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Minding your business

Ramp up sales by listening to customers

Ideas flow in solving problems

By Ann Meyer

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When Thom Disch's customers talk, he listens.

"We probably take 200 customer phone calls a day," said Disch, president and chief executive of Handi-Ramp, a Libertyville-based maker of ramps for accessibility and material handling.

Many calls have yielded lucrative new products, propelling the company's sales 700 percent, to more than \$5 million, since 1999. That's a compound annual sales growth of 26 percent, Disch said.

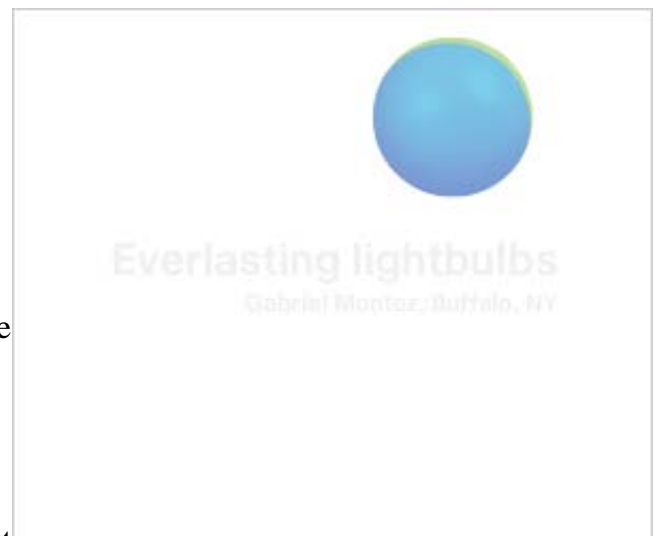
"Half of our sales come from products developed over the last 10 years," he said.

The 51-year-old company's most recent new product, non-skid treads for steps called Handi-Treads, won the Retailer's Choice Award at the National Hardware Show this month in Las Vegas.

At a time in the economy when most companies are hunkering down instead of gearing up, Disch makes new-product development look easy.

And Thomas Kuczmariski, president of Kuczmariski & Associates, a Chicago consulting firm specializing in growth through innovation and new-product development, says that's smart.

"We've got to change the perspective that risk is a four-letter word. We've got to get companies to embrace the power of risk-taking," Kuczmariski said.



"This is probably one of the most fertile times in the past 30 or 40 years for investing in innovation," he said, adding that it often takes more than a year to see the payoff in a new revenue stream, so postponing product development will only delay growth.

There are ways to minimize risk in any environment, though. By using a systematic process for new-product development, companies can improve their odds of success. It starts with understanding customers' needs, then finding solutions to those problems and creating profitable products or services.

"Companies often do it the opposite way, and there's where they fail," Kuczmariski said.

Particularly in a recession, the likelihood of success is far greater if the innovation is solving a problem than if someone develops a product purely on speculation, Kuczmariski said.

Ideas for new products or services don't have to come from within a company. Businesses can tap suppliers, vendors or consultants -- or customer advisory boards.

"Use the customer as the co-architect," he said.

Suggestions from a small group should be followed up with market research surveys or focus groups. Then ask your customers for feedback on pricing, features, benefits and positioning, Kuczmariski said.

The same steps work in developing a service.

SmithBucklin, a for-profit organization that provides management services to more than 300 trade associations, launched an innovation center in early 2007 to help its clients grow by offering new products and services to their members, said David Schmahl, senior director.

"By bringing methodology and expertise to help diversify their offerings, that's the biggest path for growth," Schmahl said.

The approach is particularly timely now that many associations are reluctant to raise membership fees because of the recession. The center also has benefitted SmithBucklin, which had sales of \$102 million in 2008, up 15 percent from a year earlier.

"Some of the measures of innovation are indirect," Schmahl said. "But it's all adding up."

What's more, the innovation center has energized SmithBucklin's workforce by encouraging idea generation.

"We're bringing innovation methodology to our other service offerings, like event planning and [information technology]," Schmahl said.

SmithBucklin also has the project-management skills to make the ideas a reality.

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It created a library of educational DVDs for a nurses association, has helped launch a peer-review system of software vendors and consultants for another organization and is exploring an online community for a technology association, Schmahl said.

SmithBucklin worked with Kuczarski & Associates for about six months to come up with best practices geared to associations, most of which have volunteer boards of directors that may not have the time or expertise to develop products or services themselves, Schmahl said.

Disch has taken a similar approach at Handi-Ramp, recognizing soon after he bought the company in 1995 that the Internet would be the best way of reaching disabled customers for unfiltered feedback and for inquiries that led to new products and services.

To help customers find installers for its ramps, for example, it formed a marketing alliance in April with Mr. Handyman's more than 300 franchises throughout the nation.

Handi-Ramp's online ordering system makes it easy for customers to buy a correctly sized ramp, said Doug Heffner, director of national accounts at Mr. Handyman in Ann Arbor, Mich.

Handi-Ramp has expanded to other accessibility products, such as handrails, along with specialty ramps for many markets. It offers portable Pet Step ramps for large dogs, for example. And its dockyard ramps, used for freight handling, represent about one-third of sales. Both products resulted from customer requests.

"I'm always putting new ideas out there," Disch said. "Some fail miserably. Some do well. And some are home runs."

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