North American Management Briefs

You Should Know...

It's Getting Serious

In Mississippi nearly one in three adults is obese reports *The Associated Press.* Worse yet, in 1991 no state had more than a 20% obesity rate but today the only state that doesn't is Colorado at 18.9%.

The Point: Could rising obesity and healthcare costs be related?

The Bar is Open

To generate additional tax revenues Texas, Georgia, Connecticut, and Alabama, all of which ban the sale of alcohol on Sunday, are preparing to allow it.

The Point: For taxes they leave no stone unturned.

We Thought So

US Today reports that the average American man owns 7 pairs of shoes; however, the average woman owns 15 pairs*.*

The Point: Again, we thought so.

Room Service?

Newsweek reports that a luxury hotel on Turkey's Mediterranean coast fired all its male employees for repeatedly having affairs with foreign female guests*.*

The Point: I'm sure there is some kind of discrimination involved here.

Guilty

The owner of a British nightclub wrote a letter to police on paper covered with cocaine denying allegations that his establishment was a "drug den."

The Point: He protests too much.

September's Quote

"The New England conscience doesn't keep you from doing what you shouldn't; it just keeps you from enjoying it."

Cleveland Amory

Profitability Redux

Longtime readers are aware of our continued assertion that "profits are far preferable to sales during a recession." Simply stated, profits are the lifeblood of a company without which it can't survive, much less invest in the future.

The current recession has reduced worldwide demand for most products and commodities. Most managers perceive, in order to survive, that they need to capture market share. This is true but only if they capture it profitably. The history of business is rich with examples of companies that increased top-line sales by cutting prices, survived a recession, but filed bankruptcy when prosperity returned.

What to do.

- *People.* You need to answer a single simple question, "If an individual wasn't working for you today, knowing what you know now, would you hire them?"

- *Low margin accounts/ customers.* All customers are not profitable. Those that exhibit undesirable behavior such as late payments, excessive returns, special handling, etc. need to have their prices increased or should be jettisoned as customers. An unprofitable customer is simply not an asset.

- *Market coverage*. Your most expensive asset is your field sales force. They should be focused on only the largest, most profitable accounts and/or the most geographically concentrated territories.

For most companies, how well they cover only 10 or 12 states will determine their fate. Resources should be allocated to those states and/or accounts at the expense of others.

- *Price cutting*. Reducing prices does not increase total demand in B2B markets, only in consumer markets. It simply shifts share by reducing margins. It is not an appropriate B2B strategy as it can be easily copied by the competition to everyone's disadvantage.

- *Distribution*. Distributors that carry multiple competitive product lines need managing. Large customers in their territory that routinely purchase competitive products from them should be called on (and sometimes sold) directly.

The Point: Surviving a recession requires profits. Profitability requires clear unemotional thinking. It also requires reassessing your personnel and "go to market" process, as well as your pricing and cost structure. Those that do will survive the recession and prosper in the years following it.

Top Ten Religious Beliefs

Religion	Followers
1) Christianity	2,159,141,594
2) Islam	1,345,175,832
3) Hinduism	859,893,462
4) Buddhism	380,567,154
5) Chinese folk-religions	380,486,297
6) Ethnic religions	258,307,065
7) New religions	104,923,020
8) Sikhism	22,199,953
9) Judaism	14,678,791
10) Spiritists	13,176,576

Source: World Christian Database