

Quantum Profit Gram #23

QPM

Are you selling mostly commodities and not feeling any improvement in the economy? How are you going to get a service-value edge in your customer's eyes and / or get a lower-structural-cost advantage over your competitors?

Although everyone says they're "customer centric", few companies have taken recent action to define and implement tangible actions in support of that position. Is your company one of them?

Here are four levels in the progression:

Level One: You're looking for new product promotions you can offer to whatever potential customers might buy them in order to boost sales and margin dollars. You have no specific, measurable answers for the steps that follow. You are happy to get last-look to meet a price on old business, and to be invited to quote prices on new business.

Level Two: You're good at segmenting customers and dominating one niche at a time.

- You define customer niches by at least two dimensions: industry or integrative product application group and by size-groupings (strata).
- You measurably know which industry / strata niche(s) gives you the biggest net profit "pool". By niche, you know the top 5% most profitable customers and the core items you respectively serve and stock better than anyone.
- You have specific profit / month boundary lines for different strata, so you can offer an economically-viable service model for each level. (You don't have outside reps calling on small accounts and you give "whales" innovative, extra, free services to win, retain and sell them more deeply for best net profits.
- You've defined and achieved top-level service-value metrics for each niche.

Level Three: Adding to two capabilities, you co-create or fine-tune the buy/sell processes between your company and key accounts. For accounts that have expanded their objectives from "purchasing" to "supply chain effectiveness", you meet their needs.

Level Four: For key accounts that want to outsource internal buying and stocking activities to one best supplier, you're it. You provide custom solutions for each one, and produce separate P&Ls for each solution and profit performance reports for each customer. You may, in turn, source items and services from channel partners.

Why are so many distributors stuck at Level One? If, in your case, it's because you don't have all the necessary profit analytics, tracking and net profit incentive tools, then Waypoint Analytic's "Quantum Profit Management Service" (QPMS) is your fast, affordable ticket out of commodity hell. Go to www.quantumprofitmanagement.com for more information, webinars and demo requests.

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**Escape
Commodity
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Be "Level 3"
Customer
Centric**



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