



Going for growth in a difficult market

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What problem?

For relatively few in the print industry, future growth is not going to be too difficult, based on the continuation of business strategies which are still proving to be successful.

For others, regrettably the great majority, life is somewhat more problematic. They are facing the challenge of a highly competitive industry resulting from adverse market conditions i.e. over-capacity in a stagnant market. Most are therefore suffering reduced margins as prices are squeezed. Investment in modern technology is also very expensive, compounding the reduction in returns.

With so many chasing the available work, buyer power predominates and ‘commodity’ thinking can tend to result in price taking precedence with service and quality taken as ‘given’.

But growth is a must – the alternative is stagnation and ultimately failure. For those in the printing industry, this is a comparatively new challenge. Just how

can those running print firms grow the businesses profitably?

Growth strategies

In essence, there are four strategies for growth. They are:

1. Organic growth;
2. Merger;
3. Acquisition;
4. Joint venture/strategic alliance.

1. Organic growth

Gaining market share in a declining, competitive market is tough. Only a select few firms achieve a growth rate of ten per cent per annum whilst maintaining or improving gross profit margins. The best way to achieve organic growth is to adopt the following process:

Marketing plan

Produce a marketing plan. Do not rely solely on the sales force and/or price cutting to do the job. Consider all your strengths and the opportunities they offer to construct a workable plan (see Figure 1).



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Business mission

The business mission covers the broad direction, goals, policies and values of the business. Put simply it is the ‘purpose’, or *raison d’être*, of the business.

It will, of course, need to be flexible over time and will change in the light of changed market conditions. If and when management senses that the organisation is drifting or vulnerable, it must renew its sense of purpose.

The mission is shaped by five elements:

- **History**
It is important not to depart too radically from its history.
- **Current preferences**
The owners and management need to agree on this. If the owners wish to sell, limit investment or are risk averse, the mission will need to recognise this.
- **Market environment**
Is just putting ‘ink on paper’ sufficient in today’s environment? Responding to the needs, wants and preferences of clients has never been more important if success is to be maintained.



Figure 1. The marketing plan