

Change Management

Creating Partnerships: Is Consolidation The Right Choice For Your Business?

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In a highly fragmented and fiercely competitive toner supply market, a test of wills is underway. Will the small-to-mid-size suppliers resist market consolidation, or will they strategically choose to partner and push beyond their individual capabilities?

If your organization chooses to resist market consolidation, then prepare for several significant challenges requiring careful consideration and planning in order to move to the next level and become a more successful player in this fast changing industry.

Here Are 4 Business Challenges Your Small Business Must Overcome:

1. Working capital -The lack of working capital is the leading threat to most small businesses. Toner suppliers are no exception. Many small to mid-range toner suppliers are already undercapitalized with no access to the type of working capital needed to break into the next level of business. Working capital is a must for financing new receivables and purchasing additional inventory associated with a growing customer base.

2. Time Allocation and Focus -Your focused time and attention consumed by the ongoing daily activities of operating a toner supply business such as inventory management, vendor relationships, order fulfillment, accounting and information technology leave little time for the one revenue producing activity: SALES. Outsourcing non-core functions and placing the focus back on sales and marketing is a workable solution for many suppliers having the capital needed to initiate the outsourcing process.

3. Products and Services - Today's office customers expect more from their toner suppliers than cartridges on demand. In addition to the base-line services of cartridge delivery and empty cartridge pick-up, customers want value-added services such as printer maintenance, operator training, technical support and possibly complete print management services. As more customers streamline their own operations to focus on core business functions, they become increasingly persuaded by the advantages of complete print management solutions. Offering this service allows toner suppliers to develop and strengthen customer relationships while improving profitability.

4. Geography - Increasing sales is a good indication of a business's strength. One way to achieve this goal is to gain access to the broadest geographical territory possible. However, as more office customers demand printer service along with their toner supply, more toner suppliers are finding themselves limited by the reach of their service provider network. Expanding an existing service provider network or developing one for the first time is an option that must be considered for continued growth.

Overcoming Your Small Business Challenges

The challenges facing the average small to mid-size toner dealer are daunting, especially for a sole proprietor who struggles to keep juggling so many balls in the air. According to a Wall Street Journal article, (published January 26, 2006) Walgreens and the big box office supply stores are planning a rollout of inkjet refilling machines that will cost approximately 60 percent of a typical compatible cartridge. Coupled with the plethora of internet based suppliers and the introduction of new technologies by OEMs in an attempt to dominate the industry, small to mid-size toner suppliers are feeling the squeeze.

The time has come for toner suppliers to step back and develop a strategy-building plan that builds loyalty among existing customers and takes full advantage of changing market conditions. Your business plan should enable you to attract the working capital needed to expand your business and stay competitive. As is often the case, the early adapters will reap the biggest rewards. If suppliers lack the skills needed to adapt independently, another alternative worth investigating is partnering with an existing national toner supplier.

The National Partner Value Proposition

Partnering with the right national provider offers tremendous advantages to toner suppliers facing many diverse challenges.

Here are three major benefits you'll receive by partnering with the right national partner:

1. Ideally, you'll gain access to centralized web-based processing systems that handle day-to-day activities such as order taking, order fulfillment, billing, collections, payments and service calls. This results in more available time to focus on revenue producing activities like selling, marketing and business planning.
2. You'll gain access to a wider range of products, increased marketing capabilities, larger territories and improved buying power that lead to better margins.
3. You'll have an opportunity to equip an existing operation with best practices. Every small to mid size toner supplier has a certain flare or niche they've developed to succeed. As individual suppliers join forces and share what they've learned in the industry, a new industry standard will be established.

Change Is Inevitable

Industry experts agree, the retail toner market is ripe for consolidation and complete print management services will play a major role in the industry's future. The high number of small to mid-range toner suppliers, locked in fierce competition for market share and besieged by the daily demands of running their businesses, must lay the groundwork now. For those suppliers unable to step back and focus on adapting their businesses, they risk a diminishing customer base and an uncertain future.

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