

Information Can Help You Manage In Challenging Economic Times



The Author, Karl Preuss, is national sales manager for Vista Information Services, a division of Activant Solutions Inc.

Competing during these challenging economic times of declining new housing starts, slow sales of existing homes, volatile energy and commodity costs, rising unemployment and signs of inflation combine to test the mettle of senior management as they work to meet their earnings plans and commitments.

Traditionally this is a time when one would anticipate seeing companies introducing cost-cutting measures in an effort to meet their objectives. Many companies, in fact, already have or are currently pruning their budgets throughout their organizations.

But these actions should be done judiciously. Like the captain on the bridge of his ship who does not turn off the radar and or dismiss the meteorologist in the midst of a storm, a prudent senior manager knows that economic times like these call for accurate information on the market conditions outside their company.

Senior management needs accurate information to know if the status of the market is growing, flat, or declining. Managers also need accurate information

on their business to know if it is growing, flat or declining. This is particularly true in challenging economic times when the cost of a bad decision is more impactful on the financial health of their organization.

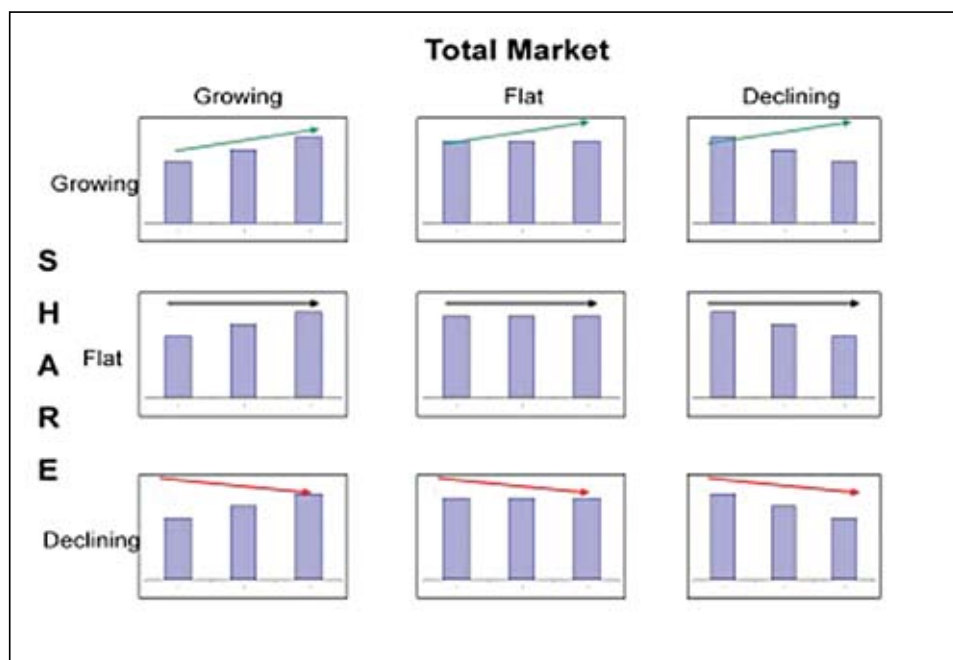
Building one's business is easier during a time when the market is growing. A rising tide lifts all ships. It is more challenging to grow your business in a sluggish or declining market.

Taking this a step farther, managers need to know their trend and its relationship relative to the marketplace, for example if there are gaining or losing share. A company's business may be up 1 percent, but if the market is growing at 3 percent, that company is losing share to its competitors.

The three market conditions (up, flat, or down) combined with the three company conditions (up, flat, or down) result in nine possible combinations as seen in the graphs below.

The graph in the upper left hand corner represents a growing market in which the company's share is growing. This is the best-case scenario. Conversely, the graph in the lower right-hand column depicts a declining market in which the manufacturer's share is declining at a rate faster than the marketplace. This is clearly an untenable position long term.

There are certain steps that companies can take in a flat or declining market to increase their market share.



These include:

- Evaluating your product mix relative to the competition and identifying niche opportunities.
- Identifying the 20 percent of your items that drive 80 percent of your sales and determining how these compare to the competition.
- Identifying the retail price point of your key items and how they are positioned relative to like items offered by your competitors in regard to current prices and trends. What is the price gap versus a leading competitor and/or versus private label? Is the gap widening? If so, why?
- Tracking new product introductions, especially competitive products, and de-

termining (where possible) the impact to your product line. Then quantifying if the new product is adding incremental sales to the category or if it cannibalizing sales from existing products.

- Evaluating current promotional efforts and those of your competition in order to understand if your promotions are generating the necessary ROI through incremental sales to be profitable and, therefore, sustainable.
- Identifying sales opportunities and structuring a sales presentation complete with recommendations to obtain new authorizations at targeted retailers. Then target key retailers to see if your market share is in line with your share of the shelf to determine if you

are getting your fair share. If not, then realigning the planograms through fact-based recommendations to minimize retailer out-of-stocks while increasing your sales.

The purpose of this article is to describe the importance of knowing the market size and overall trends in the context of your company's sales and share trends during these challenging economic times. So where does your company fit on the nine cell grid, and what actions are being taken to address the situation to help stabilize your share and start growing your business once again?

To learn more about Vista Information Services, contact Vista at 847.768.3122 or visit www.vistainfoservices.com.

GREEN BUILDING

Continued from Page 19

percent. And that growth will undoubtedly hinge on how quickly America's housing market recovers from its current recession. Freedonia predicts that the rate of growth for green building materials will outpace the growth of construction expenditures in general through 2013.

The researcher also foresees faster growth for such "green" products as water-saving plumbing fixtures and energy-efficient electrical items. Freedonia expects demand for such products to increase by double-digit annual rates over the next five years. Freedonia also believes that the greatest gainer could end up being floor coverings made from renewable resources, such as bamboo. The same could be true for concrete made from recycled materials, whose demand Freedonia expects to increase by 8.4 percent per year, to \$14.3 billion in 2013.

Capitalizing on this trend, building material distributor BlueLinx recently announced plans to launch its sustainability program and brand of eco-products called PureBlue. The brand will provide economical and sustainable building products and services. The launch will be carried out in an online, virtual show that will be available to its supply chain customers beginning March 30.

"The BlueLinx Knowledge Forum on 'Riding the Green' is built to provide what our customers and their customers are asking for regarding sustainability-product and green market knowledge and training," says Shiloh Kelly, national sustainability lead for BlueLinx. "Attendees don't have to travel anywhere to visit the show as it is available 24/7 through the Web."

Launching the program through an online show also aligns the brand with the green movement. With the help of a carbon-footprint calculator, BlueLinx estimates that 380 tons of CO2 emissions will be saved from being emitted by

hosting the event online rather than requiring attendees travel for a show. The online event is free to dealers, builders, remodelers, architects and specifiers

The forum will offer educational green conferences, product knowledge training, brand name exhibitor booths and a resource center with downloadable workshop presentations. The conference will run for 90 days with various months focusing on different parts of the supply chain.

Headquartered in Atlanta, BlueLinx Corporation is a leading distributor of building products in North America. The distributor offers more than 10,000 products from over 750 suppliers to service approximately 11,500 customers nationwide, including dealers, industrial manufacturers, manufactured housing producers and home improvement retailers.

The company operates its distribution business from sales centers in Atlanta and Denver, and its network of more than 70 warehouses.