



About the author



Product

This strategy includes: new product development, product life cycle, brand, packaging, service, operation, distribution, etc, which are the basis of Price, Promotion and Place.



Place

Also called approach strategy, which is a sales approach for achieving the goal of product distribution.



Promotion

This is a planned marketing activity for promoting info of an organization or products to target markets, which is focused on communication with consumers.



Price

Also called pricing strategy, which is a tool to find out the target price, pricing method of a product and the way to make price adjustment.



Profitability

This means demand management, which is to select customers who best fit your operating capabilities and develop VMI service that can simultaneously reduce costs of both sides and increase sales.

Traditional Marketing Strategies + Profitability

Jonathan L.S. Brynes got his DBA from Harvard University and is a senior lecturer at MIT and President of Jonathan L.S. Brynes Consulting Firm. He once provided more than 50 large companies and groups with effective profiting suggestions and is also the most popular expert in profit in the newsletter of HBS Working Knowledge. Tens of millions of readers have gained the correct concept of profit through his book and have thus gained tremendous benefits and returns.

Book Review:

Islands of Profit in a Sea of Red Ink

Without focusing on sales, how can we achieve double profit?

by Nai-Wen Chang, Fastener World

Increasing Profit is More Important than Increasing Sales!

Many ideas referred to in this book are also applicable to fastener companies facing difficulties in making profit. The core idea herein is: instead of increasing sales, analyzing how to increase profit may be more important, i.e., making money. The author took many incorrect business myths possibly existing on several traditional business owners' minds as examples, such as "Revenue is a good thing while cost is not. Wrong!", "Whatever our customers need, we give them all. Wrong!", "Every customer should get the same and the best service. Wrong!" He referred to 10 incorrect business myths that may lead to stagnant corporate growth.

To traditional fastener companies, they may feel weird about the author's saying that "it's totally wrong to offer all customers the same best service." As a result, the author proposed a matrix that divides customers into four categories and each category shows different lead time to ensure the well and more accurate control over inventory and sales, along with process and customer service improvements to allow increased profit.

Maximizing Profit with 3 Factors and 5 "P"s

Dr. Brynes proposed 3 effective factors for profit management: Profit Mapping, Profit Levers and Profit Management Process. By utilizing these 3 factors can the profit of a company be maximized. Moreover, Dr. Brynes also proposed a new idea to fastener companies which they may take into consideration for future development, that is, other than product innovation, fastener companies must also begin to manage their "innovative customer relationship" which is part of the customer management and supply chain management. He also pointed out in his book that many manufacturers seeking business transformation have been devoted themselves to moving toward this direction and noted that in addition to "Product", "Place", "Promotion" and "Price", "Profitability" is also another parameter that should be taken into account.

In addition to continuously developing new products to increase the added value, fastener companies should also focus on their soft power in operation. Many fastener companies started their business as a small family-owned workshop. When they grow bigger, their business pattern must be also changed and each of the internal divisions and data must be also reviewed. The analyses on more than 50 large companies Dr. Brynes has conducted over the past two decades show that "Nearly 40% of the companies' business did not earn profit or even lost money. These companies relied only on the remaining 20%-30% of their business that are really profitable." If fastener companies which have grown to a certain large scale could not find out the 40% business that makes them lose money in time, then it would be very difficult for them to get out of the current bottleneck in operation.

The current focus of the dedicated fastener companies is always on the R&D, but operation, marketing and improvement of the internal corporate system must be also focused for some time, especially when the company is preparing for more expansion. According to Dr. Brynes, no matter how big or small the company is (a multinational corporation or a company with only 5 employees), they can all refer to suggestions in the book and try to locate the "Islands of Profit in a Sea of Red Ink."



Profit mapping

Analyze customers, products and order profit, instead of spending a few years establishing the basic cost system. How accurate should it be and where the latent profit is.



Profit levers

Find out the critical profit lever for managing customers, products and operation and make "bad" customers become "good" customers for you.



Profit management process

Put the opportunity to improve profit a top priority and find out the most efficient and effective solution.