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# Business market Management

## 1 Introduction and overview

### BMM

The process of **understanding, creating and delivering value** to targeted **business markets** and customers.

### BM

Set of **firms, institutions or governments** that acquire goods and services either for their **own use or to incorporate** them in products.

1. REGARD **VALUE** AS THE CORNERSTONE
2. FOCUS ON BM **PROCESSES**
3. STRESS FOR BUSINESS ACROSS **BORDERS**
4. ACCENTUATE **RELATIONSHIPS** AND BUSINESS **NETWORKS**

### VALUE

Value is the **worth in monetary terms** of the economic, technical, and social **benefits** a customer firm **receives in exchange for the price it pays** for a market offering.

1. PERCEIVED VALUE > PRICE
2.  $(V_f - P_f) > (V_a - P_a)$

### PROCESSES

Collection of **activities** that takes one or more kinds of **input and creates an output** that is of **value** to the customer.

1. BUSINESS UNIT
    - MANAGEMENT:** Executive decisions
    - BUSINESS:** Design, re-engineering, customer service
    - MANAGEMENT:** Operational. Warehouse, purchasing.
  2. CAST TO SHAREHOLDER VALUE
    - Critically depends on **value delivery**
  3. 3 CORE PROCESSES
    - PDM:** Anticipate needs and **develop product** to fulfil requirements.
    - SCM** Acquire physical and info **inputs as to deliver**
    - CRM:** Addresses aspect related to **customers**.
  4. CROSS-FUNCTIONAL
    - Rather than just marketing, BMM **required inter-area processes**.
  5. MARKETING
    - "Knowing what is value for customer" —Drucker**
    - Segmentation, targeting and positioning.
    - 4P:** Product, Pricing, Promotion, Place
- 
- A. UNDERSTAND
    - (3) Sensing market, Crafting market strategy and Understanding firm as consumer.
  - B. CREATE
    - (3) Managing marketing offer, new offering, B channel management
  - C. DELIVER
    - (3) Creating new business, sustaining relationships and managing customers.



## BORDERS

Cultural distance between countries **stress BM** because of different **performance levels**.

### 1. EASILY EXPORT CA

May be exported to different countries, because value perception is closer than in consumers market. **Logistics, cargo, processes, etc.**

### 2. 6 CHALLENGES

LANGUAGE:	Different way of expressing.
CULTURE	May alter the <b>value's perception</b>
NEGOTIATIONS:	Interests and priorities should allow <b>value's trade</b>
DIS-RESOLUT- :	Rely on international <b>arbitration systems</b>
CURRENCY	Local banking units
REGULATORS	Governments and others

## RELATIONSHIPS AND NETWORKS

**Complex** relationships that build up network able to enhance the value's delivery.

### 1. WORK TEAM (N)

Work team is a small number of people with **complementary skills** who are **committed to a common purpose**, set of **performance goals** and approach for which they hold themselves mutually accountable

**COMMON GOAL**

**RESULT DRIVEN STRUCTURE**

**COMPETENT MEMBERS**

**COLLABORATIVE ENVIRONMENT**

**EXTERNAL SUPPORT AND RECOGNITION**

**LEADERSHIP**

### 2. WORK RELATIONSHIPS (3)

Depends on **mutual interests**. **Process**: Set goals, define methods, create value and evaluate the relationship.

**GIVE AND GET**

**TIME-SCOPE**

**DISPUTE RESOLUTION**

### 3. BUSINESS NETWORKS

A set of two or more **work relationships**.

(3) **ACTORS - ACTIVITIES - RESOURCES**

(3) **MULTIPLEX - INTERNATIONAL - ENVISION**

(3) **HORIZON - CONTEXT - IDENTITY**

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## 2 Understanding value

### MARKET SENSING

Market sensing is the process of **generating knowledge about the market** that actors use as to **take decisions**.

### 1. FORMULATE AND TEST MARKET VIEWS

### 2. INFORM AND GUIDE DECISION MAKING

#### A. DEFINE

#### B. MONITOR COMPETITION

#### C. ASSESS CUSTOMER VALUE

#### D. GAIN CUSTOMER FEEDBACK

## DEFINE THE MARKET

Segmentation is the process of **partitioning a market into grouping** of firms that have relatively **similar requirements and preferences** for market offerings within each grouping.

### A. FORECAST MARKET

Potential, growth and size

### B. FORECAST PROFITS

Costs, revenues and profits.

**Testing** based on:

#### A. MEASURABLE

Size, growth, potential

#### B. PROFITABLE

Effort and payoff

#### C. ACCESSIBLE

Barriers to entry and reachability

#### D. ACTIONABLE

Can the firm operate effectively

**Bases** for segmentation

### 5. INDUSTRY, SIZE, BEHAVIOUR, GEOGRAPHY

### 6. APPLICATION, CAPABILITIES, PRIORITIES, USAGE

## MONITORING COMPETITION

Concerns monitoring the competition

### PORTER FOUR CORNERS

Predictive tool to monitor the competition.

#### A. MOTIVATION

Focus on **goals of your competitors**.

#### B. ASSUMPTIONS

The perceptions and assumptions the competitor has about itself and its industry would shape strategy. Identify **blind spots**

#### C. STRATEGY

Sundstrand **desired and actual** strategy.

#### D. CAPABILITIES

Investigate **competitor's performances**, their commitment and the **drivers behind that**.

### IMPROVE MONITORING SKILLS

Use the FLUD's pyramid

#### A. RATIONALISE PARAMETERS

#### B. ASK CORRECT QUESTIONS

#### C. COLLECT - ANALYSE - TAKE ACTIONS

## ASSESSING CUSTOMER VALUE

Assessing value is the work of process of **obtaining an estimate of the worth in monetary terms** of market offering or elements in it.

### 1. INTERNAL ENGINEERING ESTIMATION

### 2. FIELD VALUE-IN-USE

Interviews compare value to **alternatives**

### 3. SURVEY QUESTIONS

### 4. BENCHMARKING

### 5. COMPOSITIONAL APPROACH

### 6. IMPORTANCE RATING

Ranking importance of different **attributes**

## CUSTOMER VALUE MANAGEMENT

Deliver **superior value** to targeted segments while generating an **equitable return**.

### 5 PHASES

#### 1. ISSUES INTO PROJECTS

Problems in exploiting business are **turned into projects**

#### 2. VALUE WORKSHOP

**Teams gather** and practice customer value models, define **what are the valuable elements** and compare to alternatives

#### 3. VALUE RESEARCH

**Test** with customers the models

#### 4. BUSINESS CASE FOR CHANGE

Actions required to **superior value delivery**.

#### 5. REALISATION

Make some **changes** and **track the improvements** of performance

## GAINING CUSTOMER FEEDBACK

Enables the firm to learn **how well i has fulfilled** its promises to customers.

### FEEDBACK

#### 1. ACSI INDEX

Collective evaluation of **product or service**

#### 2. CUSTOMER LOYALTY

The **feeling of attachment** for a company's products or services.

#### 3. NET PROMOTER SCORE

Is derived from the answer to the question:

"How likely are you to **recommend this company** to a colleague?"

## 3 Understanding firm as a customer

### UNDERSTANDING FIRMS AS A CONSUMER

*Understanding firms as a customer is the process of learning how companies rely on a network of **suppliers to add value to their offerings**, integrate purchasing activities and make decisions.*

### UNDERSTAND ORIENTATION

**Philosophy** guiding managers through buying assets and services.

#### 1. BUYING

Concerns executing **discrete transactions** for items with suppliers

##### 1 NEGOTIATE:

Best at smallest price

##### 2 COMMODISE:

**Multi-source** the product and standardise

##### 3 AVOID\_RISKS:

Multi-source, price targeting and quality.

**Cooperative pricing**

#### 2. PROCUREMENT

Broadening the domain and span of influence of purchasing with suppliers as to **achieve cost reduction (\$6 revs = \$1 costs)**

##### 1 IMPROVE QUALITY:

TQM and other practises

##### 2 RED. COST OF OWN:

$(\sum C + P) - R_{esale} - Acqu.. + Conv. + Disposal$

##### 3 COOPERATE. :

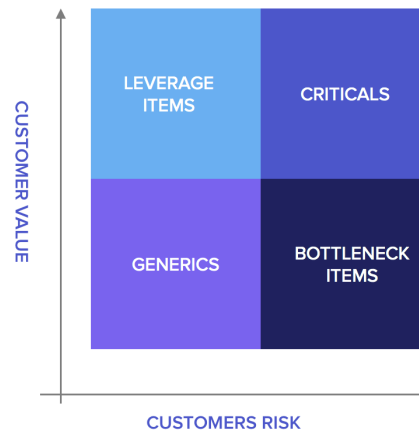
Shared interests. **Target costing** and **ERP**

### 3. SUPPLY CHAIN MANAGEMENT

Integrate and run all the processes of purchasing.

- 1 **DELIVER VALUE TO END USER**
- 2 **CRAFT SOURCING AROUND RESOURCES**
- 3 **BUILD SUPPLY AROUND NEEDS**
- 4 **HIGHLY COLLABORATIVE RELATIONSHIP WITH SUPPLIERS**

### 4. PURCHASING PORTFOLIO MATRIX



### UNDERSTAND WORK

#### VALUE MANAGEMENT

Entails the systematic use of value techniques as a general problem-solving method in business. **VALUE MANAGEMENT SYSTEM (VMS)**

#### BUYING TEAMS

Refer to all those members of an organisation who become **involved in the buying process** for products or services,

##### A. ROLES

With a VM philosophy, they need to **get involved and operate** beyond the buying process.

(4) **Initiator, Gatekeeper, Influencer, Buyer**

##### B. SITUATIONS

(3) **Re-buy, modified Re-Buy, new task**

##### C. TASKS

Teams perform strategic and tactical decisions, **evaluating purchases**.

### UNDERSTAND PROCESS

#### 1. UNDERSTAND REQUIREMENTS AND PREFERENCES

#### 2. MAP CUSTOMER ACTIVITIES AND VALUE CYCLES

The Activity **cycle** refers to **the steps** required to produce, use, recycle and dispose an offering, whereas the **Value Cycle capture the changes in worth** across these steps.

#### 3. LEARN PURCHASE PROCESS

How customers trigger buying process.

#### 4. REVIEW PRICE, QUALITY, AVAILABILITY

#### 5. SCRUTINISING COSTS

1 **SPI** Cost associated with **non-performance**

2 **TCO** Total cost of ownership

#### 6. TRACK SUPPLIER VALUE

The goal is to assess the impact of supplier contributions on **end-user satisfaction**.

## 4 Crafting marketing strategy

### CRAFTING STRATEGY

The process of studying how to **exploit a business' resources** to achieve a short-term and long-term marketplace success, deciding on a **course of action** to pursue, and **flexibility updating** it as learning occurs during implementation.

### RESOURCE BASED VIEW

The resource-based view of strategy: the **competitive advantage** and superior performance of an organisation is explained **by the distinctiveness of its capabilities**



#### • CAPABILITY

The ability to perform at the required level as to **survive** and prosper. Supported by **resources and competences**.

#### • RESOURCE

**Asset** available to the organisation



#### • COMPETENCY

Processes and **modes of employment** of resources.



### BRAND

A Brand a mean **of identifying a particular supplier** and its market offerings as well as **differentiating** them from other suppliers and their offerings.

#### BRAND EQUITY

the **commercial value** that derives from consumer perception of the brand name of a particular product or service, rather than from the product or service itself.

### OUTSOURCING

Firms use **collaborative relationships** with others **to gain access to resources** and leverage their own.

### VALUE BASED STRATEGIES

#### 1. PRODUCT LEADERSHIP

offering customers **leading-edge products and services** that consistently **enhance the customer's use** of the product making rivals' goods obsolete.

#### 2. CUSTOMER INTIMACY

Targeting markets **precisely** by **tailoring the offers** to match the exact demand of those niches.

#### 3. OPERATIONAL EXCELLENCE

providing customers with **reliable products at a competitive price** and delivered with **minimal difficulty or inconvenience**.

## STRATEGY MAKING

1. TOP-DOWN AND BOTTOM UP
2. PURPOSE

Is concerned with the future the organisation **seeks to create**. It is an **aspiration that will enthuse**, gain commitment and stretch performance

3. REVOLUTION

Find new ways to creatively **exploit resources**.

(5) **CONCENTRATE - ACCUMULATE - COMPLEMENT - CONSERVE - RECOVER**

## PLANNING STRATEGY

### WHAT DO WE KNOW

1. REVIEW PERFORMANCES  
And compare with targets
2. GATHER MARKET INTEL
3. CONSTRUCT SCENARIOS

### WHAT DO WE WANT TO ACCOMPLISH

- A. TARGETING
- B. SET LONG-SHORT GOALS
- C. UNDERSTAND CUSTOMER'S VIEW
- D. CVP  
Differentiate and provide a **superior offering**
- E. BUILD A BRAND

### HOW WE WILL DO IT

- A. DEVELOP ACTION-PLAN
- B. MARKETING AND SALES  
Merge the activities.  
(4) **ACTION - RESPONSIBILITIES - TIMING - BUDGET**
- C. MANAGERIAL SKILLS  
Behavioural requirements for managers  
(4) **INTERACTION - ALLOCATION - MONITORING - ORGANISING**
- D. LEARN AND ADAPT

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## 5 Managing market offerings

### MANAGING MARKET OFFERING

*Managing market offerings is the process of **putting products, services, programs, and systems together** in ways that **create the greatest value** for targeted market segments and and customer firms.*

#### • CORE PRODUCT

The **fundamental, functional generic product** that provides a **solution to a problem**

#### • MINIMALLY AUGMENTED

Add the **least amount** of services, programs **valued to do business** with supplier

#### • AUGMENTED

Add the services that enables to meet a broader **set of customer preferences**

#### • POTENTIAL PRODUCT

imaginable product that add value or reduce cost that differentiate it from others



## CONVENTIONAL THINKING

**Commoditization** is to convince suppliers that **no differences exist among offerings**. It's then the role of business market managers to persuasively **demonstrate their value**. For suppliers to fight this trend, they need to understand its extent towards their products as well as pursuing a strategy to rebuild their offering to be more valuable for customers.

### 1. UNDERSTAND COMMODITISATION

Highlight the **difficulties** in your market, **gather data and intel** about what competitors do/ their pricing, analyze your own prices and estimate % of sales.

### 2. REBUILD DIFFERENTIATION

**Supplementary services, programs and systems**. Invest in expertise in order to provide customers knowledge and solutions

### 3. SERVICES AS CORE

- 1 **INTANGIBILITY**
- 2 **CONSUMED AND PRODUCED INSTANTLY**
- 3 **PERISHABILITY**
- 4 **HETEROGENEITY**

## FLEXIBLE MARKET OFFERING

**Commoditization** is to convince suppliers that **no differences exist among offerings**. It's then the role of business market managers to persuasively **demonstrate their value**. For suppliers to fight this trend, they need to understand its extent towards their products as well as pursuing a strategy to rebuild their offering to be more valuable for customers.

## ARTICULATE - VALUE AND COST - FORMULATE - IMPLEMENT

### 1. NAKED PRODUCT - MASS CUSTOMISATION

Which can be customised for niches not included in segmentation.

### ARTICULATE

**Process of differentiating** the market offering for every different segment, with the participation of every manager.

### 2. TRUE BREADTH

Understand **all the services** provided with offerings

### 3. NATURE OF CHANGE

Find what is included in standard **packages and what are extras**

### 4. VARIATION ACROSS SEGMENT

Firms usually offer the **same thing to different** segments

### VALUE AND COST

Gain an estimate **value and cost** before providing a flexible market offering.

### 1. ON-FIELD ANALYSIS

### 2. ACTIVITY-BASED-COSTING

For each process involved

### 3. REMOVE VALUE-DRAINS

## FORMULATE FLEXIBLE MARKET OFFERING

### FLEXIBLE OFFERING FORMULATION

#### MARKET - NOT MARKET - MARKET AS ADDON

##### 1. REEVALUATE EXISTING

Understand **all the services** provided with offerings

1 **REMOVE VALUE DRAINS**

2 **INCLUDE WHAT'S NOT IN**

3 **GROW VALUE'S AWARENESS**

##### 2. REEXAMINE OPTIONAL

Go naked **no-frills** and then let customer pay.

##### 3. FLEXIBILITY IN NEW SERVICES

Focus on strategic priorities of key customers. Cut **unnecessary**

### IMPLEMENT FORMULATIONS

##### 1. MENU vs PACKAGE

##### 2. BRANDING

##### 3. BREAK AWAY FROM STANDARD

Push for market shift.

## VALUE BASED PRICING

### COST\_PLUS - COMPETITION\_BASED

##### 1. PRICING STRATEGY

where within the market to **position** an offering.

##### 2. PRICING TACTICS

focus on **shifting the supplier's position** within the existing price range.

##### 3. TRANSACTION PRICING

realizing the **biggest net price** for each order

## MANAGING OFFER ACROSS BORDERS

***More international** than customer markets, business one are easier to manage.*

### INTERNATIONAL MARKET DEVELOPMENT

##### 1. MARKET ENTRY

Identify possible markets by matching **demand**.

##### 2. NATIONAL EXPANSION

Tailor solutions and **penetrate the market**.

##### 3. GLOBAL RATIONALISATION

Develop **transitional capabilities** and scale by thinking global.

### PROVIDING TRANSITIONAL MARKET OFFERINGS (AAA)

##### 1. ADAPTATION

Gain market share by localising.

##### 2. AGGREGATION

Standardise and **give economies of scale**

##### 3. ARBITRAGE

Split supply chain because of national differences.

### HARMONISE PRICING

Pricing bandwidths consist of **agreeing upon a range** around the target price (+/- 10%). **Internet force homogeneity**.

## 6 New offerings realisation

### MANAGING MARKET OFFERING

*New offering realization is the process of **developing new core products or services, augmenting them** to construct **market offerings** and bringing them to the market.*

### REALISATION STRATEGY

#### ISSUES

1. MARKET OR TECH SHIFTS
2. MISTAKEN EXPECTATIONS
3. TECHNICAL ISSUES

#### SOLUTIONS

1. DEFINE SPECIFIC PROJECTS
2. INTEGRATE DIFFERENT FUNCTIONAL AREAS
3. CREATE AND IMPROVE CAPABILITIES

#### DEVELOP GOALS AND OBJECTIVES

*Specify what the **firm seeks to achieve** in new offering realization*

1. TTM
2. CANNIBALISATION
3. NEWNESS MAP
4. KEY OBJECTIVES

in managing individual development projects

1. DEVELOPMENT SPEED
2. PRODUCTION COST
3. PRODUCT PERFORMANCE
4. FIXED COSTS

#### AGGREGATE PROJECT PLAN

*An aggregate project plan is the process of **creating development goals** and using these as to **improve productivity** as well as **development capabilities**.*

#### 1. MAP THE KIND OF PROJECTS

in managing individual development projects

1. DERIVATE: Incremental or small changes
2. B-THROUGH New core products and processes
3. PLATFORM Product modification
4. R&D Build new knowledge
5. A&PARTNE Product innovation or involvement

#### 2. MAKING CAPABILITIES DECISIONS

1. REDUCE ONGOING PROJECTS
2. RESEQUENCED FOR A BETTER FLOW
3. LEVEL OF RESOURCE UTILISATION

#### 3. GAINING SKILL AND CAPABILITIES

1. BUILD TECHNICAL SKILLS
2. CROSSFUNCTIONAL
3. LEADERSHIP

## CONCURRENT ENGINEERING

Method of designing and developing products, in which the **different stages run simultaneously**, rather than consecutively.

### 1. POINT BASED

Individuals responsible for design generate a **number of alternatives** and together with the production group, they improve one until they find out the satisfactory solution. **Incremental**.

### 2. SET-BASED

Individuals responsible for design generate a **number of more constrained solutions** between which the production team can choose. **Decisional**

## REALISATION PROCESS MODELS

A model emphasises **cross-functional integration** and provides the primary activities of engineering, marketing and manufacturing for each development phase.

### 1. NEXT GENERATION MODEL

in managing individual development projects

- 1 **FLUIDITY**      Overlap stages for greater speed
- 2 **FUZZY GATES**      Overlap gates for **conditional decisions**
- 3 **FOCUSED**
- 4 **FLEXIBLE**

## MARKET ORIENTED REALISATION

How to make a new offering realization **market oriented and customer focused**

## MARKET ORIENTED RESEARCH

### 1. FOCUS

Research needs to **focus its efforts** and leverage its resources with outside relationships and market

### 2. NARROW

Narrow down which scientific areas the firm will pursue actively. Which knowledge should they generate, share and acquire.

### 3. RESEARCH CENTERS

## MARKET ORIENTED DEVELOPMENT

Market leadership is not about being the first in the market but to **envision** a larger potential market.

### 1. POSITIONING STATEMENTS

For each phase of projects, the team should provide **statements** that discuss the important elements (Target, offering, concept and value proposition)

### 2. RESEARCH REQUIREMENTS AND IMPLEMENT

- 1 **LEAD-USERS**      Problems that will spread
- 2 **LEAPFROG**      Risky newer firms with aggressive strategies
- 3 **QFD**      From needs to features
- 4 **BETA-TEST**

### 3. GUIDE EFFORTS

Market pull vs Technological push

### 4. TAILOR NEW PRODUCTS INTO MARKETS

- 1 **KNOW LOCAL MARKET**
- 2 **MOTIVATE INTERNALLY**
- 3 **MOTIVATE SALES PARTNERS**

## 7 Business Channel Management

### BUSINESS CHANNEL MANAGEMENT

Business channel management is the process of **designing a set of marketing and distribution arrangements** that **create superior customer value** for targeted market segments and customers, and executing those arrangements.

### MARKETING CHANNEL

is a set of interdependent organisations involved in the process of making a product or service **available for use or consumption**.

### DESIGNING VALUE-ADDING CHANNELS

### TOTAL CUSTOMER EXPERIENCE

*Entails all aspects of a customer's firm encounter with a supplier.*

#### 1. EFFICIENT AND LOW-COST

Self-service and readiness

#### 2. HIGH-TOUCH

Face-to-face, highly personalised

#### 3. FLEXIBLE

Modular. Choose from different channels

#### 4. ONE-STOP

Self-service and readiness

### SIX STEP PROCESS FOR DESIGNING CHANNELS

#### A. SPECIFY GOALS AND OBJECTIVES

##### 1. MARKET ACCESS

enable a supplier to reach, develop and serve a segment

##### 2. VALUE-ADDED CHANNELS

Partners **add value** to the chain

##### 3. COST-TO-SERVE

captures the **whole expenditure** to deliver the final product

#### B. VALUE WITH TCE

##### 1. PREFERENCE

##### 2. FIT WITH CUSTOMER

##### 3. PRIORITISE

#### C. ENVISION A CVP

#### D. REFORMULATE TCE FOR EACH SEGMENT

#### E. CONFIGURE THE CHANNEL NETWORK

##### 1. BALANCE EXPOSURE AND COVERAGE

Single, multiple channels. Selective or intensive distribution

##### 2. POSTPONEMENT OR SPECULATION

##### 3. SPINOFF OR ACQUIRE ACTIVITIES

##### 4. DELIVER TCE WITH MODULAR CHANNELS

#### F. FINALIZE AGREEMENTS

##### 1. DESIGN PROFIT MODELS

##### 2. SELECT PARTNERS

##### 3. BUILD INTERNATIONAL

##### 4. FORMALIZE AGREEMENTS

Handshakes, Written contract, Licensing or Franchise



## VALUE THROUGH DIRECT CHANNELS

### CREATE VALUE IN MERCHANTS

#### 1. COMMUNICATE VALUE

Merchant will sell as to gain profit for both

#### 2. INTERNALLY PROMOTE VALUE

#### 3. INCENTIVE AND REWARDS

#### 4. TRAIN

Train value-merchants by **informing about costs and profitability** of the offerings. Implement a process so that everyone can carefully investigate customer's needs and produce superior results

### DEPLOY VALUEABLE MERCHANTS

#### 1. BUILD SALES UNIT

##### 1 TRANSACTIONAL FIELD - TERRITORY

##### 2 SYSTEM - PRODUCT OR DIVISION

##### 3 MAJOR ACCOUNT

##### 4 STRATEGIC ACCOUNT

##### 5 TELEMARKETING

#### 2. DETERMINE THE NUMBER

$$BREAKDOWN = \frac{Sales}{P_{capacity}} \quad WORKLOAD = Hours$$

### LOGISTIC SYSTEM

Integrated logistics systems (ILS) entail the cross-functional planning and control of a firm's activities.

#### 1. SEGMENT INTO LOGISTICALLY DIFFERENT

#### 2. ESTABLISH SERVICE VARIATION AMONG CHANNELS

#### 3. TAILOR LOGISTIC SYSTEM

#### 4. SCALE

## STRENGTHENING RESELLER PERFORMANCES

Channel positioning is the process of **establishing and sustaining the supplier's reputation** among targeted resellers for providing superior value. **It involves 4 steps:**

### DETERMINE RESELLER'S PERFORMANCE EXPECTATION

Managers should explicitly state **expectations in terms of market access, value-added services, goals and intended TCE** in order to design the appropriate support programs.

### ASSES VALUE

#### 1. CHANNEL CORE ELEMENT

**basics** that every reseller must have from all their suppliers

#### 2. CAPABILITY BUILDING PROGRAMS

**strengthen their performance** and enhance the value they can deliver

#### 3. INCENTIVES FOR SMALL TERM IMPROVEMENTS

#### 4. POSITIONING MATRIX

**Comparative analysis of what a supplier provides** to its resellers, what the competitor provides and what are the requirements of its resellers.

### CRAFT RESELLER VALUE PROPOSITION

Try to be **closely related to the role** the supplier's offering plays in reseller bundles or solutions

### COMMUNICATE RESELLER VALUE PROPOSITION

#### 1. MARKETPLACE EQUITY

represents the **value that a customer firm receives** from acquiring a particular supplier's product or service **through a reseller** in its local trade area

#### 2. BRAND EQUITY

the value of **acquiring a particular offering** versus competing supplier's offerings

#### 3. CHANNEL EQUITY

captures **the value a reseller receives from the channel** offering a supplier provides

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## 8 Gaining new businesses

### GAINING NEW BUSINESS

Gaining new business is the process of **differentiating business opportunities, prospecting for new business, assessing** the fit with supplier offerings and priorities, gaining the initial order and fulfilling it to the **customer's complete satisfaction.**

1. DIFFERENTIATE
2. PROSPECT
3. ASSESS
4. ORGANISE SELLING EFFORTS
5. GAINING INITIAL ORDER
6. FULFILLING

### DIFFERENTIATING POTENTIAL

*Firms need to be mindful that their **choice of customers defines their skill set over time.***

#### 1. EXPLOIT SINGLE-SOURCER

Maximize customer profitability if the **firm is the only sourcing**

#### 2. VOLUME CUSTOMERS

Are important to **suppliers with high fixed cost** because they keep production lines running. However, they have **bargaining power**

#### 3. MARGIN CUSTOMERS

First manage **price paid and then costs**

## PROSPECTING NEW BUSINESS

Prospecting entails the related activities of **internally generating leads** from databases, prompting and gathering inquiries externally from and marketplace and qualify them as significant prospects.

### GENERATING LEADS

Relying on a CRM, which is defined as a **set of tools and processes** a firm uses to identify, attract and retain customers and to leverage its relationships with customers, firms supplement their customer database with research findings from value assessments.

#### LEADS - INQUIRES - PROSPECTS

### GATHERING INQUIRES VIA MARKETING

#### 1. INTEGRATED MARKETING PLAN

- 1 SET GOALS
- 2 DEVELOP COST-EFFECTIVE TOOLS
- 3 CREATE CVP
- 4 SYNCHRONISE CHANNELS

#### 2. QUALIFY INQUIRES

Contact the customer to validate he has significant potential.

##### Questioning

#### 3. GATHER SALES FORCE FOR PROSPECT

- 1 PROVIDE KNOWLEDGE (INTERNAL MEETINGS)
- 2 INCENTIVE SALESMEN
- 3 FOCUS ON QUALITY AND TIMELINESS LEADS
- 4 PROVIDE SUPPORT

## ASSESS FIT

### UNDERSTAND AND COMMUNICATE VALUE

It is important to take into account the **customer's ability to comprehend and appreciate the value** offered in terms of the various individual benefits. Either economic or not, Tangible or not. **Quantifying the benefits is hard** because of the complexity.

### BUILDING VALUE STACK

By **stacking the benefits on top of each other**, it facilitates the supplier's understanding of the level and importance of the offer and capture the essential efforts to communicate them to him.

## ORGANISE SELLING

#### 1. TRANSACTIONAL

Order **ASAP**

#### 2. CONSULATIVE

Long-term and **value-adding** process to solve problems

#### 3. ENTERPRISE

Resources and capabilities sharing

#### 1. INITIAL MEETING

Straight, new or rebuy. Then **try to improve**

#### 2. LEARN REQUIREMENTS AND PREFERENCES

- 1 **PLAN** Identify the key elements, topics and **objectives of the call**
- 2 **OPEN** Trust and honesty; analyze fit with requirements
- 3 **INVESTIGATE** Culture, relationships, and pay-off expectations

## INITIAL TRANSACTION

### 1. DEMONSTRATE VALUE

Select the **best market offering** that meet requirements

### 2. PROPOSE SOLUTION

Translate features and advantages to customer specific benefits.

#### VALUE MAPPING SYSTEM

### 3. INITIAL TRANSACTION

**Classic close tricks**, commitment between the firms, advances

### 4. NEGOTIATE THE FIRST SALE

#### 1 PRICING

initial use discounts, early payment discounts, volume discounts, freight allowance and extended dating deal.

#### 2 APPROACHES

Disruptive or integrative

#### 3 BATNA

BATNA is the **most advantageous alternative** course of action a party can take **if negotiations fail** and an agreement cannot be reached.

## INITIAL FULFILLMENT

### 1. COORDINATE SUPPLIERS

Define which steps of the order are **accounted to whom**. **OMC**

### 2. REVENUE MANAGEMENT

predict customer behaviour and maximise growth.

*Segmentation, opportunity evaluation, satisfy most valuable customer, decisions based on knowledge.*

### 3. FOLLOW-UP

Probe any areas of **discontent and search** for new opportunities

## VALIDATE

Allow **more resources** on **promising prospects** and retract from less interesting ones.

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## 9 Sustaining reseller partnership

### GAINING NEW BUSINESS

A reseller partnership refers to the **recognition and understanding** of the **success of two firms** that provide a coordinated effort to satisfy the requirements of customers in the marketplace.

### ALIGNING SELF-MUTUAL INTEREST AND

Managers need to seek ways to adapt or transform the nature of the business-marketing channel. When designing a new channel, it will **align mutual self-interests**, but for an undetermined amount of time. Managers should be ready to face **3 scenarios**

## A. STRENGTHENING IN STABLE MARKET

When the marketplace is stable, interests and resources are aligned, management tasks are:

### 1. FULFILLING SUPPLIER COMMITMENT

- 1 **TRAIN AND COACH** (CERTIFICATE)
- 2 **SALES AND MARKETING PROGRAM**
- 3 **PRICING SUPPORT** (DISCOUNT)

### 2. FULFILLING RESELLER COMMITMENT

- 1 **SUPERIOR SERVICE** (ISO)
- 2 **INNOVATE** (NEW SEGMENTS)
- 3 **ENHANCE BRAND EQUITY** (NEW IDEAS)

### 3. STRENGTHEN COORDINATION

- 1 **JOINT PLANNING**
- 2 **CLARIFY ROLES** (AGREEMENTS)
- 3 **IMPROVE COMMUNICATION**
- 4 **SYNCHRONISE EFFORT** (PART-REL-MANAG)

### 4. ENSURE VALUE DELIVERED

- 1 **CONDUCT MARKET RESEARCH**
- 2 **GET EQUITABLE RETURNS** (PERFORMANCE + PROFITABILITY)

## B. RESPOND TO INCREMENTAL CHANGES

When conditions of a **market change**, managers need an alert mechanisms and a process to adapt

### 1. ADJUST COMMITMENT

- 1 **RESELLER ADVISORY COUNCIL**
- 2 **REFORMULATE GIVES & GETS**
- 3 **RESOLVE CONFLICTS**
- 4 **SEEK INFLUENCE**

### 2. CREATE ADAPTIVE CHANNELS

- 1 **HYBRID CHANNELS**
- 2 **EXTRAORDINARY SITUATION SUPPORT** (INT.LOGISTICS)
- 3 **ALLIANCES AND CONSORTIUM**
- 4 **SHARE CAPABILITIES**

## C. RESPOND TO DISRUPTION

Enables the firm to **handle disruptive changes** by undertaking actions

### 1. INTEGRATED MULTICHANNEL

**Focal firm** is in charge of the whole channel members

### 2. RELATIONSHIP TRANSFER

Move customers **to other firms** and manage **compensation**

### 3. TERMINATE PARTNERSHIPS



## 10 Managing customers

### GAINING NEW BUSINESS

*Managing customers is the process of **differentiating transactional and collaborative customers, delivering offerings** that fulfill the respective requirements and preferences of customers in a superior way, and **getting a fair return** in exchange.*

1. DIFFERENTIATE
2. DELIVER
3. MANAGE PORTFOLIO
4. GET A FAIR RETURN

### DIFFERENTIATE

1. TYPE OF CUSTOMER
  1. TRANSACTIONAL  
repeated exchange of basic products for **highly competitive prices**
  1. COLLABORATIVE  
**Partnering**, through a strong social, economic and technical **bond**
2. PARTNERING AS FOCUSED STRATEGY

### PURSuing GROWTH

1. GROWTH
2. CONTINUITY

### HOW TO GROW SHARE

1. FITD - FOOD IN THE DOOR  
The first component you sell to a new customer. It must be **inexpensive, have a good fit** and **risk-free**.
2. ALL AT ONCE  
Large customers that can complicate the process of incremental changes. Be a **Vendor, Supplier and Strategic partner altogether**.

### HOW TO PURSUE CONTINUITY

1. HONEST AND TRANSPARENT COMMUNICATION  
Multiple levels of communication
2. TRUST AND COMMITMENT  
Accomplishments, audits and guarantees
3. COORDINATION MECHANISM  
**Equilibrium price** and coordination between firms

### ANTICIPATE AND RESOLVE CONFLICTS

### DELIVER

#### RELATIONSHIP SPECIFIC MARKETING OFFERING

The manager configure an offering that matches the **type of relationship pursued with a particular customer**. First start by market research, then extend the present bandwidth by becoming more collaborative and gaining a competitive advantage. Either unbundle to narrow down the needs or augment the value of the standard offering.

#### PRICE-RELATIONSHIP SPECIFIC OFFERING

1. TRANSACTIONAL CUSTOMERS  
**De-feature the offering** and share the **costs savings**
2. COLLABORATIVE CUSTOMERS  
**Work together** to gain an **understanding** of requirements and preferences

#### BUILD CAPABILITIES

#### DELIVER AND GAIN SHARE

## MANAGE PORTFOLIO

### MEASURE COST-TO-SERVER

Loyal customers have some interesting characteristics

1. PROPENSITY TO REPURCHASE
2. WORD OF MOUTH
3. RESISTANCE TO COMPETITORS
4. PAY-A-PREMIUM
5. COLLABORATIVE
6. INVEST IN RELATIONSHIP

### LOYALTY LADDER

1. SWITCHER  
Demands **large volumes** and may **bargain**
2. UNDESIRABLE  
Temporarily and rationalised customers
3. PARTNERS  
Rely on the **firm's expertise and value-added activities**. Manage carefully
4. MOST VALUABLE CUSTOMERS  
Single **transaction premium buyers**, need to **retain them**

### MIGRATION STRATEGIES

1. IDENTIFY ACTIVITIES  
Needed to support the relationship
2. QUANTIFY BENEFITS  
Of every ladder position
3. CALCULATE COSTS  
Incurred in managing the relationship

### SUSTAIN WITH RELATIONSHIPS

Managing within a Business Market Context. **Actors, Activities, Resources = Network**

1. ADD VALUE TO NETWORK  
Means to prosper.
2. HAVE A PLAN FOR EVERY RELATIONSHIP
3. CONSTRUCT APPROPRIATE AND SPECIFIC OFFERING
4. MANAGE CUSTOMER PORTFOLIO