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**To:** David Pydlek

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# Integrated Supply Consultants

Envision . Plan . Implement .

June 2008 Newsletter

Issue 15

Greetings Shepherd,

I look forward to traveling to beautiful Lake Tahoe for the Quantum Users Conference June 18-21. ISC is proud to be an Executive Sponsor of this event. We look forward to seeing our Clients at the 4 pm Friday session on [Strategies for Office Supply Sales](#) and throughout the conference in this beautiful setting.

ISC attended the Industrial Supply Association Conference (ISA) a week ago Saturday in Chicago. It is the key annual conference event in the MRO Channel and was very well attended. The networking opportunities created by a process called FastMatch were extremely fruitful and well organized. It is the best conference concept that I have ever seen. Instead of distributors wandering from booth to booth, scheduled meetings are set in advance online. Parties can accept or decline or propose alternate meeting times. On one day, manufacturers attend their booths and scheduled distributors (20 minute sessions between 10 am-5 pm) come for meetings and on the second day it is vice versa. As a result, traffic is at a constant flow and the meetings result in purposeful follow-up and sales.

[JumpTech's JumpCart](#) Technology was well received at the ISA Conference

One thing that I have observed is the remarkable similarity of an integrated supply sales model that transcends both industries and channels. MROP (maintenance, repair, operational and production supplies) integrated suppliers approach their model with specific cost savings that is linked to how their Clients compensate them. The method and outcome is the same: it's always a win-win and results in the MROP Distributor owning the consumer account. It's all about the process. Read more below.

Good Selling

## In This Issue:

[It's All Consumable Stuff...](#)

[Effective E-mail Marketing  
& Campaign Follow-up](#)

[Who Is Selling Integrated  
Supply In Your Company?](#)

[June Blog Question](#)

[eQuantum  
Lake Tahoe Conference](#)

## Key ISC Vendor Partners:

StructuredWeb

e-Quantum

jump<sup>tech</sup><sup>™</sup>

demandbridge<sup>™</sup>



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## It's All Consumable Stuff...

And, the spend must be controlled. Just like the non-critical products for the office, MROP is considered a non-critical spend that quickly amounts to tens of thousands or more, uncontrolled spending in the industrial vertical. It is also subjected to inefficient processes that result in scores of unnecessary vendors and inflated product data bases that are unmanageable. Instead of binders and writing instruments, its fasteners (nuts and bolts) and abrasives (3M belts). What are the similarities? I've summarized some of them here, but please go to [Competitive Advantage in MROP](#) posted at the ISC website, to read the entire article and more:

The article is based on a book by Joel Roth entitled, “The 20% Solution: A Practical Guide to Dramatic Cost Reduction In MROP Procurement”. Mr. Roth reports



that the 15-25% MROP spend (minor) in any industrial company is estimated at \$450-500B (not so minor). This is analogous to the estimated spend of \$250B in the office products channel. Also not so minor when you consider about \$50B are generated and serviced by the Big 4 (soon-to-be-3 as [Staples launches a bid for Corporate Express](#)).

Just like office products, price is the first “method” of cost reduction considered. Even worse, a practice called reverse auctions manages the price blood-letting online so the vendor doesn’t have to entertain many vendors in person to get their quotes (at least this process is streamlined!). Your reduced price is just an easy click away!

Roth Opportunity Identified	MROP	Business Consumables (ISC PPM)
Leveraging key partner for product category for price & logistics	Master Distributor: ORS Nasco or other manufacturer consolidator (e.g. Supply Force)	Major Wholesaler: USSCo, SP Richards
Specification and data base maintenance and consolidation	Based on tradition, historical usage or standards that are no longer relevant results in huge, obsolete databases. Testing results culminates in updating products and associated cost savings. Redundant vendors, based on above activities, are purged and consolidated	Wholesaler work with manufacturers as partner to provide cross references to major brands for product conversions and updating for associated cost savings. No need to keep and maintain multiple manufacturer data bases caused by multiple vendor sourcing. Easily updated monthly or quarterly

Consolidated invoicing	Integrated supplier designs a new paperwork process that eliminates inefficient paper flow. Ecommerce shopping cart accommodates multiple vendors	Cost center summary invoicing allows cost center expense reporting for major cost centers. Accomplished through consolidate purchase orders of multiple product categories
Best resellers engage in a consultative selling process/method	MRO Resellers deploy on-site management where “hundreds of opportunities are identified every day in sizeable organizations to implement cost savings”	Quarterly business reviews with key C-level personnel to share, summarize and educate companies on costs that have been captured and reduced through elimination of redundant processes
Multiple buyers of multiple categories lead to 75-80% of line cost spend	Safety and plant engineers, foremen, quality control technicians and ,yes, janitors source products independently emotionally attached to brands & vendors	Key departmental buyers from IT, HR Accounting Customer Service and Sales departments source business products independently emotionally attached to brands & vendors

The value-added sales model is powerful and compelling for both vertical markets and channels. What are some examples of where the process costs are derived? Read more...

### Effective E-Mail Marketing & Campaign Follow-up



B2B reports internet ad growth is defying current economic trends. As newspapers and magazines are scrambling for ad revenues which are the foundation of their cash flow, internet revenues are up 26% to \$21.2B in 2006. The internet will go from the No.5 advertng medium to No.2 in just 5 years, [the IDC reports](#). This includes search, display, classifieds and [sales lead generation activity](#).

What does this mean to a smaller business? Using the internet and web-based sales and lead generation, based on effective B2B marketing, is where your marketing dollars will be most effectively spent. More importantly, the dollars spent don't have to be tens of thousands for effectiveness. As has been said, the internet is the great equalizer for small business.

Well directed email campaigns targeted at your current customers can yield terrific results that translate to shorter sales cycles. If you are selling multiple categories and trying to keep it all in front of your customer, can be difficult marketing effort. The first step is crafting a message that talks to all of your products and services and how the customer can leverage them. Using PURLs (Personalized URL Addressed Pages) help direct interested customers to the heart of the message quickly and encourage meaningful responses. In today's world, the shot gun approach to advertising is no longer affordable. The rifle approach, zeroing in on what customers truly want, is the only way to spend precious advertising dollars effectively. Then, to be able to follow-up on your customers' click on the PURL, in real-time, is important for effective follow-up. Does your current website allow for PURLs and real-time email communication to the sales person? If not, it should. StructuredWeb allows your company to create and target effective email campaigns. Take a look at how StructuredWeb can help grow your business.



### Who Is Selling Integrated Supply in Your Company?

Perhaps it is not the correct sales person. In my experience, trying to “convert” a salesperson who is focused on selling one of your vertical product offerings is not usually fruitful or well received. Selling an integrated model requires different sales skill sets and a different focus than a sales person who sells products.

The most successful models within a company are those that have separate salespeople, sales teams or even a division (e.g. [Concentric Sourcing](#) a division of the Flesh Company, a manufacturer) that sells and markets the concept. Selling a service/idea is much different than selling a product. The skills required should involve some analytical capabilities (easily using an Excel spreadsheet) combined with consultative selling skills. The salesperson must have confidence in what they are recommending to their customer. If not, they won't sell or recommend anything that will potentially hurt their current relationship.

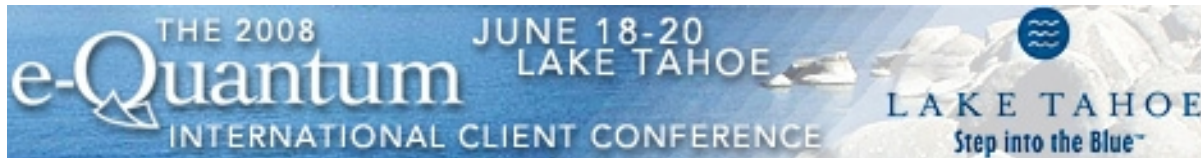
If a salesperson is selling products and one day they show up to sell an intangible service, the conversation could be awkward even among established customers and relationships. That's why a specialist, who can team with the sales person, is a more effective strategy. Let ISC help your business evaluate the best approach to implementing an integrated model for your company.

## June 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 think any sales person can sell integrated supply? Why or why not? Who and how do you sell it in your company?*

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



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