

What do we mean by SMART MONEY?

Right Strategy + Right Capital = Provider Success

TACTIC I: Execute the Right Strategy

When you think back, we have been called Dealers, Resellers, Enterprise Providers, Managed Services, Solution Providers, etc. This reflects the ever evolving nature of the technology space and channel confusion created by vendors, and sometimes ourselves. Why would we be constantly changing our name if we always knew our identity and function?

Simple! Our only value is as a Sales and Service agent.

Regardless of what our selling/service expertise is or evolves to – in response to changing technology and customer needs -

“The better we are at Sales and Services the higher our value, and the more we make.”

This is a remarkably obvious strategy but very easy to lose sight of. If an activity or opportunity doesn't improve our position as a preeminent technology sales/service agent we should not pursue it.

For example, Solution Providers always struggle with a “low margin product” vs. “high margin service” financial dynamic. Yet, we are constantly being told by the channel press and vendors with an obvious hidden agenda, that the key to success is to abandon or “out source” product procurement and we should perform only technology related services.

To us, that is like trying to be a successful residential home broker without selling houses:

- The vast majority of customers want both a product and a service solution with one selling group responsible for both.
- To be successful in the Sale/Service business you must control all aspects of the customer experience or risk customer dissatisfaction, uninvited competition, account loss, sub-optimal financial returns and risk, wasted effort, etc.
- Common sense would imply that the more products you sell, the more (high margin) services you will perform; installing, maintaining, procuring, and advising on the products you sold. Therefore, the more valuable you become to the customer and the vendor.

Unfortunately, there are many examples that prove splitting product from service functions is a faulty strategy and focus.

TACTIC II: Secure The Right Capital

*The **Right Capital** is one that can release you from the **Liquidity Trap**.*

What is the Liquidity Trap? Simply put, it occurs when the Solution Provider lacks sufficient capital resources to deliver a full (product and service) solution to its hard won customers. The typical result is a series of debilitating compromises such as: having insufficient internal time; diverting cost and effort to procure product, compromising sales and service; or out-sourcing product solutions, leading to increasing risk to the franchise.

The most insidious feature of the LIQUIDITY TRAP is the risk of growing your way into financial failure. It basically takes \$200 of working capital to support every \$100 in sales your profit margin is less than the working capital collateral is worth (say a 10% product margin vs. the 80% value a bank would lend against the collateral, leaving a 10% deficit), then the difference has to be self-funded. This is difficult because the profit necessary to fund growth is stuck in the working capital investment needed to finance the cost of product and services...the more we sell, the poorer we get....PROFITS YES BUT NO CASH – *we are in a **Liquidity Trap!***

If you have the **RIGHT STRATEGY** but lack the **RIGHT CAPITAL**, even the greatest tactical, intellectual, managerial, and technical capabilities will not prevent sub-optimal success.

TACTIC III: Practice Smart Money

*GTF solves the **Liquidity Trap** by providing **SMART MONEY**
to support the **Right Strategy** with the **Right Capital***

One of the advantages of GTF is how we have developed an acute understanding of not only the financial dynamics necessary for success, but also the myriad strategic and operational issues facing Providers. We help our customers formulate and implement the optimal resolution:

- \$3 billion funded for Solution Providers
- Focused solely on Solution Provider financing
- Over 100 years of cumulative experience as Solution Providers

GTF has demonstrated the ability to provide solid financial returns to the operators and high value to the account base and vendors. The success of our client resulted in 30-35% year over year revenue growth - a positive testimonial to the efficacy of our strategies.

TACTIC IV: The Power of One

The Power of One is about Partnership. GTF is committed to the pursuit of the Right Strategy with the Right Capital customized to each of our client's individual needs. To that end, we work hard to share high quality ideas and techniques we learned or came across.

Our intimate, day to day involvement with many solution providers has taught us numerous tactical tips and introduced us to a number of prominent professionals. Two of our favorite Solution Provider coaches/consultants are Larry Kesslin and Chris Winter at 4-Profit, LLC (www.4-profit.com, 917.408.6180).

We co-sponsored a meeting they had with a group of Solution Providers in Denver. The meeting focused on being more successful Solution Providers. We asked them to share a “**Smart Money**” tip:

“Recruiting is emerging as a leading barrier to growth in the solution provider community. In our research with Gartner Group, fully 90% of companies seek to hire sales people (even more in technical). But just 33% have a "formalized" recruiting program in their company. Unfortunately, a perfect storm of diminished corporate training programs, fewer new people coming into the channel and seasoned people retiring has left a void for many companies. There is a silver lining but it takes focus. We suggest you create a "recruiting culture" such that all employees and contacts understand you're looking for people. Employee referral is the leading source for hires! You don't need to hire to recruit, but you must recruit to hire effectively. Very often, you will meet people that you simply can't pass up (often for other roles). Successful recruiting requires an active and persistent process and significant communication. Happy hunting and try to avoid the trap of hiring from a pool of one”

In the coming months, GTF will publish many similar “Tactical Tips for Provider Success”, including: financial benchmarking, product & vendor management strategies, account acquisition, etc.

As industry professionals, we are 100% motivated to ensure the success of our clients. In our model the more successful the Solution Provider, the more successful we are.

Our favorite is of course: “Don’t confuse the tactics with the STRATEGY”.

The Right Strategy is work with the Right Capital Partner who can provide SMART MONEY to help avoid the Liquidity Trap.

Please visit our website www.4gtf.com or call 949. 955.1866 to register for email alerts of future issues of our series on: “Smart Money – Tactical Tips for Provider Success.”

