

PTDA Customized Solutions Selling Tool Kit

Introduction

Power transmission/motion control (PT/MC) distributors are in a marketplace where it is increasingly difficult to maintain margin and profitability in the sale of products to customers. In this marketplace, it's not enough to simply sell a product – you need to go the extra mile by offering services and opportunities that differentiate your company from your competitor while providing the best customer experience you can.

PTDA's *Customized Solutions Selling Tool Kit* helps you show your customers that you can provide measurable advantage while minimizing their operating costs and/or maximizing their revenues. The following pages will help you understand your customers' perspective of how your services benefit them. This tool kit gives you the tools you need to develop and promote the services you provide to your customers. You'll also find case studies, exercises, worksheets and definitions that will help you effectively communicate the value of your services to your customers.

By working through the three sections of the tool kit and using the exercises included in the appendix, you will be well-equipped to understand how the services you provide can help your customers save in the long run, how you can measure customer satisfaction with your services and how you can put a dollar amount on these savings to customers.

Step One

Gain a more robust understanding of how you can affect your customers' total cost of ownership of PT/MC products. This section helps you learn how to identify the value you bring to the relationship, and provides a list of these value-add opportunities.

Step Two

Collect and measure customer feedback to benchmark the services you provide, and get honest opinions of how your services are working, what's on target and what might need some work.

Step Three

Analyze feedback to develop customized solutions to your customers' issues. Demonstrate the real dollar value of the services you provided using industry-specific worksheets and value calculators.

The tool kit's two appendices includes easy-to-use exercises that will help you apply the presented concepts to your business and sample survey questions that will help you collect and measure customer feedback.

Additionally, the *PTDA Value Calculators* are included in the enclosed CD-ROM to help you uncover and measure the real value of the services you provide. Two calculators define the components and provide the calculations needed to develop a bottom-line analysis of the real dollar savings you bring to the table. Developed by industry experts, the information you need to sell on total cost, not just product price, has already been compiled for you in the *PTDA Value Calculators*. The same CD-ROM also includes *Communicating Value Added: The Distributors Tool Kit* to help you create a polished, customized presentation that communicates the customized solutions you've developed for a customer.

We hope that you'll refer back to the *Customized Solutions Selling Tool Kit* often as you refine your approach to meet new challenges and serve new customers.

Before You Begin

As you focus on getting your sales teams to embrace customized solutions selling, you should strive to communicate why this culture change is critical for your company and the salesperson. An understanding of the short- and long-term benefits for both the individual salesperson and your company will help encourage salespeople to incorporate these tactics into their daily routine.

To increase the probability that the PTDA *Customized Solutions Selling Tool Kit* and other tools will be used, promotional, incentive and recognition programs should be part of your company's move towards customized solutions selling. Motivate sales professionals to implement value selling by taking advantage of some of the following tips and tricks.

General Strategies

- Encourage a culture that embraces change and communicate the risk and cost of not changing.
- Your sales team needs to feel comfortable discussing new ideas and strategies. Encourage open and honest communication.
- Bring in an expert to introduce the customized solutions selling concept, such as a consultant who specializes in this area.
- Offer incentive compensation that rewards profitable growth and includes standards of performance expected in executing value selling initiatives.
- Discuss the pitfalls of not selling value for the company—lower visibility, lost projects, lost customers, lost product lines—and the salesperson—reduced compensation, lost accounts.
- Make documentation easy for salespeople to use. Help them understand the true value provided by using the PTDA Value Calculator to assess perceived low-value services, such as freight programs or expedited delivery, and their impact on downtime.
- Encourage sales managers to make joint sales calls with reps to reinforce how selling value is conducted, followed by training and role-playing.
- Hold additional training sessions on a regular basis: Reinforce, reinforce, reinforce. Make sure salespeople understand this is the company's culture.
- Have sales reps focus on finding the customer's pain, then documenting the value of the proposed solution based on that pain.
- Distribute documented cost savings reports to all key customer stakeholders, including plant maintenance, plant engineering, operations management, purchasing and corporate executives.
- Use reps who have endorsed the concept as case studies to inspire non-believers. Have sales people share successes and failures—what works, what doesn't. Have the successful ones mentor those who are struggling.

PTDA Customized Solutions Selling Tool Kit

Specific Tactics

- Make sure incentive programs are easy to measure. Criteria should be tied into documenting the value of customized solutions and might include:
 - Dollar value saved.
 - Hidden profits.
 - Increased efficiency.
 - Improved uptime.
 - Inventory dollars saved.

- Set measurable goals to earn additional dollars and/or rewards, with better performance collecting higher commission rates or rewards:
 - Number of value presentations.
 - Number of project wrap up letters.
 - Number of no charge invoices.
 - Percent of value savings generated.
 - Number of joint sales calls with sales manager.
 - Total dollar value or savings.

- Develop the solutions selling theme with strategic customers and have a sales person or sales team sponsor an event when goals are met (i.e. golf outing, picnic, ball game, etc.).

- Send letters recognizing savings success to salesperson and customer.

- Establish premium points per dollar of value to be redeemed for prizes (clothing, consumer electronics, etc.).

- Send employees to the University of Industrial Distribution or PTDA Annual Industry Summit based on meeting target measurements.

- Have the sales team vote on the best value project each quarter; winners present their results at a company meeting and receive special recognition.

- Implement a monthly recognition program for the best value project, with non-cash prizes:
 - Special parking space
 - One week sports car rental
 - Lapel pin, hat or shirt
 - Company newsletter article
 - Plaque

- Offer on-the-spot recognition to employees who exhibit the philosophy of selling solutions:
 - Coffee coupons
 - Movie passes
 - Gift certificates

PTDA Customized Solutions Selling Tool Kit

By implementing the strategies and tactics in the *Customized Solutions Selling Tool Kit*, your salespeople will be able to put a dollar number on the solutions your company provides. The enclosed Value Calculators make the process easy and accessible. Before you begin to work through the tool kit to identify exactly how your customers value your company's services and solutions, let's look at some examples from the *Logistics Support Value Calculator*.

Generate a no-charge invoice for your company's customized solutions:

ABC Distributor 123 abc st Anywhere, IL, 11111 (333) 555-1234 (333) 555-1235 fax anybody@abc.com www.abc.com	ACCOUNT MANAGER: John Doe Territory Code: East Coast
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Documented Cost Savings Report

REPORT DATE: 7/14/2009

CUSTOMER: The White Company
100100 South Boulevard
Baltimore, MD 21224
301-666-1155
301-666-1160 fax
rsmith@white.com
Fells Point

CONTACT: Bob Smith

PROJECT: Ball Mill Project

PROJECT OVERVIEW:
Consulting services provided for the Ball Mill plant on July 6, 2009. Inspection and plant tour performed by John Doe (ABC Distributor) and Bob Smith (The White Co.).

ANNUAL SAVINGS SUMMARY:

No charge services	\$1,199
Total Annual Savings	\$1,199

Customer Signature _____ Date _____

Distributor Account Manager Signature _____ Date _____



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Generate a comprehensive annual savings report to share with your customers:

Microsoft Excel - Logistics Value Calculator						
A	B	C	D	E	F	
1	Annual Savings Detail				Main Menu	Help
2					Print/Preview	Exit & Save
3						
11	ABC Company		ACCOUNT MANAGER: 0			
12	123 Main St.		Territory Code: 0			
13	Anyplace, IL 10101					
14	123-45-6789					
15	123-45-6780		fax			
16	sales@abccompany.com		REPORT DATE: 			
17	www.abccompany.com					
23	CUSTOMER:		0			
24			0			
25			0			
26		-				
27		-	fax			
28			0			
29			0			
31	CONTACT:		0			
34	PROJECT:		0			
38	ANNUAL SAVINGS DETAIL:			Before Changeover	After Changeover	
39	Freight savings					
40	Number of shipments			12000	12000	
41	Average cost per shipment			\$75	\$50	
42					\$300,000	
43	Receiving savings					
44	Number of shipments received			12000	8400	
45	Time (in hours) to issue receive a shipment			0.5	0.5	
46	Cost per hour of time to receive a shipment			\$35	35	
47					\$63,000	
48	Shipping Error Resolution Cost Savings					
49	Number of shipping errors			1200	120	
50	Time (in hours) to resolve a shipping error			2	2	
51	Cost per hour of time to resolve a shipping error			\$35	\$35	
52					\$75,600	
53	Purchase Order Cost Savings					
54	Number of purchase orders issued			8400	6000	
55	Time (in hours) to issue a purchase order			0.25	0.25	
56	Cost per hour of time to issue a purchase order			\$35	\$35	
57					\$21,000	