



Cultivating Value

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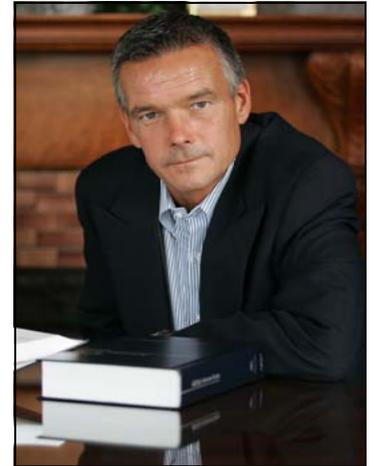
Thoughts From Tom

Your customers may not admit it, but they are constantly trying to replace you both actively through seeking alternative vendors who offer better price, quality and lead times and passively as a result of being solicited by your competition, locally and most likely from around the world. Accordingly, in order to maintain and gain market share, you must find a way to add value by becoming an extension of their business by recognizing and meeting their unique needs, rather than just selling them a product or service.

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Our Managing Director



THOMAS P. BENSON, CPA, CFFA, CVA

Achieving Better Sales Margins

If you have the courage, the determination, the dedication, the competitive drive ..., it can be done.

- Vincent T. Lombardi

When competitive pressure on prices reduces gross margins, making changes in sales practices may prove a better response than cutting costs -- which may degrade quality or service. The key to profitability is higher margins, not simply sales volume.

Some customers will resist until the quote is revised, but others will accept it without difficulty. Without testing, you can't know what resistance you'll encounter.

- ◆ Learn competitors' pricing patterns.

Set the Bar Higher

To focus on margin-savvy selling, consider setting specific goals for increasing your margin and helping your sales force achieve the targeted increases. For example, you might:

- ◆ Reemphasize selling based on benefits and features rather than price.

Presenting your products and company as the low-price choice invites competitors to undercut you. It may also be perceived as a statement cutting against your expertise. Instead, train your representatives to learn the customer's objectives and counter resistance with valid non-price reasons to buy.

- ◆ Build a margin boost into all price changes.

Whenever you make packaging or product changes, or your costs rise, mark up your new prices by more than the cost increase. These events are a good catalyst to increase profits.

- ◆ Have your sales force add a point or two to the markup on routine price quotes.

Ask your customers and prospects for information after deals are done -- or lost. Having a good feel for your competition's pricing makes resisting and controlling discounting much easier. Analyze what you learn and promptly communicate any insights to your sales force.

Monitor and Recognize Results

Demonstrate that you are serious about margin-focused selling by regularly reviewing performance against goals that you've set. Coach your sales force as needed to overcome shortfalls, and recognize success by tying compensation to results.

We can Help

At Vineyard Group, LLC, we have the expertise to help you grow your company.

As Business Consultants, we have the training, the skills, the dedication and the experience to provide the right management advices for you.

is a Member and the Managing Director of the Vineyard Group, LLC. An experienced executive and advisor, business valuation specialist and litigation support expert, he has twenty years of consulting and public accounting experience along with ten years in senior management positions with manufacturing companies. As a result, Tom has the unique blend of experience, skill, vision and understanding required for handling the complex challenges that today's professionals and businesses are constantly faced with.

In addition to being a Certified Public Accountant and a Certified Valuation Analyst, Tom holds the exclusive designation of Certified Forensic Financial Analyst. He is a member of the New York State Society of Certified Public Accountants, the American Institute of Certified Public Accountants and the National Association of Certified Valuation Analysts.

VINEYARD GROUP, LLC



Cultivating Value...Seedling to Harvest

Conflict Can be Positive

When you think of the word “conflict,” do you generally picture shouting matches, anger, icy stares, or nerve-shattering stressful confrontations? Some formal definitions of the word “conflict” are:

- ◆ Competitive or opposing action of incompatibles: antagonistic state or action (as of divergent ideas, interests or persons).
- ◆ Mental struggle resulting from incompatible or opposing needs, drives, wishes, or external or internal demands.
- ◆ Hostile encounter: fight, battle, and war.
- ◆ The pursuit of incompatible goals, such that gains to one side come about at the expense of the other.

By these definitions, conflict is a bad situation. It is generally viewed as negative, having discord, disharmony and hostility. Necessarily, someone is going to win and someone is going to lose—the classic win/lose scenario.

But not all conflict is bad! Conflict is always difficult, but it leads to growth and change, which is good.

Some level of organizational conflict is actually desirable—it’s not always dysfunctional. When conflict exists, it generally indicates commitment to organizational goals because the players are trying to come up with the best solution. This in turn promotes challenge, heightens individual regard to the issues and increases effort. This type of conflict is necessary. Without it an organization will stagnate! When conflict does occur the results may be positive or negative, depending upon how those involved choose to approach it.

If you can approach conflict positively, it can improve the quality of decisions, stimulate involvement in the discussion, arouse creativity and imagination, facilitate employee growth, increase movement towards goals, create energetic climate, build more synergy and cohesion among teams, foster new ideas, alternatives and solutions, test positions and beliefs.

If conflict is approached negatively, it can reduce the exchange of ideas and information, develop animosities, break down communication, diminish trust and support.

Positive conflict is very useful in group deliberations. When faced with a conflict, most healthy groups will look for more information to resolve it. Because the disagreement was expressed, a more thorough investigation will be conducted.

Even though some of the feelings generated by conflict may be negative, disagreement indicates involvement in the discussion.

So how can you make conflict positive within your group? When resolving conflicts, focus on finding ways that will allow all people to “win.” Usually, conflict results in one side “winning” at the expense of another. Conflict becomes unhealthy when it is avoided or approached on a win/lose basis. Your responsibility as a manager or team member is to ensure that this situation doesn’t occur, because it has negative effects for both the winner and loser.

The winner often becomes complacent, casual, and playful. The winning group develops a low concern for work and task accomplishment. The winner feels that winning has confirmed the negative stereotype of the “enemy” group. There is no incentive to learn how to improve inter-group operations. *The loser* is not always convinced that they lost, and tension will become higher than before the conflict. The loser tries to find someone or something to blame and often distorts the reality of losing. However, the losing group is ready to work harder than the winning team and tends to learn a lot about itself, becoming more cohesive and effective. Someone does not have to win or lose!

Groups must cooperate and work together to be effective. This type of group behavior is known as integrative.

A group should try to integrate individual goals into the group by:

- ◆ Attempting to pursue a common goal rather than individual goals.
- ◆ Openly and honestly communicating with other people.
- ◆ Not manipulating others, not using threats or bluffs to achieve goals.
- ◆ Trying to understand personal needs and the needs of others accurately.
- ◆ Evaluating ideas and suggestions on their own merits.
- ◆ Attempting to find solutions to problems and striving for group cohesiveness.

Group members learn that they can confront even personality clashes and work together as a group to solve them. The group that fights together stays together.

Conflict should be managed, however, before it degenerates to verbal assault and irreparable damage to individual egos. But conscious efforts on your part to avoid disagreement may produce feelings of tension and anxiety as you try to watch what you say. Carefully wording statements to avoid conflict restrains group participation and results in frustration. As group members tend to edit their thoughts before communicating with each other, the feelings of group unity is adversely effected.

The solution: TALK MORE, NOT LESS.

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