Take Profitability To The Next Level

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Even in my 30s, the last thing my mom says before I walk out the door of their home is to “drive safely.” It’s one of those things that’s been repeated so many times that it’s kind of lost its impact: whether or not I will drive safely is, in actuality, more muscle memory, alertness, and experience.

The idea of profitability in business is much the same. It’s hard to just “be profitable” without taking into consideration the millions of variables that contribute to the success or failure of a company. In this issue, regular columnist Mike Collins asks manufacturers if they have a truly strong understanding of whether they make adequate margins on each product line, model, or job. “Many small manufacturers have good sales records but rarely keep summaries of profitability,” explains Collins. “It is dangerous to go after large accounts or to bid on large projects when you do not have good cost information.”

We hear a lot of noise from our vantage point — as it relates to manufacturing as a segment of GDP, job numbers, imports, exports, and raw material costs. These macro issues are important to review, but they don’t really get inside an individual business and pick apart the risk. For many manufacturers, the focus is a bit more on production, customer service, safety, and labor — and a bit less on the margins that take up the white space in between. In fact, many of our readers in manufacturing and distribution companies struggle to reconcile the variables. Does investing in new technology cut costs or simply add complexity? Is growing business in emerging markets worth the investment and risk? Must a manufacturer switch from a product-centric view of their business to a more customer-centric one?

It’s these kinds of questions — and their relationship to business profitability — that drive our internal discussions, as we look to find better ways to address these issues in a concrete and actionable way.

It was one day last summer that the idea for The Distribution & Manufacturing Profitability Forum [2] really began to take shape, as we dreamed of ways we could create a collaborative event for industrial companies that focused solely on strategies and best practices for improving the top and bottom line.

So, if you can pencil in June 9-11, 2014 for this year's Forum, you won't regret it. This inaugural educational event will host manufacturers and distributors in Rosemont, IL for several days of workshops, networking, educational sessions, and exhibits — all with a focus centered on how industrial businesses can operate more profitably.

Premier industry leaders from the likes of Grainger, 3M, Oracle, and Chally Group — amongst many others — will take the stage to help drive the discussion, highlighting ways industrial companies can get ahead of the pack through:
• Investment in key technologies like e-commerce and other web marketing strategies.
• Improvements in operational efficiency.
• Understanding external factors such as consolidation.
• Protecting themselves from margin eroding risk, like counterfeit product liability or supply chain vulnerabilities.
• Streamlining the purchasing process to cut out waste and improve visibility.
• Leveraging non-traditional sales channels in order to establish new revenue streams.

We truly believe manufacturers and distributors can benefit tremendously by collaborating on best practices and generating new ideas for better business models.

Collectively, we can stand up to the competitive pressures by making sound decisions. We hope to see you and your colleagues at this year's event.

For more information, and to register, you can visit our website at www.distributionmanufacturingforum.com [3] and follow us on Twitter @ProfitForum [4].

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