

Know Your Core Competencies

Identify what you do best to determine which services you should offer.

BY JEFF HOLT



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With so many mergers and acquisitions in our industry recently, there are likely a good number of companies trying to figure out what parts of the business to keep and what to divest. Other companies struggling in this economy may very well be facing the same choices. Businesses making these decisions are either at risk or looking for opportunities to position themselves for future growth.

Watching this play out evokes memories of a choice our distributor company, Image Source (asi/230121), made three years ago. It occurred when we formed a key strategic partnership with Caribbean Apparel, a small local distributor/embroidery shop, creating a new merchandise agency, Branded Solutions by Edgar Martinez (asi/145076). The partnership left us with several important choices to make – the most important of which included deciding on what parts of the business to continue forward with, what pieces didn't fit with our model and how to brand the new entity.

huge local profile and industry-specific business aspirations that initially drew Image Source to the table. After forming a strategic partnership in late 2006, Caribbean was re-launched as Branded Solutions by Edgar Martinez, a sister company to Image Source.

It was a simple enough scenario. As an established distributorship, Image Source operates as a true merchandise and apparel agency, focusing on the client and our role as promotional consultants. Forming the strategic partnership and launching Branded Solutions by Edgar Martinez would provide solid and ongoing media attention, an increased profile in an expanded market, penetration into sports marketing channels and several new business opportunities with both local and national companies. When we analyzed the Caribbean opportunity and the potential service offering of the new company, the question that had to be resolved was what to do with the embroidery part of the business.

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Opportunity Knocks

Edgar Martinez is a former baseball star with iconic status here in the Seattle area for his 18 years playing with the Mariners and his continued work in the local community. Little known was that Edgar also has a propensity for business. He opened a small embroidery shop, Caribbean Apparel, which became the focus of his efforts after retirement from baseball. It was Edgar's

Understand Your Core Competency

The embroidery business requires a specialized knowledge base, expensive equipment and dedicated staff and space – preferably lots of it, if there's going to be substantial volume flowing through. If there was ever a time for us to bring this capability in-house, this was it. The equipment and staff already existed at Caribbean, so we didn't need to purchase expensive machines, or hire people to run them. Space was a contributing factor, but not a prohibitive one. In reality, however, we knew from the onset this wasn't the direction that was in the best interest of our company, because we understand our core competencies.

We rely on partners for decoration, viewing this as a specialized service which we'd rather not offer in-house. Best leave the decorating to the pros – our local print and embroidery shops – and focus our team on what we do best, which is sell. Marketing promotions, client partnership and helping them meet their marketing goals through branded merchandise and apparel is our core competency. As long as we remained firmly grounded in this core, we knew we would have the ability to build up the new company, and be success-

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and a lot
more

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ful. I know there are many distributors that handle their own apparel decorating needs in-house and I know of many that do it well. In our case, we felt it would only dilute, not enhance, our service offering by taking our eyes off of the more important and profitable elements of our business. If we became partially focused on running the embroidery side of the business, we'd only be partially focused on growing our two partner companies in the successful areas we'd already established as our core competencies.

Natural Brand Extension

Some products or brands just lend themselves naturally to brand extensions. Ours came not in the form of adding in-house embroidery capability, but instead grew organically from the unique and powerful brand that is associated with Edgar Martinez. Some of this excitement was expected, but the sheer number of requests coming in from clients and non-clients alike trying to get Edgar to come meet, greet, speak to and spend time with their employees and customers unveiled a business opportunity that couldn't be ignored. When the main value offered to your clients as a merchandise and apparel agency is solutions to their marketing needs, it became a natural brand extension for us to offer celebrity appearances from one of Seattle's favorite athletes.

With this service offering, we can not only provide team apparel and logo products for events and promotions, but also provide an exciting way for them to generate attention, drive traffic and create buzz. Appearances, merchandise and apparel are bundled

together to build client success and deepen our relationship with them, leading to recurring revenue. And new celebrities have since been added to increase the personality choices available to meet differing needs. In our case, our core competencies led us to a new service offering, one that was in better alignment with our client solutions focus and profitability goals.

As your company looks at bringing on

new services for any reason, be sure to know yourself first. Identify your own core competencies and be true to them. And if you do decide to extend your brand, do your best to make sure it will focus your attention in the right areas that are in alignment with your existing corporate goals and skill set. Doing so will not only help you keep your eye on the ball, but will also likely be more enjoyable and profitable. ■

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