

C A S T P O L Y M E R

CONNECTION

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Meet Bette Sue Hunt

**Industry Advances:
Acrylic Solid Surface
for Smaller Custom
Manufacturers**

**How to Market to Builders:
Are You a Good Manufacturer
and a Great Marketeer?**

President of Stoneworx, Inc.



Welcome to POLYCON 2005

Business101

Joan Adams



Well here we are – a few weeks into the New Year, and how are those New Year's Resolutions holding up? If the daily 5-mile jog and the Atkins diet resolutions have gone the way of the dinosaur (only a lot faster), here are my thoughts for making your business more successful in the New Year.

- 1. Outsource - Nobody does everything well.** This may sound obvious – but far too many small companies get into serious trouble because they try to do everything. You are in the cast polymer business – when you need non-polymer work done – go outside. Outsource your payroll, your printing, your accounting, your web design, etc. At first this route may seem expensive – but doing these things badly, wrongly, or not doing them at all is much, much more costly in the end.
- 2. Understand what you do well – stick to the casting.** Once you have outsourced all that stuff you don't know how to do – and have no business trying to do – focus on what you do well, on where you make your money. Once a year (now would be a good time), perform a strengths and weaknesses analysis on your company, listing all of your perceived strengths, weaknesses, opportunities and threats. Involve your staff. Talk to your customers. Polymer expertise, customer design capability, and exceptional customer service are all strengths. Work to make your strengths even stronger – when you excel in what you do, you can charge for it.
- 3. Change – It is not so much that change is inherently good, but that not changing is fatal.** The business world and yes, even our cast polymer neighborhood, is littered with companies that got off to a brilliant start – and then couldn't (or wouldn't) adapt to the new customer and market needs. Look at the list of customers who brought in the most revenue 10 years ago and compare it to your current biggest revenue customers today. I bet the list has changed. Start thinking about it – different customers have remarkably different needs in terms of product and service. They've changed, have you?
- 4. Technology – If you haven't already, get on the technology bandwagon, right now.** You can't keep track of inventory, deliveries, accounts payable (A/P) or anything else on paper any more- it's too labor intensive, far too susceptible to error, and too darn slow. You can go willingly into the 21st century, or your customers can drag you there kicking

and screaming. There are several systems out there that are developed for the small fabrication/manufacturing business. Properly armed with a good computer system – you can track and measure most everything: sales rep productivity, inventory turns, customer buying patterns, etc. And by the way – think your competition isn't doing this? They are.

- 5. New Blood – Family and friends can be a great resource – but Uncle Joe may not be cut out to run the shop and cousin Jane may not be the best person for accounting.** Small businesses often rely heavily on family and friends when starting up – some of whom are instrumental in the growth of the business, but others are not ready for prime time. You need to employ people based on competence. When looking for new employees, go outside the industry from time to time. The polymer people, like others, can get particularly introspective, if not downright myopic about their businesses. And always remember the reasons why you created your business – I bet employing the entire family tree was not one of them.
- 6. Goals for 2005 – Have a plan – set goals.** In order to be motivated, your people need to know their purpose, where they are going and what they are striving for. The CEO/Owner needs to set goals that support the company's vision. Company goals should simple:
 - Get 10 new customers in region X, region Y, region Z;
 - Improve on time projects to 90 percent;
 - Increase revenues from selling design services by 15 percent;
 - Start the year with a handful (3 – 4) of realistic goals. Armed with a few clear directives your people can and will deliver.
- 7. Margins – Not understanding your margins will kill you faster than a bursting housing bubble.** You know the old bad joke about the poor guy who is selling below cost, but is sure he's making it up in volume. You would be surprised how many shops do just that; they just don't account for all the costs. Time and raw material are only part of the story. Add in overhead, inventory, sales costs, and more. Revenues may be up, but you could still be in deep trouble.
- 8. Cash is King – At the end of the day, it's all about cash flow.** You can have great vendor partnerships, a long list of delighted customers, fat margins and customer service that is the envy of the entire cultured marble and solid surface world –

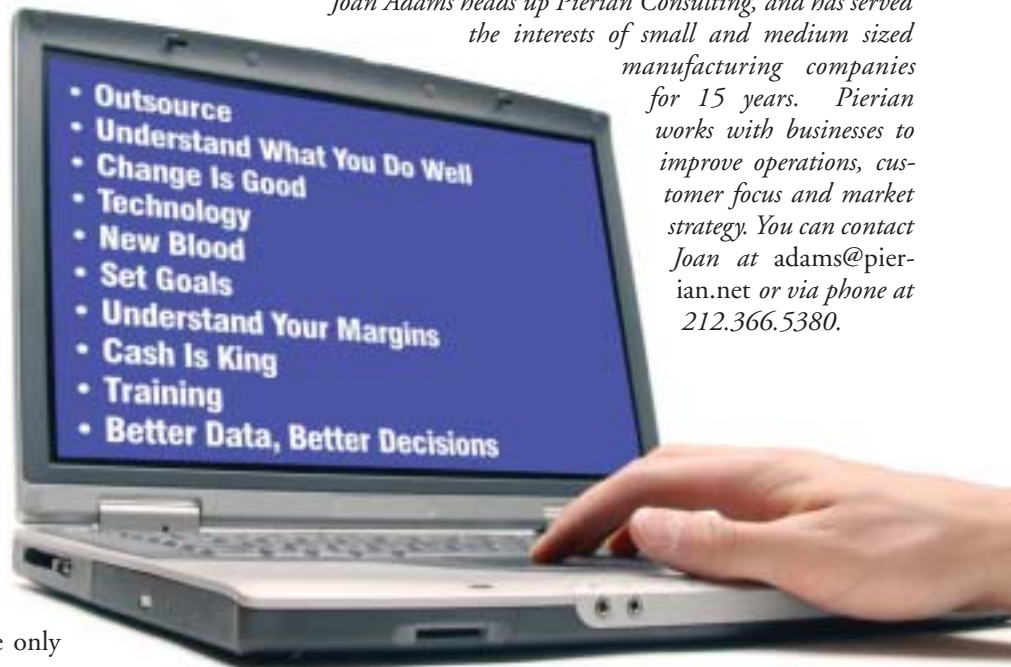
but if you can't make payroll or code the bills on time – you have a problem. This happens to the best of companies. Think of the nature of your business. You rent shop or plant facilities, lease/buy the production equipment, purchase the raw materials for inventory – a lot of cash goes out the door before you make your first sale. And then, you still have to wait 30, 60 or more days to see the money roll into your accounts receivable (A/R). Never, ever take your eyes off the cash.

9. Training – An investment in your employees will pay itself back handsomely. Why buy a new system or upgrade your existing system if your people don't know how to use it? How about your sales people – do they know your product range? Can they make error free quotes? Do your shop floor workers know what's in stock and where? Training reduces a myriad of errors and errors cost money. Start looking into training programs now.

10. Better data, better decisions – Accurate data will help you manage your cash flow, your costs, and price your goods and services with profitable margins. You will be much wiser about your customers, your suppliers – and the list goes on. Now you can manage by the numbers – the only way to manage.

Good luck with developing your company's top ten goals for the New Year! And let me take a moment to wish all of you a Happy and Profitable 2005. Throughout the next twelve months, don't hesitate to contact me with questions, suggestions and comments on how I can write small business columns that will help you boost your bottom line. **CPC**

Joan Adams heads up Pierian Consulting, and has served the interests of small and medium sized manufacturing companies for 15 years. Pierian works with businesses to improve operations, customer focus and market strategy. You can contact Joan at adams@pierian.net or via phone at 212.366.5380.





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