

Business Diversification Session

“Related Diversification”

Diversification generally means offering new or unrelated services or products. For this session we are focused on new flag related services or products. Our flag mfgs welcome this session. “A rising tide lifts all ships”.

1. Why diversify
 - a. More revenue
 - b. Less economic risk – eggs in different baskets
 - c. Exploit potential multi business synergies
 - d. **Core business is in decline**

2. Types and examples of diversification
 - a. Product diversification
 - a. Clothing company diversify to home goods
 - b. Market diversification
 - a. New city or region
 - c. Industry diversification
 - a. Tech company diversify into healthcare
 - d. Service diversification
 - a. Consulting company offers training
 - e. Mergers and acquisitions
 - a. Purchasing or merging with another company

3. Pros and cons
 - a. Pros
 - a. New customers
 - b. Keep existing customers
 - c. Increased competitiveness – buying power/cash flow/advertising
 - d. Improved stability – not relying on one product to continue
 - b. Example – Apple
 - a. 1984 launched Macintosh
 - b. 1990s close to bankruptcy due to Microsoft pricing
 - c. 2001-2003 launched ipod and itunes using same resources and design principles of Macintosh
 - d. 2007 launched iphone – enough said
 - c. Cons
 - a. Risky if not enough education or resources
 - d. Example – Harley Davidson
 - a. 1990's diversified into fragrances
 - b. Angered fan base
 - c. Be careful of brand/product clashing
 - d. Be realistic about products appeal and fit

4. Ways to diversify in the flag industry

- a. Add more products to your inventory from main mfgs then **ADVERTISE**
 - a. More options of indoor bases, poles, hardware, etc
 - b. More types of residential flagpoles, hardware, etc
 - c. Premade attention flags and sunblades, sale, special, open, etc
 - d. Pennants and streamers
 - e. Historic flags
 - f. Decorative flags

- b. New products/services
 - a. Flagpoles – residential and commercial
 - 1. Sales, installation, **service**
 - b. Flags – for those that only sell/service flagpoles
 - c. Custom flags
 - d. Sign products
 - 1. Equipment has gotten less expensive for the quality
 - 2. Can start small with not much space
 - 3. Easy to source vector art services
 - 4. Sign trade shows wealth of information
 - 5. Lots of products that can come out of the sign industry – ad spec, etc.
 - 6. Easy to find outsourcing for installations
 - 7. Many local wholesale sellers

5. AMI Graphics – Showdown – and others

- a. Already part of flag industry
- b. Understands flag dealers
- c. Ease of ordering – websites and phone
- d. Fast turnarounds
- e. Many related products
 - 1. Comments from customers “oh, I didn’t know you sold those too”
- f. Great customer service that will help you with building knowledge
- g. Products offered
 - a. Signage
 - 1. Banners
 - 2. Retractable banners
 - 3. Indoor/outdoor stands
 - 4. Pole banners
 - 5. A-frames
 - 6. Wall/floor graphics
 - 7. Home décor, blankets/pillows, etc.
 - b. Tents and table covers
 - c. Trade show displays
 - 1. Table covers, backdrops, table top displays, pedestals/tables, trade show packages