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# Integrated Supply Consultants

Envision . Plan . Implement .

July 2008 Newsletter

Issue 16

## Welcome to Integrated Supply Consultants

Greetings Kathy,

ISC attended a very well organized eQuantum Conference at Lake Tahoe in late June. It was exciting and heartening at the same time, to see a very viable, strong group of independent businesses in one place networking, learning from one another and from the business resources available to them.

The meeting was a User's Conference where new technologies (or better understanding of the old) were featured. Workshops and private one-on-one sessions were conducted. It was an excellent resource for an independent reseller's personnel regarding training and gaining knowledge of what they have already invested in their business. If you were unable to attend I would highly recommend that any eQuantum user take advantage of this resource the next time it comes around in Baltimore in October (dovetailed onto the [PSDA Annual Conference](#)).

For many of us technology is a love / hate relationship. I think most of you understand what I am talking about. It is a beautiful thing when it works, but you want to rip your hair out when it doesn't! Mostly, you should love it. Read more below.

To view or download ISC's eQuantum Conference presentation,

[please click here](#). Good Selling



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### In This Issue:

[I Already Have Enough Technology...](#)

[Increased Sales Revenues in Today's Tough Market: Where? How?](#)

[Dwindling Number of Vendor Choices for Business Products?](#)

[July Blog Question](#)

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### I Already Have Enough Technology...

I have heard this comment more than once over the last year and a half, and I agree. It is not how much technology you have, but how you use it. It is like the guy who goes out and buys the newest tech toy as it hits the market; iPod, iPhone, video games, newest PDA, BlueTooth and on and on, without really understanding what you have and how to take full advantage of it. Recently a friend asked me how to mute his new Blackberry (I didn't know either!). The product's features are underutilized. Did you get what you paid for? Only if you know what to do with it once you have it. You better figure it out fast before it is surpassed by a newer technology.



The same situation applies to your business. It is not about what technology you have but how you use it. Do not buy technology just for the sake of having it. How does it make money for your business? How do you market its features and benefits to your customer? If your customer doesn't use your new technology or understand how or what it means to their business you are not leveraging your investment. Your website, your email campaign capabilities, a 24/7 automated online customer service, a single source; purchase order process [QNeteQuantum's](#). How can you make this technology make you money?

Why did you buy or lease the technology in the first place? Perhaps because it is perceived to be the great equalizer among businesses, large and small. Some customer benefits derived from B2B technologies include:

- PDAs: better and quicker communication between the company and customer
- Websites: easier access to all of your company's information and products and services

- eCommerce Solutions: hassle-free, less errors, less returns, larger order size and streamlined transactional processes
- CRM Software (Goldmine): knowing your customer better to understand their needs and what and how to sell to them
- Sales Force Automation Software: expediting the sales cycle
- Email Campaigns [StructuredWeb](#): PURLs and embedded forms guide your customer effectively through your sale process getting them to the place in your company they need to be to serve their needs quickly, more quality leads are generated

All of these technologies result in a more closely integrated relationship with your customer. If technology is deployed and marketed properly, you will create customers for life.

In today's market there are many choices for technology solutions. The key is to have them all operating from one common database that can be touched and mined from one point. This process should not be left to your sales team (let them sell or be in front of your customer). It should be coordinated from someone inside your business.



### Increased Sales Revenues in Today's Tough Market: Where? How?

Acquiring new customers can be a costly venture. According to searchCRM.com: *Customer acquisition cost* is the cost associated with convincing a consumer to buy your product or service, including research, marketing, and advertising cost.

You have already made and paid this investment with your existing customers. Why not leverage it? It certainly is less expensive than acquiring new customers. Don't get me wrong: you must prospect for new customers. But you can also better exploit the ones you already have. Pure online customers cost less than commercial accounts. Acquisition costs also vary by sector or vertical market (see [Wharton Strategic Services](#)).

How do you get current customers to buy more stuff from your company? That depends on how you position and market your company to your customers. What is your sales person selling when they are in front of your customers? How do they sell it? Is your person selling power tools one day and selling specialty advertising another day (I'm crossing channels here...)? Would your customer be confused? Should the sales person be selling a different product to a different department or to a different contact person?

You can sell more products to the same customer if you position and market your services as an integrated solution from the start of the customer relationship. But you have had these customers, how do you start or change mid-stream? One suggestion is to create a new division, sales team or sales person that will present a new procurement model that your existing customers can easily leverage. The sales person who has the account responsibility may not have the skill sets to sell a concept (vs. a product). You could bring in a specialist to help the assigned sales person. The specialist can receive a portion of the new sales revenue generated or can be compensated with a salary, company MBO (manage by objective) or a bonus combination.

The key to increased sales is putting in place a procurement solution that enables the consumer to reduce vendors and streamline backend costs associated with multiple and convoluted processes. eQuantum's integrated purchase order available in QNet, combined with [JumpCart](#) and Catalog On Demand, are powerful marketing tools to create a professional and cost effective (for the distributor and the consumer) integrated procurement system. Always calculate your [ROI](#) and set your goals and have your customers profiled before you deploy your new sales model.



### Dwindling Number of Vendor Choices for Business Products?

Staples' purchase of Corporate Express is now old news. Staples has now become a \$20B+ entity in the US Market and the 800 lb. gorilla in this channel (as if it wasn't before the acquisition!). But its reverberations could be felt for some time in the supply channel for business consumables. The consumer now has fewer choices. That news even made [Modern Distribution Management's \(MDM\) June 25 newsletter](#). MDM is a premier communication for the industrial supply channel. The article comes with a subtitle "The retailer expands its reach into wholesale". Actually Corporate Express has been dabbling in the resell business for some time, but that is not its core business. Its core business is the large contract (Fortune 500) consumer businesses (the end-user). That is what Staples bought in this acquisition, including access to the Australian market, where it did not have a presence previously. But Staples was already in the contract business with Staples Business Advantage and through earlier acquisitions, now almost 10 years ago, of independent contract stationers. Why didn't Staples leverage those earlier acquisitions to develop its contract expertise? Well, it has and is very good at serving the large size customer. This acquisition is about taking out a weaker competitor and consolidating its US market position. They will be adding new contract customers. Currently, the retail business is not being kind to the office products industry with Office Depot and OfficeMax's shares tanking in recent weeks. [Staples](#) remains in good shape with stable share and EPS this year.

What does an underlying perception of Staples being a wholesaler (at least in the MRO space) impact on its relationship with United Stationers and SP Richards? Are they now competitors? It is not a well kept secret in the industry that Staples, Office Depot or OfficeMax try to do the least amount of business with the wholesalers as possible, even to the point of penalizing their sales people when they allow product to be sourced from one of the wholesalers. This is a "cutting-off-your-nose-to-spite-your-face" type of business acumen. It plays into the strength of independent reseller of the category. Staples will automatically convert USSCo's and SPR's private label products into their own when an end user's orders are received for these products (as they should). They want to sell what is in their distribution centers and turn their inventory (as they should).

This plays into the independent reseller's strengths with a direct relationship with one of the wholesalers. There is no product conversion (creating and adding costs to the procurement process) combined with an overnight fill rate of 99+ directly from the very competent wholesale distribution network. The wholesaler's inventory is the independent reseller's inventory. Who couldn't compete with that? Independent resellers must begin to focus on this strategic advantage and not focus on the product price. There are now many businesses (from office products) on the table for the integrated channel reseller to

develop. Go for it!

## July Blog Question

We'd like to hear your opinion on this somewhat controversial issue. If you're not selling a search engine, what are you selling? This month's blog question is:

*Do you view the Staples acquisition of Corporate Express as a positive or negative for your resell business? How does it impact your decision to develop this vertical within your business? ISC views it as a positive, do you agree?*

We want to hear from you. We welcome your opinions!

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