

Business101

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The Key to Higher Margins is Selling Solutions – Not Products

These days cast polymer shops are getting squeezed pretty hard from all sides. Customers will no longer accept our products at any price—they are a lot wiser, they shop around, they check out prices on the web, and they will only allow a small mark-up over production costs. Manufacturing and distribution expenses are also climbing higher—and of course suppliers are raising prices too.

The result is obvious and painful—your margins are being eroded, meaning your profits are flat (or worse).

The typical response is for the company president to rally the sales force, telling them to get out there and “Sell More Stuff.” This “We’ll sell our way out of the problem” is exactly the wrong approach.

You Can’t Just Sell Your Way Out

Let’s see why this sell-our-way-out approach won’t work.

1. You will be paying the salespeople to find new clients. Until they find one, their time and effort are pure expense;
2. When a new account is found, the only way the sales guy can get that ‘break-in’ sale is to lower the asking price. (And your margins are already getting squeezed badly, remember? Do you really want to lower them even more to secure a one-time sale?);
3. Maybe the new account is a small contractor who needs their biscuit shower surround in a big hurry, tying up your manufacturing line and consuming raw materials (like expensive resins) all for a low margin sale; and
4. Meanwhile, existing accounts are not getting the attention they need and deserve.

And to top it off, perhaps the new account requires some “new” materials, stuff you aren’t familiar with and don’t have in stock on an everyday basis—thus requiring new sourcing (possibly an investment in a new mold), more inventory, even some experimentation in your manufacturing process.

Talk about winning the battle, (you got those new accounts and increased sales) while losing the war (expenses are mounting and profits are nowhere to be seen)!

Sell Smart

So what’s the solution?

Work that gold mine right under your nose. Sell more to your existing customers.

You may believe selling more to current clients will never work, especially if you believe “That’s impossi-

ble—we already sell as much as we can to our customers.” Or you may even think this is a dumb idea – “Even if we could sell more, we would be in the same position – we continue to incur more and more expenses, while margins get thinner and thinner.”

Here’s where basic sell-more-product-based thinking is just plain wrong. If you add increased customer service into the mix, you can sell more to your current clients and increase profits to boot. The simple truth is many businesses tend to seal the sale primarily (if not exclusively) based on price.

In reality, your customers don’t come to you, a custom cultured marble and solid surface maker, for a sink; they can get one somewhere else (like Lowe’s or Home Depot). They buy from you because of the additional services you offer—custom design and installation. When you offer more service, they will buy more service. The better your service, the more easily you can justify high margins and the less likely the customer will look elsewhere for that sink.

Selling Smart = Knowing Your Customer

You need to know what kind of services your customers need, expect and are willing to pay for. The more you know about your customers, the more services you can offer. Cast polymer shops think they know their customers. We are here to tell you, they don’t.

When we interviewed some Cast Polymer customers, we saw amazing cases of missed opportunity and increased risk. Ex. 1 - We learned of an architectural firm whose revenues had doubled over the last three years, yet their orders with one Cast Polymer shop had remained flat. Ex. 2 - We learned that the customer was going into bankruptcy proceedings, yet the cast polymer shop was still selling them product and extending credit well past 90 days.

Utilize Customer Consultants

Getting closer to your customers is the best way to escape the price wars. The best way we’ve seen to do this is to turn your Sales People into Customer Consultants. Customer Consultants visit the customer site—they walk the floor, they see what’s going on. They know what projects are coming up on the customer’s work schedule. They know how best to package the product for the quickest unloading and use.

Customer Consultants also get very close to their customers’ business. For baths, the Consultants are up to speed on competing products, installation issues and proper surface cleaning procedures. For architects, they learn about the latest in window technology—triple panes, different opening modes, standard/custom measurements. They bring suppliers to

the site. Soon your Consultants will be an advisor to that account for all their Cast Polymer purchases.

Back at the shop, these Consultants can advise purchasing on what materials are the most popular and manufacturing on how to improve the product. Your Customer Consultants are your company's primary interface with your customers, the market, even your suppliers.

Now you are looking at your sales force, thinking—"That's not what my guys do! How am I going to turn this around?"

Here are five steps toward turning your cast polymer business into a true seller of solutions (service + product) and not merely a seller of products.

Five Steps to Being a Solution Source

1. **Do a customer analysis.** Rank your customers, by revenue, by profit, and by days to pay. This will give you a short list of those companies that bring in the bulk of

your revenue, make you the most profit, and are financially healthy. These customers are your gold mine. Make them happy and they will buy more from you.

2. **Survey these top customers.** Find out what gives them fits and what they would like. You may be surprised to learn what they want vis-à-vis billing, packaging, delivery, installation, scheduling. Errors in quotations, shipping, and invoicing cost your customers a bundle. Running an error free operation will inspire untold customer loyalty and in turn will make you plenty.

3. **Make sure all top accounts are covered by your Customer Consultants.** Assign one or more to each Consultant and make it their job to learn everything about these customers.

4. **Spend money on training these former sales guys.** They need to develop new skills. This is a different kind of selling. They are no longer selling a sink, a pool

or a counter top; now they are selling expertise and overall solutions.

5. **Develop a bonus system that rewards your Consultants for increasing high margin sales.** Good incentives always get people focused to do the right thing.

These steps are not a quick fix, but a slow and effective process. You can't just give a good rah-rah speech about the importance of being Customer Consultants, sit back and expect to see sales jump. You can start the process right now. You have to. Now is the time to turn your cast polymer shop into a high-margin, solutions business. **CPC**

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