

# INDUSTRY BOUNDARIES ARE ERODING

## FAILURE TO ADAPT MAY KILL YOUR BUSINESS



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“It was the best of times,  
it was the worst of times ...”

– Charles Dickens

In a decade, I'm afraid we may look back on the door and access industry and say the same thing about 2019.

Times are good. Orders are up, backlogs are big, and customer demand is strong, but is something happening below the surface? Our industry boundaries are rapidly eroding around us, and we may be missing it simply because we're experiencing the “best of times.”

### The shift

The erosion of traditional boundaries in our industry is due to a shift in what the customer desires and the business model required to meet these desires. Today, customers want the products they purchase to integrate into their daily lives and existing operations. Such system integration is driven by technology and software.

The decision to purchase a door system is quickly becoming a software and integration discussion first and unique product feature second. Your product may have great features and benefits, but if it can't integrate with existing platforms, it will quickly lose its relevance.

Competitors in surrounding industries that are selling to the same customers recognize this trend and are more prepared to meet this need. Some of these industries include security and surveillance, access controls, HVAC, and lighting.

Remember that it is typically less expensive to provide new products and services to existing customers than to try to acquire new customers. Because customer desire is moving toward integration, the competitive trades we mentioned are starting to incorporate aspects of door entry systems into their portfolios to meet their customers' demands. This challenges us to examine the needs of our customers and rethink our business models.

### Adapting your business model

Your business model describes how your organization creates, delivers, and captures value. Historically, when businesses found a model that worked, they would ride that train as fast and as far as possible.

Rethinking your business model as a dealer, distributor, and service provider will require you to address many questions. Let's start by examining two:

- 1) Are customers changing the way they perceive and receive the value of your service?
- 2) Can customers find an alternative source for obtaining a similar service?

The answer to both questions is yes.

### Customer options

In all sectors of the door dealer industry, including residential, commercial, and industrial, customers have shifted their desire for value toward product integration.

The functions of the products you sell need to fit into existing platforms, and service is more expected (commodity) than desired (value added.)

In the residential garage door space, home automation and smart home technologies are leading the way. As DIY options and other technologies have taken market share from security companies, these companies are looking to capitalize on new opportunities within their customer base. Thus, there is a rise in security monitoring companies selling customer solutions through garage door opportunities.

In commercial and industrial markets, these trends are increasing as well, but they might be less understood by the general public. For example, sensor technology is driving connections between commercial and industrial door and dock applications and the larger functionality of the business.

No longer are you selling doors and operators as an independent system. Instead, customers now expect your products to be integrated into their existing platforms.

Commercial software integrators for access control platforms are increasingly asking for a share of the margins and profits from commercial entry systems, as clients want to have their products incorporated into their business operations. The software integrator is perceived as a growing key value provider of that customer's need.

### Flexibility is key

If customers want integrated connectivity, the question is: Will you remain a door install-and-service business or shift your direction along with customer demand?

What effect will this have on your business model?

The traditional business model emphasized selling quality products and providing services that customers needed. Unfortunately, what were the customer's *historical* needs are now considered bare necessities or demands. What they used to dream about is now what they mandate. Your business model must now revolve around meeting customer desires with solutions. This is not about *product* solutions, it is about *customer* solutions.

### Saving your business

Being a solutions-based business will change your revenue streams, marketing strategy, cost structure, employee training, and more. This shift may likely mean that your business model will not resemble your present one or function the same way it did in the past. It's a new industrial age, and your current or soon-to-be competition is assessing your business regularly.

# NEED HELP WITH THE *BUSINESS* OF YOUR GARAGE DOOR BUSINESS?

## Evaluating alternatives

Due to this shift, both customers and suppliers are evaluating alternates or substitutes that offer customers integrated solutions. Many door system manufacturers are aware of this change and are adapting accordingly. Some are investing heavily in researching this customer shift and making sure their products remain relevant in the new age of integration.

Manufacturers who maintain a focus on developing proprietary and independent products or door systems without considering how they will integrate with the customer's software and operations are vulnerable. Companies that embrace this change, however, are now being forced to evaluate their product distribution strategies.

Door distributors, dealers, and service companies must stay on top of this trend. Competitors in adjacent industries pose a serious threat to the retention of your existing customer base. If you are not prepared to meet this customer demand, suppliers who manufacture products designed for integrated solutions will find alternate channels and distributors to meet the need.

Customers will increasingly seek service companies that are knowledgeable and experienced in providing and integrating products and services into residential systems, commercial operations, or industrial structures.

## Make the change

The fundamental question for today is "Are you adapting your business model?" Other industries and your competitors are. I believe the greatest competitive threat for the door dealer industry exists from new companies who are *outside the perceived boundaries of the industry*. These surrounding competitors may be more in tune with customer desire and thus more knowledgeable about how to bring customers the value they seek.

If you are going to protect against this threat to your business, you must begin to rethink your business model. More importantly, you must have the courage to make the tough changes necessary to grow and succeed in the new industrial age. ■

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