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Domestic & International

- Strategic Planning
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WIN A NATIONAL ACCOUNT WITHOUT THE LOWEST PRICE

As contractors, producers and dealers consolidate and expand their operations, supplier strategies must change. During the past five years, the growth of exclusive and semi-exclusive supplier agreements has grown exponentially. Today, these agreements account for as much as 30% to 40% of many manufacturers' sales. In the next few years, manufacturers that fail to develop or execute a strong national accounts program will more than likely find themselves shut out of certain large customers for specified lengths of time.

Issues and options related to a successful national accounts program are many. However, we will focus on the need to offer competitive advantages other than price and discuss a case study of how a smaller manufacturer working with the Barlow Marketing Group (BMG) offered something other than price and landed the largest national account within the aggregate industry.

Challenge

A regional, turned North American supplier in the past 5 years had the opportunity to compete for and become the exclusive supplier to the largest conglomerate of open pit quarries located throughout North America. The competition included three well-known, long-time suppliers that were already servicing various individual quarries owned by this corporation. This manufacturer knew up front that it didn't stand a chance on price and delivery in this commodity business.

Competitive Issues

Research confirmed that all the competitors were pushing price and delivery – the typical issues producers demand. These manufacturers would have their dealers and direct salespeople call on this customer's several hundred locations much the same as always and ask for the next order. The best volume-order pricing and priority delivery offer would win the business.

Given that this manufacturer was Canadian-based, it also had to handle a fluctuating exchange rate that added as much as 5% to 15% to the price, so competing equally on price was impossible if it was to maintain acceptable margins.

Strategy

To win, this manufacturer led with its unique product that had been proven to fix production problems and significantly increase production in many quarries. The goal was to get the customer to establish a new product category and have this included in the bid specifications. Some of the competitors had just started experimenting with knock-off versions and had limited experience, installations and manufacturing capabilities. One competitor couldn't offer the product and would be eliminated if the specs called for this type of product.

The second strategic component involved the offer to formally inspect hundreds of the customer's operations across North America within 90 days of winning the agreement and provide written reports on how each targeted quarry could increase production, produce additional revenue-generating product and/or expand their operating season by making weather less of an issue. Inspections would be conducted by both an aggregate-seasoned territory sales manager and qualified dealers across North America. The group would then help drive the changes.

The third major component to the strategy was for the manufacturer to modify its sales reporting process so that it could provide the customer with regional and quarry-specific historical sales, pricing, and delivery costs for this customer within a day or two of a request, and on a quarterly basis. The customer was so large and had acquired hundreds of quarries in the past five years that it didn't have the ability to capture this information.

The final part of the strategy was to execute a presentation that clearly demonstrated how this manufacturer was on the leading edge of development and technology and how it aligns itself with customers and their operations to produce more product at less cost per ton. The presentation involved the president, vice president of sales, and several territory managers.

Results

The manufacturer was awarded an exclusive multi-year agreement – which is expected to result in an annual sales increase of 20-30 percent. The manufacturer and BMG actually helped the customer write the agreement since this was the first of many consumables going out for supplier agreements and they had never before developed one.

Thus far, the plant analysis program has been completed and the manufacturer's territory managers and dealers are now implementing the approved recommendations while taking care of the daily needs at hundreds of locations. In addition, the manufacturer passed its first-year review with flying colors and has since been courted by some of its larger competitors to jointly approach more national accounts opportunities.

BMG is a hands-on sales development, research and marketing firm with a focus on manufacturers selling equipment and services into the construction, mining & aggregate, environmental & recycling and agriculture markets worldwide.

For more information contact BMG: phone 260.422.4100; e-mail bmg@barlowmktg.com or visit our Web site at www.barlowmktg.com.

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