

Growth Opportunities: Checklist for Improving Current Operations

Companies can look for growth opportunities by focusing on their core strengths and finding ways to dominate the space in which they currently hold. Many times, this begins by improving current operations. For example:

- ✓ **Consider changes within the supply chain.** Simplify the purchasing activity. Strategic partnerships with fewer suppliers can lower costs through higher volume purchases. Find ways to use more common parts between products or substitute new, less costly materials.
- ✓ **Improve your manufacturing processes.** Shorter lead times can sometimes significantly improve the selling environment. For example, one manufacturer created significant customer appreciation when its personnel learned how to reduce the manufacturing cycle time from five weeks to three days.
- ✓ **Review your distribution channels.** Those channels that serve other markets may allow current products to penetrate markets previously unaware of the benefits that could be obtained from the use of your product, or make your product more readily available to the end user.
- ✓ **Know your customer.** Identify new opportunities or weaknesses in your product or service through either standard market research techniques or meeting one-on-one with end users. The risks of losing touch with customers' needs increase with companies that do not have a direct sales force, or have multiple layers between the company and the end user. You can't always depend on information that comes through a third party, such as dealers and independent representatives who have their own interests in mind.
- ✓ **Broaden the offering.** From a marketing and message standpoint, re-examine how to broaden the product or service offering's appeal to the same or new customer. Many times, narrowing your market focus provides greater appeal. You can dramatically increase consumer confidence in your company or product by saying "We don't make that type of product — this what we make and we're the best at it."
- ✓ **Build in lead times.** Another area that can reduce costs, but not lower productivity, is building in lead times for ordering and delivery. Working with both your customer and supplier, work on agreed lead times and delivery schedules so that drop shipments can be used to reduce shipping and handling costs. In some instances, this can reduce the transaction costs by 10% to 15% or more.
- ✓ **Increase service activities that lower customer costs, but produce new revenues for your organization.** For example, if a company uses monitoring equipment, show the customer that if he/she purchases another unit — but outsources the calibration and maintenance to your organization — there will be enough units to rotate through and have coverage at all times, but a full-time position can be reduced in the customer's organization.
- ✓ **Look around the edges of your business for no-or-low investment activities.** Are there services that could be provided by a third party that's affiliated with your organization? This can reduce your customer's costs, requires no investment on your part, yet your organization can receive commissions for this value-add service. Many times, these activities also deepen the relationship you have with your customer, and make them more reluctant to move business away from you.