

**Management Consultants to the Precast Industry**

## RESULTS IMPROVEMENT BULLETIN

*PRECAST BUSINESS RESULTS IMPROVEMENT BULLETIN*

*Precast Business Results Improvement Bulletins are published by MJS Management Services. Additional bulletins that summarize current management challenges and solutions for the precast industry can be found at [www.mjsmanagement.net](http://www.mjsmanagement.net).*

*MJS Management Services is a consulting firm that works exclusively with clients in the precast industry to improve business performance and results. For assistance with this or other management challenges please call 206-388-5209 or contact us by email. Visit our web site for a full description of the services we provide.*

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### **INCREASE MARKET SHARE – IS THE TIMING RIGHT?**

As the economy continues to recover, opportunities are available to increase market share. This bulletin summarizes 4 methods for market share improvement. Some questions we can help you answer:

- **Is your share of the market increasing or decreasing?**
- **Do you have winning strategies for increasing market share? Or do your business volumes tend to increase or decrease in tandem with overall market swings?**
- **What are the strengths and weaknesses of your competitors? What are their strategies? How do your offerings rate compared to the competition?**
- **Are you vulnerable to an attack from one of your competitors?**

MJS Management Services works with clients to develop workable strategies for market share expansion. In addition, we assist with the in-depth market and competitor analysis information that is needed to create effective market strategies.



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## Four Market Growth Strategies For Precast

<b>Market growth strategy</b>	<b>Requirements</b>
1. <b>Innovation (new products)</b> - develop new products or product line extensions for existing territories or new geographic regions.	<ul style="list-style-type: none"><li>• Innovation to develop successful new products.</li><li>• Sales skills to develop and enter new markets.</li></ul>
2. <b>New territory</b> - Enter new territory with existing or slightly modified products.	<ul style="list-style-type: none"><li>• Competitive advantage in existing markets that can successfully be transferred to a new geographic region.</li><li>• Management and sales strength to support a new market.</li><li>• Weaker competitor in another geographic region that can be exploited.</li><li>• Large target market in another geographic region that can support another market participant (for example, 3 competitors roughly equally sharing a \$25 million market. A 4<sup>th</sup> participant may be happy with a \$5 million share of this market).</li></ul>
3. <b>Attack</b> - Take market share away from competitors in current markets.	<ul style="list-style-type: none"><li>• Develop a competitive advantage that allows you to successfully attack a competitor.</li><li>• Be financially capable of withstanding a short or long term "price war" as margins decline in response to market share changes.</li></ul>



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<p>4. <b>Acquire</b> - Add market share by acquiring an existing business.</p>	<ul style="list-style-type: none"> <li>• The financial resources to invest in a competitor acquisition.</li> <li>• Management strength (people and processes) to integrate and manage an acquired business.</li> <li>• Management strength to manage a larger enterprise.</li> </ul>
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The ability to increase market share is a test of an organization’s strengths and capabilities. Market share increases mean you are doing enough things right to take business away from the competition. Strategies that create market share growth include noticeably better levels of innovation (products and services), competitiveness (offering more value or providing lower costs) and service (providing solutions not available from others ranging from ideas, speed or quality).

Market and product line expansion is very rewarding when it works but is a sinkhole for resources when it doesn’t. To improve the odds of success in-depth market knowledge is required including:

- Your strengths, weaknesses and competitive advantages.
- Your competitor’s strengths, weakness and competitive advantages.
- Competitive product offering and cost structures.
- Market size, customer buying criteria, customer/supplier relationship history.
- Likely competitor reaction to your strategies.
- The investment required to achieve market growth goals.

Comprehensive information on precast/prestress market can be difficult to acquire. MJS Management Services can assist with collection of market data and creation of realistic market expansion programs. We can assess your strengths to determine the most suitable market growth strategies and identify competitor weak spots and opportunities.



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### **A Hardball Approach to Market Growth**

A recent well-publicized Boston Consulting Group study advocates five controversial "hardball" strategies for market growth:

- Devastate rival's profit sanctuaries – Take on your competitor in the area where they make the most money.
- Plagiarize with pride – Borrow good ideas from the competition then improve them.
- Deceive competition – Use fakes to confuse your competitors and slow their reaction to your moves.
- Unleash massive and overwhelming force – Use your strengths (products, people, cost structure, relationships, processes) to attack competitors.
- Raise competitors' costs - use a superior understanding of cost structure to lead your competitor to lower margin market opportunities.

The Boston Consulting Group tactics may not suit everyone but they provide an out-of-the-box means to look at market share expansion. Some competitors are in a weakened position and smart management teams will look to exploit these opportunities.