



RSPA INSPIRE® speakers echo key growth principles for POS resellers

By Jim Roddy

The key lessons from The Roadside MBA authors align well with a list I've compiled — “Guiding Principles for Growing the Value of a POS Reseller” — based on a framework developed by Peterson Brothers, Inc., combined with analysis of POS-reseller organizations by Vantiv's PaymentsEdge Advisory Services.

The following are the lessons I took from The Roadside MBA authors' INSPIRE presentation and my corresponding Guiding Principle. As you read this, identify areas where your business could use some shoring up.

Roadside MBA Lesson: The only thing that matters about how good your product is a customer's willingness to pay. Always think about the relationship between the cost you're putting into the product and what the customer is willing to pay for it. Customers will be willing to pay for better knowledge, better information or a better perception of your product.

Guiding Principle: Vertical-market expertise enables resellers to charge more. Focus only on the areas where you can charge more.

Roadside MBA Lesson: Delegation is an important part of scaling your business. You can't scale if you can't teach someone else to do your job.

Guiding Principle: Delegate so you can do all the things that only you can do effectively and efficiently. A top manager delegating too slowly harms company growth and profit.

Roadside MBA Lesson: Small businesses often add more people as they add more customers, but economies of scale can go away when you have to add a management layer.

Guiding Principle: Outwork your competition: Do more and do it better with fewer employees. Hire high-capacity employees who are far more productive than average employees in order to maintain the fewest possible employees. Maintain average revenue per employee of \$200k.

Roadside MBA Lesson: Costs and Strategy Principles:

1. Businesses must understand their costs.
2. Capitalize on economies of scale to generate profits and growth.
3. Many businesses hit DISEconomies of scale quickly.
4. Identify activities that are not scalable and resist the temptation to grow in such areas.

Guiding Principle: Force your operating-cost-per-dollar-of-sales lower than your competitors and lower this year than last year. Keep maneuvering the business into growing, non-cyclical markets.

“Many a fortune has slipped through a man's fingers because he was engaged in too many occupations at a time.” — P. T. Barnum

Roadside MBA Lesson: Financing is a problem for your customers. Don't just solve their technology problems, solve their financing problems, too. Think broadly about your customers' problems, and solve any problem that you can.

Guiding Principle: Know your clients' goals and problems well enough to build a business model that provides indispensable products and services to them. Conduct QBRs (quarterly business reviews) with as many clients as reasonable.

Roadside MBA Lesson: Ask yourself, “Why do customers choose us? Where does the willingness to pay come from?” If you can't answer those questions, then you don't have an effective understanding of what's going on in your customers' minds.

Guiding Principle: Focus your business on superior client value. Pursue sales opportunities that tolerate higher margins; build a revenue stack with high margins.

Roadside MBA Lesson: Make the outside of the hardware look good —shine, buff and polish. Signal to your customers “this is a well-made machine on the inside.” That's hard to do because you can't see the inside, but it's something customers care about.

Guiding Principle: Ensure employees exude professionalism. This goes beyond attire to include grooming, posture, grammar, a sparkle in the eye, enthusiasm and a sense of substance.

Roadside MBA Lesson: Competitive advantage can be defined as resources or capabilities that enable a firm to create or capture value better than existing or potential competitors. It's not as important to identify what you do well as it is to know what you do better than the competition.

Guiding Principle: Aggressively invest in those things that allow you to deliver higher value to your clients than your competitors do.

Roadside MBA Lesson: Don't just make your company seem like a great place to work; actually make it a great place to work.

Guiding Principle: Establish a world-class organization. Attract, hire and retain high-quality employees who can improve the business. Create a learning culture that both piques and satisfies curiosity. Employee training and mentoring is an investment that yields high dividends.

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