
When To Launch Into New Markets?

by PETER HEUMUELLER

As factories in both the United States and Europe continue to labor through unsatisfactory economic times, various economic business indicators offer less encouragement than we would like.

On a regular basis, we check the normal industry indicators, business prognoses and worldwide projections. All of these gauges are prepared with the most sophisticated mathematical methods and double-checked against competing predictors. There's little doubt that what we read and see reflects the average performance in various industries. What these statistics show is the average gut feeling of industry participants, and it's not a very positive one.

Compounding these negative forecasts is the tendency by many

to follow the path of emotional "me-too" strategic actions. For instance, consider the various stock exchanges. Which portion of the prices or changes in the market are actually driven by real events, market results or loss and profit statements, and which of those changes are more driven by the many people and companies following the actions of others? Unfortunately, success today is defined more by having a business that declines less than the market does, than by having a business that doesn't decline at all.

So, what should serve as the basis for real decisions at the CEO level? We know the actual workload of our factories and we know the present book-to-bill ratio. We remember the effect of our marketing activities in the past. So, when the book-to-bill ratio is poor, we react by shorten-

ing our budgets earmarked for new ventures and, consequently, nothing positive happens.

Our best hopes are founded in the belief that in the future the cycle tends to go in the right direction. As a result, we all wait and watch for key events to occur, we search various indices and questionnaires, and once our plans for an improved future have been established, we are ready for take off. But that take off can't occur until we know what is the best time for launching new market ventures.

Despite the fact that some factors work against launching new ventures right now, I maintain that time is right now. Among those negative factors are:

- New business launches need a gestation period. While a fast start to new ventures provides businesses with the best opportunity to participate when the industry truly recovers, not everything can be done at once. Hectic purchasing activities will arise when the light at the end of the tunnel is seen. At the same time, new suppliers are not always included in consideration unless their offer is checked and approved.

Now is the time when these potential customers are willing to listen. They have time to ponder their decisions.

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What results is a hectic pace because everyone has been waiting and is now moving at the same time.

- As they are established right now, budgets are low. In order to save costs, businesses have cancelled or postponed new activities. Because their purchasing volume is considerably lower than during the boom times, businesses have a different approach to the purchasing function. Contrary to times when they moved quickly, today

businesses like to listen to presentations, evaluate potential providers, and compare options, delivery schedules and service packages. Now is the time when these potential customers are willing to listen. They have time to ponder their decisions. They've never had such a period where they are able to re-evaluate their relationships with established providers.

When the economy recovers, they will go back to their established providers and will discuss

price packages and nothing else.

What all of this means is that suppliers that plan on participating in the recovering economy had better move now. And, who better than the independent manufacturers' rep to help manufacturers move either in the United States, Europe, or in other markets across the world. But perhaps more important than the manufacturer relying only on the efforts of the rep is for both parties — manufacturer and rep — to work closely together and further cement their partnerships if both hope to succeed.

The two working together should agree on a plan and a strategy. Although the front man may very well be the rep, the manufacturer shouldn't wait until the rep identifies new opportunities. Nor should the rep wait until the manufacturer shows a new product or develops a new service. This is the time for both to leapfrog the established "push" or "pull" relationships between themselves. The partnership can grow to a higher level and hopefully result in greater business accomplishments for both.