

From: David Pydle [dave@integratedsupplyconsultants.com]

Sent: Friday, May 30, 2008 12:06 PM

To: David Pydle

Subject: Integrated Supply Consultants May Newsletter

Integrated Supply Consultants

Envision . Plan . Implement .

May 2008 Newsletter

Issue 14

Greetings Julie,

Depending on the economic analysis you read, current business news holds many mixed messages. The depreciated dollar makes investments in this country look unattractive because our interest rates are low, but it proves good for the manufacturing sector because US exports are competitive and growing again—which helps with the trade imbalance. The agricultural sector is experiencing record price levels on all grain commodities driven by food shortages and grain (corn) diverted to ethanol production. Unfortunately, the fertilizers used to raise those crops are based on oil derivatives and are cutting into farmers' profits. The cost of a barrel of oil is priced in depreciated US dollars. In addition, the prime mortgage mess, shrouds almost all economic situations.

What's an independent businessperson to make of all this? You can draw a number of conclusions, but most of us are not in a position to amend economic policy. You can **use this time to fine-tune your business**. This "almost recession" won't last forever. Evaluate your customer needs. Are you as integrated with your customers as you would like to be? Look at your technology resources. Are you taking advantage of its' low cost features? You can increase sales by fine-tuning your sales process and acting on leads more quickly.

I hope to see my MRO Channel reseller customers at the [ISA Conference and Trade Fair](#) in Chicago, IL on June 1-3, 2008. We'll be at **Booth #628**. Use **FastMatch** to schedule an appointment to find out how ISC can help you grow vertical markets for your business.

The eQuantum Conference is also coming up June 18-20 in Lake Tahoe (see bottom banner). ISC looks forward to seeing you at this beautiful conference venue.

How long will it take for this economic funk to turn around? Let's focus on what we can control—how our businesses will respond to the market when the "cloud" lifts.

In This Issue:

[Best Business Practices for a Tough Economy](#)

[ISC Case Studies](#)

[Are You Selling a Search Engine?](#)

[May Blog Question](#)

[eQuantum Lake Tahoe Conference](#)

Key ISC Vendor Partners:

StructuredWeb

e-Quantum

jump^{tech}™

demandbridge™

Good selling,



Email: dave@integratedsupplyconsultants.com



Best Business Practices for a Tough Economy

There is no shortage of articles on the web on what your business should be doing during a recession. I've taken the best and most interesting and summarized them for your reference. The four articles are: *"Grow Your Business In Spite of the Slowing Economy"* by Rhonda Abrams, USAToday; *"Marketing Your Way Through a*



"Recession" by John Quelch, Harvard Business School; and *"Surviving the 2007 (2008) Recession"* by Haley Marketing Group and *"Bring On The Recession"* by Atkins & Slywotzky of Mercer Management Consulting. Each of these articles makes different points but there are three messages common to all:

- Expand and leverage your marketing strategies and budget; don't cut back.
- Focus on or re-define and expand your services to your current customers.
- Define and add value (not price) for your customer.
- Proceed with prudent investments to upgrade your company's infrastructure.

On the first point, stay visible and drive more sales inquiries with fewer costs. Using targeted email campaigns, like those provided by [StructuredWeb](#), investing in your website to automate services and learning more about your customers are all activities in which businesses can spend more time to achieve better returns. These projects equate to investing in your sales team by providing higher quality leads for more success. It helps shorten the sales cycle. The most successful companies increase spending with targeted marketing during economic slowdowns. They also focus on the weaker competition.

It's also time to review how you sell to your customer. Investigate diversification of your products and services. Then, bundle those products and services to bring more value. Learn how you can sell more to your existing accounts. [JumpTech](#) is innovative technology that allows your company to bundle your customers' products and services and create a streamlined proprietary procurement process.

Become an outsource source. A PPM-type ([Procurement Process Management](#)) selling and marketing strategy speaks to your customers' greatest pain: internal costs. What better way to add value than to recommend ways your customers can reduce procurement costs! At the same time, you can create more opportunities to sell products and services that your company provides. Help your customers plan for their future growth. Reward your customers' loyalty.

Cultivate a reputation for delivering outstanding products and services. Make good on your guarantees. Conduct Business Reviews with your customers to find out why they chose you as a key vendor for a product or service. Include your key team personnel to participate in these reviews so your customer knows more about your company and who does what. It's nice putting a face with a voice.

Now is the time to look at your technology platform. When did you last update? Does your website need revision? How much do you sell through your e-commerce platform? Are you leveraging its lower operating costs for more profitable sales? Evaluate deadweight, and look at hiring key personnel. There are plenty of good people available on the job market.

TS Eliot said it best: "Last year's words belong to last year's language, and next year's words await another voice." Be ready to run when the economy starts increasing speed.



ISC Case Studies

Price issues challenge even the best resellers. Seasoned resellers focus on cost solutions for their clients, without an emphasis on price and usually sell through price differences. Lowest price vendors are a dime a dozen, including the big boxes. Value added resellers are a precious find and command a premium because of the significant costs they wring out of businesses.

Case #1: When ISC performed a spreadsheet analysis for a reseller on a \$130K annual spend opportunity, the question of price was primary. The incumbent was OfficeMax, and the other two competitors were Staples and Office Depot. The reseller considered OfficeMax out of the competition because they found Office Max

to be “milking the customer”—gaining as much margin possible without providing any tangible value-added service. ISC helped the reseller show they could save their customer \$19,000 annually while maintaining a mid-to-high-20s overall margin for the reseller (without key consumable categories like JanSan and safety and security line items)! This analysis placed the reseller right between Staples (the lowest by about \$10,000) and Office Depot. This was without the reseller truly selling the benefits of a consolidated invoice. The reseller also had to get the end-user focused on using his label (selling the Innovera Warranty), the distributor’s private label. Once the reseller demonstrated the cost benefits of an integrated purchasing platform, combined with the use of private label products, the reseller closed the deal. These types of selling opportunities are quite typical.

Case #2: Another distributor had a \$120K annual spend opportunity. Through a skilled feature and benefits presentation of **JumpTech**, the distributor easily converted the business. The distributor showed how other products can be bar coded (assigned a custom JumpTech barcode) to leverage the bar scanning-ease that **JumpTech** brings to the procurement process. Combined with a customized webstore and catalog (for franchisee distribution), it was a win-win for the reseller and end-user. The distributor had already sold \$120K of printed and warehouse fulfillment sale products. With the conversion, he doubled his business.

Find the correct customers (your “dance partners”) who value cost containment solutions, and price differences will become secondary and easily overcome.



Are You Selling a Search Engine?

It’s not a good idea. When channel resellers try to convert the business products category, they often hear “your search engine doesn’t work quite as well as one from the big boxes.” If a reseller is not selling the value of an integrated supply chain, objections, like price and search engines, will raise their ugly heads and become important issues.

Don't get me wrong: a good search engine on your website for your users is necessary. Does it have to be best of class? I contend, no. The search engine is not your product; it's part of a bigger picture. Just as the big boxes try to emulate your streamlined procurement solutions for printed and graphic design, ad specialties, or MRO products, you shouldn't spend your last e-commerce development dollars trying to emulate theirs. This may be controversial, but let's think: if your customer wants a best-in-class search engine, he or she can use Google (and to find the best price). It works better than any big box search engine. Most third party software search engines work well enough for a supply chain procurement solution to capture the category. Your unique competence (not available from your competitors) is an integrated purchase order—not a better search engine.

There are other ways to get around spending a lot of time searching product line items: specialized lists called Featured Items or My Catalog and customized webstores quickly bring up the products your customer uses frequently. It's a work-in-progress for the distributor, and a way they can add value and constantly increase sales. The other 30-40% of items that customers require (and you need for your margin mix) are found by internal search engines as they function today. United Stationers released a new eCommerce product file content that enables office product SKU search functionality on more product attributes than ever before. It's getting better and better. Make sure your third party software partner is using the newest distributor e-content files.

Your customer won't buy what they don't know you offer: Marketing 101 Email campaigns based on featured categories open your customer's eyes to the breadth and depth of your product offering. Get them to your catalog by using interactive links placed in email messages. Clicking on that link takes customers right to your catalog where they can easily add these new category lines items to their Favorites lists. **StructuredWeb** offers rigorously designed email campaign solutions that effectively increase sales in more product categories.

Test your search engine by using it yourself. Understand its' weaknesses, and devise ways to counter those shortcomings. By the way, no search engine is completely flawless—not even Staples. Don't throw the 800-pound gorilla out with the bath water...

May 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:

Have you lost business products conversion opportunities because of flaws in your third-party software OP search engine? How have you overcome this objection? Or, is this a problem at all?

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



Integrated Supply Consultants LLC | 500 Woodside Lake Drive | Columbus, Ohio 43230-5077
www.integratedsupplyconsultants.com

To unsubscribe from Integrated Supply Consultants, please click here. [Unsubscribe](#)