



10 Ways to Restart and Improve Company Profits.

By John M. Collard

Restarting after Coronavirus shelter-in-place, social distancing orders is a formidable task, but can be done. This requires changes in thinking about how the company operates and what it will look like. Restart ideas.

Add New Products And Services To Offer Existing Customers.

Look for change orders to expand work for customers under contract. Needs change and customers will add business when they like what you do for them. Consider bundling or unbundling products and services and reprice them to make them more acceptable to customer need.

Enter New Markets With Your Existing Product And Service Offerings.

Figure out what you do best and develop new business in new areas. If you have expertise you perform on Government contracts, for instance, then try marketing to Commercial Customers. Your products and skills are transferable. Many restaurateurs have adapted to curb-side and delivery service, they can also expand to catering events or operating corporate facilities. Repurpose aging products and services. Produce private label for others. Contract with subcontractors to do some of the work. Be creative.

Understand And Adjust Pricing Based On Cost-Driver Activity.

Think in terms of Activity-Based Costing and Net Profit Margin. When Overhead is allocated (or not) on the wrong cost base, then profits become skewed and adversely affect pricing.

Take New Products To Existing Customers

Take What You Do Best To New Markets

Don't allow one activity to subsidize another. Balance price-to-cost ratios based on the activity that uses the support structure. For example; if one product requires the majority of plant and facilities to produce, then allocate costs by square foot usage, instead of by revenue.

Think of every product or service your company sells as if it were a separate business. Does each one contribute profits? Perhaps not.

Give Customers What They Want.

When you give customers exactly what they want, pricing is not an issue for them. When you deliver value, that outweighs price, because that value helps the customer meet their needs and produce better results. Give them only what they are willing to pay for.

Sometimes You Need To Fire A Customer

When one customer is absorbing all of managements' time and attention, and they are not a profitable account, renegotiate or fire them. Pursue profitable accounts. Unless there is a sound reason why you are subsidizing that customer, then why work at a loss?

Meticulously Manage Assets And Resources.

Sell assets not actively being used to generate profit. Why hold assets that are idle or draining cash?

Human assets can't be sold, but they can be furloughed. Carefully manage resources that are not billable to contracts.

Develop favorable relationships with vendors that allow you to receive product on consignment and pay once that product is sold. Actively collect accounts receivable.

Make Sure Your Team Knows What Is Expected.

Implement a clear set of expectations, so your team has proper guidelines to follow. Instill a sense of urgency throughout your business. Never allow complacency. Promote excellence throughout your business, from the front desk to key executives.

Management, marketing and business development, customer support, all have a very important role. Retain customers by providing great customer service, or lose them when you don't perform. Stress understanding specific customer needs during the BID process to develop winning strategies, and increase win ratios.

Base Incentives On Profits Instead Of Revenue

Link compensation to productivity for everyone in the company. Employees should only get paid for results when they produce, and not paid when they don't. For example; pay incentives for sales people based on gross margin instead of revenue, to drive the profit motivation.

Merge with Or Acquire A Partner Company

Combining company operations can add complimentary skills and products. Utilize the best attributes of both organizations, and eliminate duplicate overhead. Part of a larger, more profitable pie is always better than struggling to cover costs.

Create An Advisory Board To Seek Expert Input From Outside Your Organization.

Outside expert influence can bring a fresh perspective, and new ideas. Explore strengths and how they can be applied elsewhere to drive profits and cashflow. Explore weaknesses and how they can be overcome and improved. Studies show increased profitability when advisors get involved.

Drive your team to think in terms of profits, cashflow, expansion, and creativity. They will reward you with profitable activity. Be proactive.



About the Author

John M. Collard is chairman of Annapolis, Maryland-based Strategic Management Partners, Inc. specializing in outside director leadership, turnaround management, asset/investment recovery, Fed'l/Com'l/Int'l transition, and raising capital. He is a Certified Turnaround Professional, Certified International Turnaround Manager, past chairman of Turnaround Management Association, past chairman of Association of Interim Executives, senior fellow at Turnaround Management Society, and serves on boards of directors. Participated in 45+ transactions worth \$1.2B, and \$950M new business development. He is inducted into Turnaround Management, Restructuring, Distressed Investing Industry Hall of Fame. He is a Founder of TMA. He is honored with SmartCEO Distinguished Leadership Award. He can be reached at telephone (410) 263-9100, or www.StrategicMgtPartners.com

