

# Alir Systems

## Firm Benefits

- 215% increase in first year sales
- 80% projected compounded growth in year two
- Company well positioned to maintain desired growth

## Marketing Plan

Alir Systems, located in Jamestown, NY, is a marketer of metal casework, i.e. cabinetry and related systems, for the laboratory and scientific/ institutional markets. The company was founded in 2001 as a subsidiary of Phoenix Metal Fabricating. The relatively new business entity offered the parent company the opportunity to diversify its base business as a job shop for metal fabricated parts to OEM accounts. The primary

benefits of the new business venture would be increased utilization of its manufacturing capacity, as well as the opportunity to offset some of the cyclical effects of the metal fabrication industry. Selling its own product offering could open up new and untapped market opportunities, including geographic and end-user segments. With the addition of several key individuals at Alir Systems, the company was in a position to effectively compete in the market for laboratory and scientific cabinets. It was senior management's belief that Alir



Alir Systems Engineering Manager, Steve McIntire, completes final assembly of lower cabinet unit.

Systems could meet its growth expectations by increasing market share at the expense of a few very large entrenched competitors. While this new business would be significant to Alir Systems, it would be of minimal impact to industry leaders like Fisher Hamilton or Kewaunee Scientific. Overall, it appeared that the company was taking a realistic and systematic approach to the business and that its objectives were both modest and achievable.

### Situation

While Phoenix Metal Fabricating possessed some significant operational and marketing capabilities as a contract manufacturer, there were also some major issues that the company needed to successfully address if it was to become a viable marketer of its own product line. Alir Systems had virtually no name or brand recognition within its targeted market segments. Furthermore, it lacked the necessary infrastructure in

"The marketing planning process provided a road map for our immediate and long term success. By establishing a market focus and measurable objectives, we have been able to achieve our business objectives and position ourselves for increased market penetration in the near future."

Gary Johnson, President, Phoenix Metal Fabricating

terms of field sales and dealer/ architectural networks. In addition, the company's product offering was very limited and lacked several key line items, particularly fume hoods and countertops, to enable it to compete for major installations at potential key accounts.

As an industry start up, the company was also entering an intensely competitive market that was dominated by the two major players identified above. In addition, there were also 40-50 smaller manufacturers, all of whom were established and recognized entities within the key, targeted market segments.

## **Solution**

Alir Systems' senior management contacted Insyte Consulting regarding the development of a formal marketing plan that would help the company address the above issues and set the strategic direction for sustained growth over the next 3-5 years. Upon the completion of a comprehensive situation analysis of the overall market, and Alir Systems' position within it, a clear strategic direction was set for the company. It was determined that Alir Systems could effectively compete as a niche manufacturer based on its ability to provide flexible/ modular designs, superior quality, exceptional customer service and pricing slightly below prevailing market levels. This overall positioning included several key strategies that covered brand awareness, sales and distribution structure, pricing and new product development. Each of these key strategies was supported by specific tactics, action plans (including individual responsibility and due date) and budgets that were intended to ensure timely execution of the plan.

Since completion of the planning document, the company has been able to leverage the vulnerability of its key competitors. Alir Systems is consistently building, shipping and installing its systems in less than 50% of the time that is typically required within the industry. The product line has been expanded substantially for the purpose of opening up additional market opportunities. This has been accomplished through a combination of internal development and outside sourcing. Key product line additions include fume hoods, flammable storage cabinets and acid resistant cabinets, as well as new base and wall cabinetry in multiple sizes and configurations. From a sales structure perspective, over a dozen dealer arrangements have been established for the purpose of pursuing major end-user installations throughout the country. These arrangements have also enabled the company to provide required customer service for system installation and after market support. Also, by active participation in the industry's major trade show, Pitt-Con, the company is gaining much needed exposure and credibility that has resulted in significant new business opportunities.

The overall result of this marketing direction was an increase of sales of 215% in the first year and a projected compounded growth of 80% in year two. Furthermore, it is believed that Alir Systems is extremely well positioned to maintain this level of growth and continue the systematic expansion of the business as anticipated and desired.