

Integrator's Guide

to Process Improvement &
Product/Market Mix Evolution



There is no such thing as a textbook solution on how to grow and improve a technology integration company. Rather it is an on-going quest, pursued by the industry's best and most driven companies, to collectively pioneer process improvements. And, perhaps chief among these business processes is managing the evolution of their product and market mixes.

To help, we've put together this simple guide that outlines the key processes to address, suggests an MO for mapping and improving general processes and proposes a set of questions to consider when evaluating entering or exiting a product category or vertical market.

Our Total Tech Summit is designed to help integrators dig in and answer many of these questions, at least for a moment, in what is ultimately a Sisyphean (good word, look it up!) struggle.

Please keep us apprised of how you're doing on mapping and improving your business processes and managing the evolution of your product and market mix. Let us know what kinds of assistance we can provide to help you stay on top of the challenges.



John Galante
President
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Defining Your Processes

The first question is definitional. What are the principal business processes of an integration company and the key sub-processes in each that should be documented and updated on regular basis? The checklist below offers a thought-starter you can use to develop your company's key process list.

1. Leadership & Organization

- a. Values, vision and goals discovery and articulation
- b. Product and market/customer segment evaluation
- c. Business model design and development
- d. Organizational design and development
- e. Process development and documentation

2. Customer Creation & Retention

- a. Marketing
- b. Sales
- c. Customer experience/customer care

3. Production/Operations

- a. System design
- b. System installation
- c. Monitoring and managed services
- d. Field service

4. Finance & Administration

- a. Contracts, billing, collections
- b. Finance and accounting
- c. Hiring, onboarding and training
- d. Human resources administration



Documenting Your Processes

Once you've identified your company's key business processes, it's time to document them in writing. The step-by-step method below¹ is one way to do this. Get the people in the room who know what's involved in accomplishing the process and use a flip chart to map it out.

- 1 Step 1 - Process Name**
Write the name of the process and a description on a flip chart.
- 2 Step 2 - Process Boundaries**
Identify the start and end points of the process. What triggers the process to start? How do you know when it's complete?
- 3 Step 3 - Process Outputs**
Identify what's produced by the process.
- 4 Step 4 - Process Inputs**
Identify what's needed to perform the process and its source.
- 5 Step 5 - Process Activities**
Brainstorm the activities required to complete the process from start to finish. State in a verb-object format (e.g., approve request, sign paperwork, distribute form, etc). Don't worry about sequencing the activities, brainstorm freely.
- 6 Step 6 - Process Organization**
Take all the brainstorm items and sequence them into the process flow, identifying key decision points as you build the visual of your process.
- 7 Step 7 - Process Review**
Take a look at the sequence as a first quality check. Does it look complete based on the boundaries you defined in Step 2?
- 8 Step 8 - Process Roles**
Identify the roles (who) that will be completing the activities of the process. Assign a role to each activity step.
- 9 Step 9 - Transcribe Process**
Place the steps into a flowcharting software program in a swim lane format.
- 10 Step 10 - Final Process Review**
Get the participants together and review the process flow. Secure approval by all team members.



Improving Your Processes

You develop and document processes to streamline the way that you and your team work. When everyone follows a well-tested set of steps, there are fewer errors and delays, there is less duplicated effort and staff and customers feel more satisfied.

Processes that don't work can lead to problems. Customers complain about poor product quality or bad service. Colleagues get frustrated. Work is duplicated or not done. Costs increase. Resources are wasted. Bottlenecks develop, causing you to miss deadlines. When you encounter these problems, it's time to review and update processes. **Follow these steps to do so:**²

Step 1: Analyze the Process

Use a flow chart or swim lane diagram to investigate the problems within the process.

Consider the following questions:

- Where do team members or customers get frustrated?
- Which of these steps creates a bottleneck?
- Where do costs go up and/or quality go down?
- Which of these steps requires the most time, or causes the most delays?

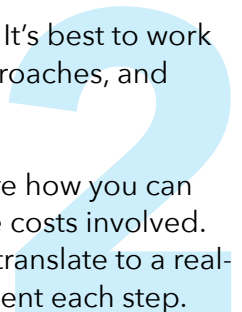


Speak to the people who are affected by the process. What do they think is wrong with it? And what suggestions do they have for improving it?

Step 2: Redesign the Process

You're now going to redesign the process to eliminate the problems you have identified. It's best to work with the people who are directly involved in the process. Their ideas may reveal new approaches, and they're more likely to buy into change if they are involved at an early stage.

First, make sure that everyone understands what the process is meant to do. Then, explore how you can address the problems you identified. Note everyone's ideas for change, regardless of the costs involved. Then, narrow your list of possible solutions by considering how your team's ideas would translate to a real-life context. Once you and your team agree on a process, create new diagrams to document each step.





Step 3: Acquire Resources

You now must secure the resources you need to implement the new process. List everything that you'll need to do this. This could include guidance from senior managers or from colleagues in other departments, such as IT or HR. Communicate with each of these groups, and make sure that they understand how this new process will benefit the organization as a whole. You may need to prepare a business case to demonstrate this.

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Step 4: Implement and Communicate Change

It's likely that improving your business process will involve changing existing systems, teams, or processes. For example, you may need to acquire new software, hire a new team member or organize training for colleagues.

Rolling out your new process could be a project in itself, so plan and manage this carefully. Allocate time for dealing with teething troubles, and consider running a pilot first to check for potential problems. Keep in mind that change is not always easy. People can be resistant to it, especially when it involves a process that they've been using for some time.

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Step 5: Review the Process

Few things work perfectly right from the start. So, after you roll out the new process, closely monitor how things are going in the weeks and months that follow to ensure that the process is performing to expectations. This monitoring will also allow you to fix problems as they occur. Make it a priority to ask the people involved with the new process how it's working, and what - if any - frustrations they're experiencing. Adopt continuous improvement strategies. Small improvements made regularly will ensure that the process stays relevant and efficient.

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Managing Product & Market Mix Evolution

While solid and continuously improved business processes are critical to the efficient operation of integration companies, effective management of the company's product and market mix is key to driving revenue and profit growth.

You need to regularly update your product line-up to stay in touch with emerging end-user needs and stay ahead of your competition. You need to evaluate the always-changing profit potential of the product categories in your scope, entering and exiting categories at the right times. You need to keep your fingers on the pulse of the markets you serve (and could potentially serve), understanding where the money is and where the real needs are.

Here is a set of questions and factors you can work with to get this important job done:

Pulsing on Product Mix

On a quarterly basis, hold a meeting of the executive, sales, marketing and technical leaders of the company to answer the following questions.

- What products/product categories do we need to add:
 - To increase revenues?
 - To increase profit?
 - To improve competitive position?
 - To open attractive, new vertical markets?
 - To serve new pricing bands within an existing market/customer segment?
 - To improve performance/customer experience?
- What products/product categories do we need to exit:
 - To increase profit?
 - To improve competitive position?
 - To improve performance/customer experience?

Discuss thoroughly the ramifications of exiting a product or product category, including deterioration of sales of complimentary products and services and disruption to sales and production processes. And once a determination is made to exit, think through the communications and other action items that will minimize disruption and collateral damage.



For the shortlist of products and product categories you identified for addition, work through the following set of questions to home in on the handful you want to address in the quarter or over the next few quarters, depending on resources available for evaluation.

- **What is the Opportunity?**

- How many potential customers would the new product/category generate in 1 year, 3 years, 5 years?
- What is the revenue and profit potential of the new product/category in 1 year, 3 years, 5 years?
- What is the number and strength of integrator competitors in the product/category, and how will you establish advantages and a competitive edge?
- How well does the new product/category align strategically with current core products and services of the company? Can it be sold as a logical extension of your current core products and solutions?

- **What competencies are required?**

- What technical/operational competencies would we need to add/develop for:
 - Design?
 - Installation?
 - Monitoring and managed services?
 - Field service?
 - Other customer care and service support?
- What sales and marketing competencies would we need to add/develop?



- **What are the financial requirements and ramifications of adding the new product/category?**

- HR and training?
- Technical system and sales/marketing tools?
- Opportunity costs with existing core categories?

Once you work through these questions, you should have the analysis you need to make a determination on whether you want begin researching and evaluating vendors. You'll have a list of issues you can present to vendors when evaluating how well they can support your company in bringing the product/category online.



Pulsing on Market Mix

On a semi-annual basis hold a meeting of the executive, sales, marketing and technical leaders of the company to identify growing, lucrative markets the company is seeing or touching, but not addressing with concerted sales and marketing efforts. Once identified, determine whether your company has the product/solution set required to win that class of customers and what kind of tweaks or additions would be required to do so.

Once you identify a desirable new target market/customer segment in concept, work through some due diligence:

- What is the size of the total addressable market in number of customers and annual revenue?
- What percentage of the market are you likely to win in 1 year, 3 years, 5 years?
- What kind of resources do you need to sell and market to it? People, systems, etc.
- How can vendors and strategic allies like other trade partners help you penetrate the market?

There's an obvious interplay between your product and market mix. As questions are answered in one realm they spur additional questions in the other. Watch out for paralysis by analysis. The important thing is to think through your opportunities and requirements for success methodically and address the key factors rationally with real information and realistic projections. You'll be ahead of 95% of the integrators who rely on anecdotal information and gut for decisions in this critical area.

¹O'Berry, Denise. "How To Document Your Current Processes In 10 Easy Steps." The Fast Track, Quick Base, 4 Feb. 2015, www.quickbase.com/blog/how-to-document-your-current-processes-in-10-easy-steps.

²"Improving Business Processes: Streamlining Tasks to Improve Efficiency." From MindTools.com, www.mindtools.com/pages/article/improving-business-processes.htm.

Top Resource for Progress on Process and Mix

There is no richer or more efficient way to make progress on your process improvements and product/market mix evolution than by attending our Total Tech Summit. We host business leaders from the biggest, best and most progressive integration companies in the nation, covering their hotel, travel and registration expenses.

Process improvements and product/market mix evolution are prime topics for general session presentations and interactive roundtable discussions where best practices are shared peer to peer. Guests also engage on a scheduled basis with vendors who understand the size and nature of their businesses, and are ready to help integrators make the process improvements and travel the learning curve that comes with adding a product/category or addressing a new market.

The Total Tech Summit is a uniquely powerful hosted style event that co-locates and integrates the 11th annual CE Pro Summit, 7th annual Commercial Integrator Summit and 3rd annual Security Sales & Integration Summit.

The 2018 Summit will host 400+ business leaders from the nation's largest and most progressive custom, commercial and security integration companies to work on growing and improving their already superb companies.

Sponsors engage with guests on a planned, scheduled, guaranteed basis through 35-min. small group boardroom presentations and 15-min. one-on-one meetings at their exhibits. The engagements occur at a strategic and opportune time—as business leaders consider how to evolve their business processes and product and service mix.



2018 Event Projections:

400+ individuals representing

350 integration companies

\$9 billion in annual revenues

400,000 installations

175 sponsors

For more information on being hosted to the Total Tech Summit, contact:



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