strategies to meet the changing market needs?

If your employees' skill and experience levels are adequate, then hold them more accountable for improving company results. Develop ways to measure and monitor their improvement in efficiency and productivity.

3. Manufacturing

- Is your facility the right size and the right cost to support your current operational needs?
- Are your vehicles operating well and outfitted adequately?
- Do you have the right tools and equipment to meet your production needs?

Many door dealers are in facilities with floor space much larger than they need. This not only costs them more in rent, it also often contributes to a larger-than-necessary investment in inventory. Now is a good time to negotiate a lower lease payment and/or a reduction in the amount of space. Moving to an ideally priced and sized facility is also an option.

4. Marketing

- Do you have a specific pricing strategy for each business segment you serve?
- What is your sales strategy for each segment?
- Are your advertising expenses and techniques adequately reaching your target segments?

Many door dealers have found that their traditional pricing methods are preventing them from being competitive. Make sure that your product offering is diversified and priced right to keep you competitive and profitable in your primary business segments.

5. Money

- Is your financial information accurate, timely, and properly analyzed?
- Are your cash flow and financing requirements being met?

With lower margins, slower collections, and tighter supplier and banking policies, dealers need to make sure they have enough cash to support their business needs. Current and accurate financial information will help you spot trends, take corrective actions, and assure your business partners that your finances are being managed carefully.

6. Management

- Who is in charge of delegating responsibility and enforcing accountability?
- Are you communicating adequately to your employees, customers, and business partners?

Good management is making sure the other five Ms are getting proper scrutiny. A good leader maintains discipline, secures necessary resources, and vigilantly ensures that profit objectives are met.

When planning for 2011, get back to basics and look at all the pieces again. This will only help you maintain your financial strength. ■

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