

## **Increase Your Sales While Helping Your Customer Grow Their Business**

An editorial to Merchant Magazine

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It's 7:30 am, you're on your first cup of coffee at the office and you receive an e-mail from one of your customers – they need four (4) carloads of 2x6 Hem-Fir, 2&Btr, kd, Random assortment of lengths heavy to 12 foot, delivered to Denver, Colorado by next Wednesday. Today is Thursday. Can you make the commitment to price and delivery time?

Excited about the potential for a good sale so early in the day, you look to your inventory management system to see what is available to ship. The blue screen appears magically on your computer screen and you see you are over sold locally, but there is one car available at the Spokane plant and a partial in Eugene. Both phone calls to your fellow sales managers at the other plants go directly to voice mail, so you send them an e-mail as well and hope they get back to you quickly. As you dive further into your e-mail, another customer calls looking to source the same products, with the same delivery point, but 2 days later for arrival. You head for another cup of coffee when your sales clerk meets you in the hallway with a fax from another customer, also looking for the same product - this time to another delivery point, but also for next Thursday. Now you know, you're being shopped.

As a lumber producer some years back, one of my least favorite things each day was knowing I was going to be beat up for price and delivery dates by my customers each day, while they shopped me against my competition. Of course we played the game every day, but at the end of the day, having spent several hours in return phone calls, re-arrangements and re-quotes, my best customers would end up buying from me anyway.

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Sound familiar? The products and specific circumstances may be different to you, but the situation occurs every day – just like with Bill Murray in Ground Hog Day. Day in and day out, no matter how much you try to differentiate your products or services from the competition, you know each day your customers are going to shop you anyway. And this is what you call a relationship? If your spouse treated you like this, you wouldn't call it a relationship, you'd probably call it quits.

So why is this daily negotiation process of cat and mouse a business process we continue to embrace? Probably because, that's just the way we do business.

Is there a better way? Maybe not with all products or all customers, but there is with some. Whether you call it program sales or vendor-managed inventory (VMI), by leveraging your relationships with your best customers, you can bring some degree of sanity to your daily sales activities. This is how it works.

Remembering the 80/20 Rule, 80% of your business comes from 20% of your customers. Start by focusing on the 20%. Let them know you value the relationship you have developed with them over the years, and that you can help them grow their business by changing the way you have traditionally worked with each other.

Most of your customers recognize that they truly grow their business through increased sales, not through beating you up over price each day against your competitors. But, that is the only world they have been offered, so they work the procurement end trying to save some dollars each day. This is valuable time your customer could be using to increase their sales by spending more time with their best customers (or cultivating new ones) – time they have been looking for, but not finding due to their focus on procurement. So, you unlock this time for them, and coincidentally, save some time for yourself to grow new relationships with more customers.

Get you customer to understand that since they are going to buy from you everyday anyway, you will cover all their needs in certain products delivered to certain locations, on a daily, weekly or other agreed to interval, at a fixed pricing structure. The price might be guaranteed for a time, or it may be predicated upon some base price structure from a price-reporting guide, like Random Lengths. But, the gist of it is that you, as the supplier (vendor), will manage the inventory level of certain products for your customers at its various locations and give them superior service. This way they are assured of the inventory when they need it, at a price you both can live with, and they don't have to worry about procurement for those products. They can focus on selling them, and you know you have a sale, day in and day out. Now, this is truly a relationship. And, one that is a win for all involved.

How you structure the business process of your vendor-managed inventory relationship can take on different forms, and is a subject for another time. But, there is only one efficient way, and that is to be electronically connected with your customer – either by receiving electronic Purchase Orders from your customer on a regular basis, or by receiving your customer's inventory information daily (or in real-time) so you can really manage the inventory requirements against your product availability. This process is best enabled through a secure Internet connection between you and your customer in conjunction with a browser-based software application designed specifically for this purpose.

If you want to learn about vendor-managed inventory programs in more detail, contact Thomas J. Westbrook, President/CEO, of World Wide Wood Network, Ltd., at [tjw@wwwood.net](mailto:tjw@wwwood.net) or 360-458-9800.

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