



Open a New Branch or Buy a Dealership?

Each month in Office Technology's Dealers Helping Dealers feature (see page 27) we publish a question asked by a BTA member dealer and the responses to that question from fellow member dealers. This month there were two related questions: **"When is a good time to open a second location? Is it better to look into buying a smaller dealership?"** Dave Aulisio, vice president of business development at Automated Business Solutions in Warwick, Rhode Island, provided substantive advice that wouldn't fit on page 27, so I've included it here. Perhaps this — and additional guidance from your peers — will be helpful as you consider a second location.



Aulisio: There are certainly pros and cons to each. When opening any additional location organically, you can focus on implementing your own policies and procedures with existing personnel. You can also control and fully vet who you wish to bring on board. These folks can potentially add value right away and be good fits culturally. Realistic expectations must be placed on any business unit in a new, second location.

The challenge comes with balancing revenue generation with the time you are allowing your organization to generate a sustainable business within a specific area. With no business or machine-in-field population in the area, opening a business organically in a new location takes time.

Are you opening up in a saturated market and how will that impact your ability to compete? Can you get good enough staff members to execute your goals in a reasonable amount of time? How much money will need to be invested in a new facility, staff and the overall logistics needed to run a thriving business unit? I have seen companies open second

locations with sales staff members only, others that are service depots only, and even some that are telemarketing centers. I have seen some open second locations that open up second regions with no dedicated offices, and all sales staff members working remotely.

A second location should meet the objectives of the dealer and what he (or she) needs at the time. With the transition of many workforces, you need to consider whether a task can be done remotely or if it must be done within a dedicated office. This is a decision that is not a "one size fits all" in regard to where the job gets done, but should be considered when opening a second location.

If an organization has revenue and growth targets it wishes to hit in a certain period of time, the quickest way is likely via a smart acquisition. Although revenue and market-share growth can be attained relatively swiftly, you also need to consider the long-term impact on current personnel and the overall image of your business. If an acquisition takes place, does that lead to a staff restructuring? How will the policies and procedures of the purchased company "mesh" with the buying company? Can the buying company handle the workload of the business it acquires? Will that lead to more of a workload for the purchasing company that might be challenging to effectively handle?

As more office technology dealers seek to diversify, acquisition is likely the best way for short- and long-term growth, but it can come with risks. If the acquired company is absorbed into the new company, how will the personnel of the acquired company be able to adjust to a new culture and different ways of conducting business?

These are all things to consider. There is no perfect strategy and you should do what is best for your dealership after careful evaluation of all alternatives. ■

— Brent Hoskins

Office Technology

Executive Director/BTA
Editor/Office Technology

Brent Hoskins
brent@bta.org
(816) 303-4040

Associate Editor

Elizabeth Marvel
elizabeth@bta.org
(816) 303-4060

Contributing Writers

Coty Di Maggio, Brother International
www.brother-usa.com

Bob Goldberg, General Counsel
Business Technology Association

Dale Stein, Technology Assurance Group
www.tagnational.com



Business Technology Association

12411 Wornall Road
Kansas City, MO 64145
(816) 941-3100
www.bta.org

Member Services: (800) 505-2821
BTA Legal Hotline: (312) 648-2300

Valerie Briseno
Marketing Director
valerie@bta.org

Brian Smith
Membership Sales Representative
brian@bta.org

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FLASHBACK



The association's magazine cover 53 years ago this month — the NOMDA Spokesman, October 1970.