



ASSOCIATION OF
INDEPENDENT
COMPRESSOR
DISTRIBUTORS

AIRMAIL

VOLUME 1, ISSUE 17

DECEMBER 2007



The AICD
Board of Directors
wishes you & your
family a very Merry
Christmas & Happy
New Year

Important Updates

Membership

Membership renewals began September 1st. If you have not yet renewed your membership with AICD; please do so ASAP to ensure that you are eligible for membership programs and events.

23rd Annual Membership Meeting & Exhibition

Plans are well underway as we are only 5 short months away from our annual meeting. Please make plans to join us May 18-20, 2008 at the Hilton Head Marriott Beach & Golf Resort in Hilton Head, SC.

Bulletin Board

Please visit our updated and fully functional website bulletin board which allows you to share equipment and industry related information with fellow distributors.

For more information visit www.aicd.org

New Years Resolution Increasing Profit Margins

Ron Nordby, AICD President

Now that 2008 is upon us it is a good time to reflect on the previous year and look forward new opportunities and focus areas. If you are like most capital equipment distributors, you have probably had very good years between 2004 -2007. Both sales and profits have been good to excellent due to the good health of the economy in general. If you have been in this industry as long as I have you probably know that this will not continue indefinitely. In fact, economists are currently pessimistic and believe a recession will most likely take hold some time in 2009.

It is also safe to assume that most people in our industry, while maybe disagreeing on the timing, believe an economic slowdown or recession is not far away. If that is the case it would seem that now is an appropriate time to initiate changes that will at least soften the effects of a possible recession. While there are many alterations that can be implemented in the areas of inventory, accounts payable, staffing and compensation, the area I would like to address is *profit margins*.

Unless you have put into affect a pricing policy at your company, your outside sales force makes the decisions on pricing and consequently profit margins. A study of pricing levels on quotations would more than likely show a consistent level of discounting and lower profit margins. Sales professionals need to be educated and held accountable in maximizing profits on sales. Historically sales professionals calculate in the same margin every time. Here are a few ideas that can be implemented to increase profit margins:

Continued on page 2

Continued from page 1

New Years Resolution Increasing Profit Margins

1) Institute a pricing policy. This could be as simple as establishing a minimum profit margin on specific product groups. Any deviation from the minimum profit margin would need management approval. I would also set this minimum profit margin level at least 2% higher than the margin they are currently using. You will find that while this increase will cause concern among the sales professionals, in and of it self will not affect overall sales. Sales professionals will adapt and more than likely improve their job performance.

2) Generate overall profit margins per sale professional. This process will definitely demonstrate which sale professionals discount more heavily than others. Sales professionals with high profit margins should be acknowledged and used to inspire others to do the same.

3) Establish regular sales meetings throughout the year to consistently discuss the importance of profit margins, how it affects the company and their individual financial well being. This discussion can include concessions made by sale professionals during the sales process that erode profit margins, plus build awareness and educate on the opportunities in those situations.

While there are other action items that could be implemented, it is not possible to cover all of the details in one article. But I can tell you from experience with our own sales force you will experience higher profit margins than expected. Interesting results we have seen has been a dramatic increase in the minimum profit margin level, a growing number of sale professionals asking and getting profit margins well above the minimum and very few requests to management to lower margins below the minimum. This has been a very successful program for us and if you would like increase profit margins it is worth considering.



If you are interested in contributing an article or topic of interest to one of the quarterly Airmail publications, please contact Cheryl in the AICD administration office, (409)866-1565. The next publication will take place in March.

2007-2008 Board of Directors

Executive Board

President - Ron Nordby, John Henry Foster Co.
Vice President - Jim Bruce, Reapair Compressor
Treasurer - Manny Cafiero, Scales Air Tech.
Secretary - Jody McCoy, General Compressor
Past President - Charles Pugh, Dallas Compressor

Regional Directors

Region 1 -Dennis Miller, C.H. Reed
Region 2 - Mark Stone, Air Equipment Co.
Region 3 - Dale Hoffpauir, Service Pump & Compressor
Region 4 - MaryAnn Goode, McKenzie Equipment
Region 5 - Robert Miller, Compressed Air Solutions
Region 6 - Rick Walsh, Q-Air California
Region 7 Matt Zorn, Zorn Air & Equipment

2007-2008 Meeting Schedule

Executive Board - 10/13/2007
Board of Directors – 1/12/2008
Board of Directors – 5/17/08
Annual Membership 5/18-20/08



AICD
Cheryl Kiker, Administrator
3458 S. Pine Island Rd.
Beaumont, TX 77713
Phone & Fax: (409)866-1565
Email: aicd@aicd.org