HOW IS YOUR FUTURE – ARE YOU A WINNER OR LOSER?

The interesting thing about the future is that it often reflects heavily on the past. Like they say “hindsight is 20/20”. May I suggest there is many a lesson one can learn about your own future by looking back over the past few years. This whole concept that everything old is new again is accepted and perhaps supported by the events, concepts and ideas we have shared in my articles over the last few years.

Thinking about this I reviewed several of these articles in my own archives and online on the Visual Connections website – check it out it is a wonderful reference tool **http://www.visualconnection.org.au/vi_online_magazine_2017** there are several years of archive magazines or check our old hard copies of VI Magazine.

Let us take a walk down memory lane and get your thinking cap on about how you can predict your future or even better, potentially change it to drive your dreams in a more positive direction?

Correctly Pricing Jobs and How much is a sign worth?

Way back in 2011 the VI magazine cover featured probably one of the most contemporary and controversial topics of all time. Consultant pricing and quoting is above all the most persistent and problematic dilemmas faced by sign and print business owners. The article ran over 2 issues and covered areas like:

- Overheads
- What are the basics of pricing
- Looking at the cost of goods and labour
- Mark up – what is yours, are you paying your accounts and payment terms
- What is pricing and why is it only part of the mix.
- Offering six strategies from value based pricing to killing of your business models.

Pricing Strategies are they mystery or Myth?

Again, in the September/October 2014 issue we

explored more of the hot pricing topics like:
- Viewing pricing from a customer's perspective
- Competitive pricing strategies
- Marketing, marketing and more marketing
- Qualification of the project
- Understanding your yield

The headings reflects the names of these articles – if you cannot find them on the website email us for a PDF copy of all three articles. Revisiting them will surprise you. If you are still wondering about pricing and understanding in the best markets, then know that it is not a cheap price that wins the order, just the opposite.

Sales and Mergers

Seems our crystal ball was working when we presented these two articles Why Is a Buy Out a Potentially Smart Move in May/June 2013 and raised its head in Is it time to sell your business March/April 2017.

The market has been steadily changing as has the equipment we use. You don't have to be a Rhodes scholar to appreciate the pace of change is increasing. Similar mergers and acquisitions are widespread in many industries and particularly in markets obsessed with changing older long-term technologies to more modern methods or delivery processes in all areas including suppliers, sign manufacturers and support businesses. In fact no one is immune to this change.

Step back and think about the iconic businesses that have changed hands, morphed into another or even evaporated. Many changes have been for the better, leaving a very positive vibe and outcome. Unfortunately, some for reasons which doesn't endear them to the many businesses negatively impacted. I'm going to be prudent and not name names or offer opinions. However, I will put forward reasons why they occurred and in my view continue to change hands.

What is your impression of these explanations?

- **Where is the profit?** – One point that may strike a chord under sales and mergers would be "A (price) race to the bottom" with the number of players and increased machines in a relatively stagnant market space the thing that tends to suffer first is price. Obviously lower prices tend to negatively impact profits and extended lower profits in turn negatively impact the value of the business and its ability to employ staff. This cycle places additional stress on the small business owner and soon the fun of the job disappears and becomes an apparent trap where one can't afford to stay.

- **We have an aging population** – many family or personal business that have achieved high levels of success start to appraise the position they are in. There may be family pressure to capitalise and cash in during the growth phase or the rationalisation of the question "is the next generation better or worse off by selling"? If you are at the top level often the energy just to stay there can be all consuming or worse the only direction with current management is down. Therefore, easy to recognise "is now the time to sell".

- **Financing Growth** – The bigger the growth more often the need to continually look at equity ratios which creates overwhelming emotions for owners – when is enough, enough?
- **Cultural and Passion** – home grown entrepreneurs characteristically are driven people. While the company grows and decades tick over it's reasonable for them to start to look at the knowledge and wisdom they have gained. Age, health, fitness and other interests all impact and as passion wains the owner's focus starts to look elsewhere. This is of course different for everyone, however it's often the pivotal point that triggers a sale, merger or tragically failures in business.
- **Keeping pace and momentum** – Most business men and women on reaching their own set goals start to run out of steam after as little as fifteen to twenty years, and the younger the generation cannot see themselves being in a business even for that period. They see 5 – 7 years or a maximum of 10 as their time in the handcuffs and move to the next stage "sea change". Even notable examples like Ray Kroc from McDonalds or Colonel Sanders from KFC both being late 50's when they became hugely successful could debunk my comments and I'm happy to accept that critique. Overwhelmingly, in the many clients I work with every week the topic is always very high on the list of the dreams of Australian and New Zealand business women and men.
- **Statistically the odds are against you** – the transition into the second and third generations and beyond is certainly a moment of clarity for research shows us that around 30 percent of all family-owned businesses survive into the second generation while only 12 percent will survive into the third generation. Surprisingly, only 3 percent of all family businesses operate at the fourth generation and beyond. I think you will agree, the odds are not great and the potential of risk of failure creates the moment in time when action is primary.

The summary or prediction, we will see more sales, mergers and failures as the market continues to change. I know of at least five companies who right at this very moment, are in various stages of the process – some will be a shock, others are just another senior sign and print people setting the sails for the sunset!

The articles are on the website – http://www.visualconnection.org.au/vi_online_magazine_2017 or please email me for a chat about your future.

Why You need to be organised? Or Planned or organic, it is up to you

After a second version of the article was presented and the new look Planned or organic article was presented we considered the fundamental base line is in fact rule 101 – e.g – if you are not organised or planning your structure whether is it big or even tiny, well, you in technically must work much harder, probably longer hours and worse of all suffocate the business, as you are technically working against the natural flow that business demands.

Is this an odd thing to say? Well, I started this article with the comment "hindsight is 20/20". Looking at successful and standout businesses over the last forty-five years, it has been my pleasure to work in the sign and print industry. I would have to stress the clear, concise and dividing difference between business "A" whose owner turns up every day, works hard, punches above the average and in one sense is successful. Versus say business "B" who seemingly does the same daily functions yet is an outstanding success, is simply – being planned and organised!

You are about to say, "Surely it cannot be that simple" and yes, I am hearing you. However, let me pose this to you to compare, how is it the typical sign and print manufacturer who is turning over $150 – $170,000 dollars per head per annum with typical net profits around 3-5%, in the middle range of the industry's profiled figures? Or in my view, 'kicking" along practicing and blindly thinking they are doing OK yet money is tight. It's a juggling act and the stress ebbs and flows from moderate to, "get me the hell out of this place."

Whereas, organised and planned process driven manufacturers are a notch up at $210 – $270,000 dollars per head per annum with typical net profits around 8 – 12% in the high range of the industry's profiled figures. Life seems good, bills are easy to pay, cash flow is good and everyone is happy.

Now ponder this … the exceptional few are turning over $400,000 dollars plus per head per annum with typical net profits around 20% plus in the ultra-high end range of the industry's profiled figures! One word "outstanding" proving it is not about turnover it is always about NET PROFIT.

Furthermore, the ratios of number of staff, location parameters, type of work, rent ratios and all those arguments you are about to email me about are nothing but empty words! It is about the whole formula, your planning, how organised you are, your customers, your type of work your equipment or lack of, the process and of course the most important your people – even if it is in fact just you!

All the articles are reviewed are of course on http://www.visualconnection.org.au available for PDF download or email john@controlzone.com.au for a PDF copy of any of my articles published by Visual Connections in Visual Impact magazine free of charge. Perhaps you could take advantage of a free 1 hour consultation at or office. Call 02 9660 5428 or direct on 0418 161 600.