

# Diversification & Our Industry

## It is critical to be open to additional products & services

by: Chip Miceli, Pulse Technology

**W**e have seen seismic shifts in the office technology industry in recent years. As we navigate through these changes, it is necessary for us to adapt our business models to remain profitable and viable.

Change is inevitable, which is hardly a new belief. In fact, Socrates, who lived from 469 to 399 B.C., is credited with proclaiming: “The secret of change is to focus all of your energy not on fighting the old, but on building the new.”

His advice is as valid today as it was then and it definitely applies to our industry. What is “up” in any one period of time may not remain so indefinitely. In fact, it probably won’t. Imaging devices, for example, have been a cornerstone of the industry for many years. And while I believe there will always be a place for them in our offerings, trends tell us that successful dealers will need more than MPS and imaging devices to hang their hats on.

There is truth to the adage: “Don’t put all your eggs in one basket.” Who could have foreseen how the COVID-19 pandemic would impact our industry? Or how social media, the trend toward paperless offices and other external factors might affect document generation? We cannot know for certain how market conditions and needs may change in the next year or the next five years. So, it is critically important for all of us to plan, as best we can, for the “what if’s” that may come our way. And the best way to do that is to be diversified in what we offer to our customers.

At Pulse Technology, we have always been big believers in diversification. Remember the emergence of managed print services (MPS) as the “next big thing” for our industry some years ago? At the time, the concept was transformational. MPS took our industry to an entirely new level, enabling dealers to become more than merely “those people who sell copiers and printers.” The benefits of MPS to our customers — streamlining and improving efficiencies while delivering lower per-page costs — elevated dealers from being simply vendors to solution providers and trusted advisors to their customer bases.

But today, MPS may not be enough all by itself. My own company has diversified significantly from its early days



under the name Des Plaines Office Equipment, which my father, Vincent Miceli, launched in 1955. In his early days, the company’s offerings included typewriters and calculators among other things — both useful at the time, but hardly the foundation for a successful business today.

I began my career in this industry at Des Plaines Office Equipment in the late 1980s as a salesman, and what I discovered early on from listening to customers was that their needs often extended beyond the products and services that we were currently offering. We built our business, in part, by listening to those needs and expanding our offerings where it made sense to do so. That was what diversification looked like 35 years ago. And although the solutions may be different today, the principle is the same.

The importance of being open to new markets, products and services is a lesson I have carried with me throughout the years. To be successful in this industry, you have to listen intently — to your customers, your employees and your trusted contacts in the industry. If you hear about a new product or idea, be open to it. Investigate it. And if it works for you, take that step and go forward with it.

In the past, we were dedicated almost entirely to imaging devices and print services. It was a winning model for

a number of years. But we have all seen print sales decline due to a number of factors, and the belief that it might decline is what kept us conscious of the need to diversify our offerings.

Fast forward to today and this segment accounts for approximately 50% of our overall revenues, which means that we have found a number of other sources of revenue that work for our customers.

We have diversified considerably over the last decade. Prior to that time, from 2005 to 2015, we had grown, in part, through a number of strategic acquisitions in the greater Chicago, Illinois, area. The acquired companies were smaller and focused on copier/MFPs and printers, largely in the same general space as us. Through those acquisitions, we did add a manufacturer or two to our product line, and we certainly expanded our customer base, but MPS remained our core offering.

Our first big foray into diversification was with managed IT services, which we accomplished without an acquisition, but rather through strategic internal planning. Managed IT services was a logical extension of the technology we offered to our MPS clients and was a first important step on our journey toward becoming a “one-stop shop” for customers.

Acquisitions in Indiana in the last decade brought us into the office supply, office furniture and mailing equipment markets, and significantly expanded what we could deliver in the way of related services to our customers. In fact, it was after diversifying into managed services, furniture and office supplies that we realized we had outgrown our name. We undertook a rebranding process to develop a name that speaks to our greater breadth of offerings. And, so, in 2019, Des Plaines Office Equipment and our Indiana affiliates (McShane’s and Kramer & Leonard) became Pulse Technology.

We continued our diversification into the digital display market with the addition of conferencing tools and video walls. The pandemic may have opened that door a little wider as the idea of videoconferencing took on a new importance. In addition to the sale and service of this equipment (which you can find in corporate conference rooms, educational institutions and sports arenas), we found a related opportunity in our conference room subscription model. Equipping businesses with interactive boards, panels and sound systems for their conferencing needs is increasingly popular, driven in part by the changes in the workplace that COVID forced upon us all. We lease the equipment and provide all of the on-site support needed. Video walls are far more of an office staple today as opposed to 10 years ago when they were seen as a luxury.

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Another new area we have added is production print. We see signs pointing to heightened interest from larger corporations with significant printing needs that prefer to do their work in-house. We recently became one of very few dealers to bring a machine that can virtually outperform many web offset printers in-house — the Sharp BP-1200S. We anticipate this being attractive to large corporations with significant

printing needs, advertising agencies, marketing companies, larger real estate agencies and even printing shops.

We have also explored other revenue streams that are tied with our office products, including janitorial supplies and water systems.

As a dealer, you may be saying: “That all sounds good, but how do you get your sales reps to successfully market these new products and services when they’ve mostly just sold copiers and printers?” On top of our representatives’ commission plans, we offer bonuses for focusing on adding monthly recurring revenue. We add commission boosts and other incentives on certain offerings. We also increase commissions when sales representatives sell new services to existing clients.

We do think that imaging devices — which have been the “bread and butter” for many dealers — will remain critical to the business landscape. Although some verticals have reduced their reliance on printed material, others still prefer their current processes that rely on prints.

But it is critical for dealers to be open to additional products and services — ideally ones with recurring revenue models — to stay strong through these times. If, as a dealer, you are strategic about what you offer to your clients, you may find that they appreciate the opportunity to work with one trusted partner rather than multiple vendors.

How do you decide what diversification might work for you? Talk with your clients. Ask about what they need that you might be able to provide. Talk with your local business associations, and even other dealers who aren’t your competitors, but rather your colleagues. Whether your expansion is managed services, office products, document management, VoIP products or something completely different, do your investigating and you may be pleasantly surprised at the results. ■

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