AD Supply Chain Group Pty Ltd

Supply Chain Consulting

Newsletter

September 2012

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### Welcome

Welcome to our September 2012 Newsletter, I hope you enjoy the contents and get some value out of the tools and ideas. Again thanks to colleagues and friends that have helped to bring you a range of advice and insights that you can implement in your business. The first article raises the important question when dealing with business relationships "who are they?" Often it is the inability of businesses to answer that question that can lead to problems and missed opportunities. After asking Who, we then come to an article by Mike Boyle that asks the question Why! When it comes to successful selling this is a very important question. Finally, as always, we end with 3 ideas you might find useful in delivering business success in 2012/13.


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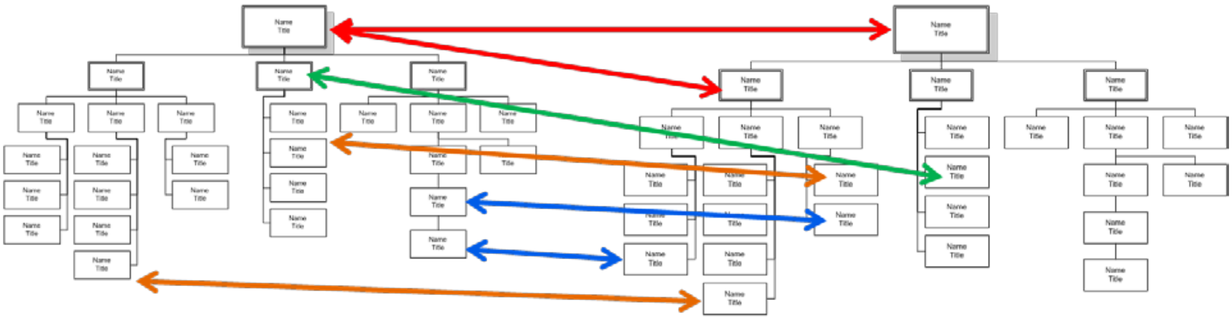
## Managing Business Relationships, How to Answer the Question – "Who Are They?"

***By Andrew Downard – Director AD Supply Chain Group Pty Ltd***

The concept that collaborating with business partners results in better economic outcomes than adversarial and arms-length methods is well proven. The saying "It's not how little you pay that's important but rather how much you get" encapsulates the whole issue. In his book "Getting More!" Stuart Diamond shows that by exchanging things that each party values differently, the total value of the deal is increased. So, rather than arguing about how to slice up the pie, the parties involved grow the size of the pie. This can be seen as getting a result that is better than "Win-Win".

Another point Diamond makes is that companies don't collaborate, rather it is people that do so. He stresses the importance of knowing the answer to the question "Who are they?" It's only by understanding the needs of the other people you are dealing with (and communicating your needs to them) that you can successfully collaborate.

All too often people struggle with the answer to the question "Who are they?" Strangely, the level of knowledge around "Who are they?" can even be worse when dealing with existing business partners. This can often lead to unpleasant surprises. A newly appointed engineer who you haven't made contact with (or don't know about) designs your product out of the customers offering. Your contact at a key supplier or client leaves and you don't know who to talk to? A process that can assist by instilling some discipline into your relationship management activities is "Touch-point Mapping".



This process starts out by asking who we know in the partner's business. Questions such as "who talks to their CEO" (hopefully your CEO), "Who do we know in Engineering?" start to tease out gaps and opportunities. Identifying contacts at all levels is also important. Strategically, senior contacts are obviously of value, but from a day to day operational point of view, people in the middle ranks deliver results.

The second phase aims to categorise contacts by the role they have in the relationship. Below are the categories that would apply to those contacts within a customer:

**Decision Maker** These are the people that initiate the process of awarding business and are closely aligned with the hands on activities involved with executing day to day business between the parties..

**Approver** While not involved in day to day activities the Approver role is critical to success because they have the ability to approve or block the recommendations received from the Decision Maker

**Influencer** These are people not in the direct line as far as allocating new business or setting the agenda on relationships. They are however influential or persuasive in modifying or enhancing the relationship

**Gatekeeper** Gate Keepers have very little role in the direct business activities between the parties but they can hinder the relationship by preventing access to people or information that can assist the firm win business or improve the relationship.

Allocating people into their categories can be made easier by using the matrix below:

| | Initiates Action | Passes or Blocks Action |
|---|---|---|
| Direct Involvement in Business Allocation | Decision Maker<br>Purchasing Manager | Approver<br>Finance Manager |
| Indirect Involvement in Business Allocation | Influencers<br>Engineering Manager | Gate Keeper<br>Receptionist |

The above categories with minor modifications can also be applied to a supplier. Once populated, the matrix can form the basis for your communication plan with that partner. This communication plan can be enhanced by categorising your own people by the influence they can have on the relationship. It is a mistake to think that managing the relationship is the sole responsibility of the salesman or buyer. Often those involved with service delivery or replenishment have far greater involvement with trading partners. To understand this, the following categories can be applied:

**Contractors** Are the main people involved in service delivery and are the main "custodians" of the relationship. They need to be very conscious of the impact they have on the company's image with their trading partner and be clear on the "marketing message" they are putting over.

**Modifiers** These people can have a major influence on the company's image with customers. Not so much in forming the image but either amplifying it or detracting from it.

**Influencers** These people while not in day to day contact are a key part of the service delivery process. As such they may be contacted by the customer when things have gone amiss. How they respond can have a very significant impact and can "make or break" the relationship.

**Isolates** While Isolates have irregular contact and no role in service delivery they should not see themselves as being uninvolved in the process of Relationship Management.

Again, using the matrix below will aid in the categorisation process:

| | Involved In Service Delivery | Not Involved In Service Delivery |
|---|---|---|
| Regular Contact | **Contactors**<br>Customer Service/Order Entry | **Modifiers**<br>Accounts Receivable Clerk |
| Irregular Contact | **Influencers**<br>Production Managerr | **Isolates**<br>Financial Accountant |

As mentioned before, this process can be used for customers, suppliers, service providers or government agencies. Any group or organisation where the relationship is important to you can benefit from these tools.

So, do you have a clear idea of who is who at your key trading partners? Are there gaps that you can identify using the processes we have discussed above? Give the process a try with a key trading partner, you may be surprised.

We will cover how to go about communication and relationship management planning in a later newsletter.  If in the meantime you have questions, don't hesitate to get in contact at andrew.downard@adsupplychain.com.au, or Tel. 0419 581 705

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## WHY is the WHY so Important to Selling in the Mountains

Written by Mike Boyle – Head Sales Scientist – Banjar Group

Lately I have been using a story to help my customers focus on where they are during these indifferent times. The Tour De France. Where do you win the Tour de France I ask? "At the finish line" is often the reply. Of course this is true but not accurate. The race is clearly won and run in the mountains. This is where great teams with specific roles collaborate together to make sure their number one rider is in a position to win. In fact the last day or so, is a ride into Paris where no one can pass the front rider that's how much they respect the work done in the mountains.

I have been reminding my clients that we have rode the flat roads of sales and business for many years but clearly we are now in the mountains. Success in sales, in the 'Business Mountains' comes down to a couple of very important areas. They are:

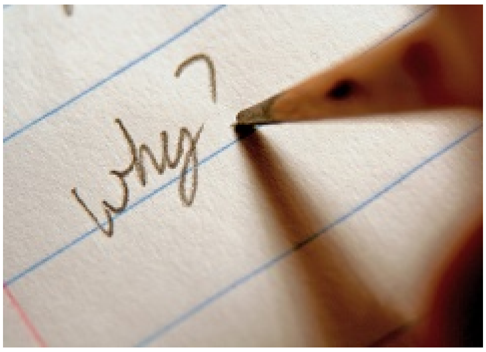
**Common Goal and Vision** – everyone in sales and in fact the whole organisation must clearly understand the business vision and the target, budget and or objectives for sales. They must understand it, know it and clearly reflect it in their planning.

**Focus** – create an environment of focus. Focus on the things that matter not just doing more with less. What are the key sales activities and disciplines that make sales happen?

**Role v Goal** – many groups I train or coach often confuse ROLE and GOAL when I ask about the common goal and vision. Make sure that all in the sales department, be it frontline, support or marketing all understands the role they have and how it helps the team and therefore the achievement of the sales goal.

**Lag v lead** – we often only measure the LAG indicators in the mountains. The result, the revenue achieved or deals done. That is history, important for review but does not help us pedal forward. LEAD indicators are things that matter in winning business or creating sales. Proposals presented, prospects opened and number of explicit needs found per meeting. Design your own LEAD indicators and track them.

Lastly I have been running a session on the **WHY**.




If you have watched the now famous Simon Sinek video on TED.COM you would know he questions the WHAT in selling and consumerism and develops the science around the WHY. Why people buy and how you should sell to them. Please watch this video and then spend a minute mapping your three selling rings. WHAT do you do or sell. That should be easy as we all get it and we all love it.

Unfortunately customers don't really care about the WHAT and science proves they certainly don't buy the what. Now map the HOW. This will be harder as you will have to think. In Apple's case it is cool design, innovation and sexy. Now do the WHY for you. Why you do what you do. Clearly the WHY gets people to become religious to your brand. It gets shoppers to queue up at midnight to get the first IPAD and it turns them into raving fans.

Today I saw a large residential builder in my hometown of Melbourne, Australia has clearly got the WHY. They have inserted into our leading newspaper, at great expense a colour brochure that is all about the WHY. Big beautiful photos of families LOVING their new home. Headlines with LOVE FAMILY, LOVE GOOD TIMES and LOVE SPACE. Little if any content on tiles, floors or timber. Developing your WHY message and then selling it effectively will be the key to standing on the winners podium after fighting it out in the mountains in 2012/13. WHY wouldn't you try?

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## 3 Key Ideas to Help Business Leaders Succeed in 2012/2013

**1. Boost your personal efficiency**

When looking at profit improvement potential (or waste) in a business it is often said it is easy to identify 30% of your current overheads as 'waste'. The same can be said if you audited yourself for your levels of efficiency. 30% of what you do on a day-to-day basis is waste. Outside the box ways to boost your efficiency are required. Some key tips are:

- Hire a Virtual Assistant to prevent you performing tasks you don't have to
- Stop doing many of the things that are not in the 20% of things you do which create 80% of the benefit
- Build processes and document all aspects of your business you currently do 'naturally' so you can delegate more of what you do
- Use the latest technology platforms such as Ipads, Livescribe pens and various apps to better collect your notes, ideas, strategies and increase your speed in finding them at a later date

**2. Protect your energy levels**

Think of the networks of people in business and personally you associate with on a regular basis. Are these people providing you a boost in your energy levels when you connect with them or are they taking away your valuable energy levels (acting as what we call 'Energy Vampires')? If you have the balance wrong and have a large portion acting as 'Energy Vampires' it can have a detrimental effect on your ability to implement change and deliver the outcomes you are seeking. Perform a quick audit on your circle of business and personal contacts; what do you have to change?

**3. What is your 'theme' for the next 12 months?**

Having a theme for your plans for the next 12 months can help focus more acutely your team, customers and importantly yourself on what's important when driving strategies / actions. Themes could include: "Innovation", "Growth", "Efficiency", "Profit", "Downsize", "Consolidate" or "Improve Life Balance".

## Growth and Profit Solution

Don't forget that you have free access to our Growth & Profit Solution (GPS) tool at our website:

http://adsupplychain.com.au/Diagnostic/Diagnostic.html

This is a simple and powerful way to help you gather that critical focus on your Top 3 Growth and Profit Opportunities for 2012/13. It is easy to complete it and you will be be sent a report at the end summarising your results.


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## SUPPLY CHAIN RISK MANAGEMENT COURSE

For those unable to get to our previous training sessions on Supply Chain Risk Management in NSW we have arranged to run a 1 day program for APICS NSW, You can download a copy of the brochure .... HERE or go to the APICS NSW website www.http://nsw.apics.org.au/ . This program will provide you with an understanding of Supply Chain Risk and how this can be managed so that the impact of risk events on the performance of your business is minimised. Taking action to manage risk will not only provide protection from major risk events, but will also deliver a more reliable supply chain for the business.

A number of tools and models will be provided as part of the workshop. This will assist in identifying the sources of risk as well as guiding you towards the appropriate countermeasures and risk treatments. These tools and models are available for you to take away and use back in your own organisation