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Dealership STIMULUS PACKAGE

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STIMULUS PACKAGE FOR DOCUMENT IMAGING DEALERS

BY TERI DUNN



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Business to business sales organizations do two things; sell and then service and support what they promised. Consequently, the *Salesperson and their Process* and the *Service/Support Organization and its Performance* must be the targets of focus for a Stimulus Package that is meaningful to your organization; your dealership.

The Sales Person & Their Process

The H.R. Chally Group first identified in 1998 and later in 2007, after in depth vendor evaluation interviews with more than 80,000 business customers, that it is the salesperson and their level of competence that rises to the highest level of influence in a sale. The best proof and demonstration of a salesperson's competence is the consistent utilization of a process that works because it matches with the buyer's stage in acquisition/purchasing. Therefore, it is not the relationship with the customer but the salesperson's knowledge or competence, resources and support that most highly influence the buying process. Embracing a process that aligns with the buying cycle rather than the more typical competition to gain the buyer's attention to present, persuade and close a sale, is the preferred foundation for a strategy when buyers are reluctant to spend. And reluctance to spend is the biggest competition a salesperson faces in these difficult economic times.

Access the C-Level

Today, any financial decision that has potential impact on the organization becomes scrutinized by key executives. Salespeople need to access those at a higher level and understand what's keeping key executives awake at night. This critical step of starting with the C-Level executive (CEO, CFO, CIO) is a critical factor in the buying process. Returning to access the C-Level later creates a terminal stall. We also estimate that 85-95% of salespeople/ reps spend their time chasing opportunities that are "soon to be" on the market. However, our competitors are doing exactly the same thing. And "new" is not always better. We have become heat seeking missiles for the products that are soon to be replaced and are ignoring the 80% of the marketplace that is

not "up for grabs." In a non-growth market and in difficult economic times, we need to work higher, deeper, and broader in accounts. By utilizing the right resources we have the potential to own so much more of the account—by delivering more of our products & services "before the account is on the market."

WE CAN IDENTIFY OPPORTUNITIES FOR:

COLOR...the fastest growing product segment in today's industry. Year over year placement statistics indicate, in some cases, double digit growth in color equipment placements and double digit decline in monochrome equipment placements.

PRINTS...the fastest growing clicks in the industry. Printer clicks in Corporate America more than double the declining MFP clicks available for dealers to service today.

WORK FLOW AND DOCUMENT MANAGEMENT SOFTWARE...the highest interest level in our multiplying information society. It is estimated that a "page" costs over 30 cents to store, retrieve and manage.

PROTECTING OUR COVETED CURRENT CUSTOMER BASE. In 2001 the United States copier/MFP base represented about 11 million units; today it represents half that population.

We operate so single purposely because it is the way we have always operated, and because our people do not understand nor initiate an effective process to begin accessing at the right level. Today's salespeople need a new methodology.

KEY 3-FOLD METHODOLOGY

1. Focus on your customer - not the single product ready to be replaced. It is perfectly natural for our salespeople to engage in an opportunity, sell a product and move onto their next opportunity. We have trained them to do this for years and it is precisely what we compensate them to do. What most fail to recognize before moving on is that there are many other opportunities in that same account: color, Managed Print Services, even other MFPs that have been deployed improperly and are off the radar screen let alone the many solutions type products that manufacturers now bring to the table. This is the case even in our own loyal customer base. There too, we need to operate higher, deeper, broader.

2. Adopt the current prints made on already existing printers on cost per page service/supply contracts, otherwise known as "Managed Print Services." An equipment sale is a one time event. Until the last few years, the equipment sale was required to trigger the sweetest component of our industry, the service and supply contract. Service and supplies are sweet because those reoccurring revenue streams stabilize our business in good times and bad. MPS multiplies this reoccurring revenue opportunity in your existing base. By focusing on "customer share" rather than a single product we multiply our opportunity tremendously and in turn offer our customer more value, increased profitability and a better understanding of hidden expenses, making it easier for them to buy intelligently.

3. Advance the "buying process" rather than the "selling process." Embrace a process that aligns with the buying cycle rather than gaining the buyer's attention to persuade and close a sale. Cycles are ongoing while a sale is often viewed as a one time "event."

Branding is Safe

Studies show that during challenging times, buyers gravitate toward "branding." A "branded" concept is safe; familiar. Whatever feet you have on the street should be singing the same message. This is where your sales and marketing efforts should be unified. When was the last time you refreshed your go to market strategy and required buy-in from the troops? Now is the time to



consider this. It will empower your staff, identify those on alien missions, and give you a chance to "brand."

The Strong Get Stronger, the Weak Get Thinner

Do not settle for mediocrity during an economic downturn. Mediocrity leads to weakness. During times when opportunities seem slim, the abilities of weak competition become thinner. Visibility is key now. This is the time for the bar to be raised, not lowered. Buying office equipment, solutions, and services may slow down but it does not stop. This is a time to expect more contacts and closer alignment with your sales initiatives.

Accountability, Cuts and Adds

A good stimulus package requires accountability. If your staff hopes to benefit from the perks that evolve with being associated with a rock solid organization, accountability is the price to pay. Therefore, cut "pretenders" from the ranks. Pretenders are those people "unwilling" to engage in your corporate strategy for success. They are "unwilling" to raise the bar and increase their activity. Pretenders believe selling is an "art" and they are the "gifted." Pretenders believe they will keep their jobs because of their relationships. Many are the old-school, single point of contact person who refuse to adapt to today's more complex selling environment, let alone in today's economic times. Let pretenders go in favor of the best and the brightest sales minds who see the "big picture" and are prepared to execute a real plan. Add industry salespeople who can

create customer demand. Add a process they can execute to create customer demand. This will grow your dealership; your business.

The Service/Support Organization and Its Performance

Your customers' expectations for service and support are higher than ever. Judgment is swiftly made as to whether a customer is getting what they paid to get. A winning formula for re-inventing more profitable service and support of your customers without sacrificing quality and "premium" service lies in:

- Understanding industry best practice benchmarks for service revenue and individual expenses, as well as service and operational performance and productivity benchmarks.
- Examining your service organization's performance statistics results by capturing your results on management reports produced by your operations software, at all levels: company, territory, technician, machine model, field call and cost per page.
- Comparing your results to "Best of Breed," meaning not just the industry benchmarks but to actual performance achieved by top performing operations.
- Implementing initiatives to refine activities and purchases.
- Capturing more opportunity and profitability with offerings that capture more residual, reoccurring revenue and profit.

Investigate

Investigate for an opportunity to apply a stimulus package. Investigating the efficiencies and effectiveness of your service process, operation, personnel and infrastructure could not be more valuable right now to you or your customers. Offering "premium service" at a competitive price with exceptional gross profit will solidly position you to show value while experiencing a stable foundation in difficult times. What, might you say, is "premium service?" How about service so superior that your customer understands it would cost them great risk and profits to choose to be serviced by someone else! This will require educating your customers on what "premium service" looks like and a willingness to be held accountable to your claims.

Investing in the analysis of your service organization's expectations and methodologies to uncover areas of opportunity will position you to offer "premium" service and reward you with increased profit and resources for future growth.

Check the Best Authorities

Time is of the essence. We have seen service revenues dramatically impacted by manufacturer claims of lower price per page for years. Your customers' volume on equipment has been dropping. At the same time we have seen profitability hammered by fuel costs, cost of living, and the gap between per click revenue from yesteryear to today. Every day salespeople are replacing profitable in field revenue streams with new equipment that is not only billed at a lower cost per page but today is producing fewer pages than the contract that was replaced. It's a double whammy to revenue performance. There is no case for trying to figure this out on your own when there are trusted authorities who have already done the dirty work. Benchmarks are not hypothetical, theoretical examples. Over twenty years, thousands of dealerships and tens of thousands of machines provide the proof. Again, you need to compare what your service organization looks like with "Best of Breed." To do this you need to engage with an organization who has collected data from hundreds if not thousands of high performing operations and who understands how to help you focus on the components and activities that make a substantial difference in profitability, performance and productivity.

Foreclose and React

Foreclose on the theory that you cannot squeeze better performance from your service team. Focus on revenue, performance expectations, personal accountability, cost control and service territory structure. The impact? Expectations will be raised at all levels within your entire organization, allowing all employees to be conscious of their actions. The reward? Reduced call activity, increased product reliability, accountability procedures increasing overall productivity, and reduced expenses, warranty capturing, and parts expense management boosting profitability. Small changes in these focus areas will enable quicker response times



"By partnering with Print Management Solutions Group, we are providing the training and education to our entire sales & service organization that is essential to meeting customer expectations and accelerating our continued growth and success."

Ben Russert, Pres., ProSource (OH)

and happier customers who perceive they are getting "premium service."

Expand

Expand your service product offering to a hybrid of your current product set to enable a greater customer share. Most of your accounts have two or three other vendors just like you providing them with service and support. Imagine the efficiencies for your customer if this service was, at least over time, reduced to one vendor. And imagine if that vendor was you. Productivity, time, travel, revenue and profitability would sky rocket without even capturing another account. It is no secret that a Managed Print Services offering is the most effective and efficient process to expand quickly in an economic downturn.

Beware of a Deficit

Companies who have been servicing your customers' printers on a time and materials basis understand what they are NOT servicing in your customers offices. Your MFPs. Printers and printer volume at least double MFP volume today. With the recent consolidation of megadealers, manufacturers are looking for new outlets to sell their products. Those small companies selling and servicing your customers' printers today may well be your MFP competitors tomorrow. Things can get worse. Protect your base. Lock down every output device in your customers' organization. Provide "premium service" for those devices and get on the same page with your customers' goals and objectives for their organization. Become valuable to your customers. Eliminate any reason for them to send their pages elsewhere.

Bottom Line

Once upon a time, the original wise men of the office products industry issued a preamble to the industries constitution which boldly stated that the beauty of this business was that it was "recession proof." During previous economic downturns, this axiom



proved to be fairly sound. The difference between this downturn and others is that electronic documents, the Internet, and print on demand have sliced into the base of copies made on the typical copier. During this economic downturn, customers looking to slice their expenses have discovered that they contracted for thousand more copies / prints than they use. We have heard from hundreds of dealers who receive calls daily from their customers, telling them they want to reduce the base copies and monthly charges for those copies, thus slicing into the sacred aftermarket revenue streams for the first time. These same customers, however, have increased the number of prints made on their desktop printers. Therein lies the stimulus package we have been waiting for.

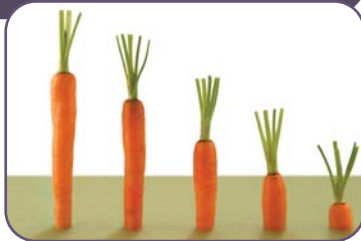
Unlike our nation's stimulus package, no one is going to just give you those prints to put on contract. You must be prepared to find them with a MPS strategy. We continue to hear from dealers who have grown radically this year, using MPS as a stimulus package to fuel their growth. If you long for the days of a

“recession proof” industry, your stimulus money has come in. It is in a package labeled “MPS.”

HOW DO YOU DEPLOY MPS IN YOUR DEALERSHIP?


Unlike taking on a new equipment product line, your investment in inventory and personnel to implement an MPS strategy is minimal. However, there are 12 key decisions a business owner must make, 6 key preparation areas that require implementation, and 3 key actions that ensure a strategic MPS product offering is on the right track. These decisions, preparation and action plans are strengthened by similar supporting tracks for your sales and service organizations. You need a simple, executable engagement process. And both sales and service need at least a couple dozen tools and a professional training/education program to get the job done. You also need to understand how to differentiate yourself from all those wannabes who are “pretending” to offer MPS!

Did we mention that your equipment sales will also increase as a result of effectively and efficiently implementing an MPS go to market strategy?



You cannot discover success in MPS on your own without investing years of trial and error, and by then the window of opportunity without

fierce competition will be closed. You can jumpstart your success by investing in programs conducted by authorities who themselves have already invested those many years of experience and have created professional deployment practices, training programs and consulting.

Various companies provide programs, including Print Management Solutions Group (PMSG) who offers a total MPS solutions package facilitated by proven industry veterans which does not focus on “why” a dealership should offer managed print services, but rather a complete “how to” value proposition from onsite consulting, professional sales development, service and operational benchmarking and training, and ongoing coaching and support to ensure dealer success, and to maximize ROI on their MPS business model. In addition, PMSG has developed the industry’s first operational and financial MPS model for service. Their sales education, and service and operations excellence training workshops are facilitated simultaneously at the same location, thus allowing dealer personnel involved in all aspects of their MPS offering to walk away in “lockstep and ready to execute on their strategy.” The objective is to prepare your dealership for the economic recovery that lies ahead. 

LOOK IN NEXT MONTH'S OCTOBER ISSUE ON SALES MANAGEMENT LEADERSHIP - MANAGING YOUR MPS MODEL- BY KIM WARD & TOM COOKE.

Teri Dunn is a Senior MPS Consultant for Print Management Solutions Group & Master Facilitator of the nationally recognized sales training program, Selling Managed Print Services. At teridunn@comcast.net. Print Management Solutions Group is a joint venture with BEI Pros to support MPS initiatives through comprehensive consulting & training: www.printmanagementsolutionsgroup.com

SERVE MIXED FLEETS WITHOUT MIXED FEELINGS!

Managed Print Services (MPS) are exciting—but not without challenge. Supplies Network, the largest privately-owned U.S. wholesaler of IT supplies, puts the MPS pieces together for you to serve mixed brand, mixed equipment fleets.

CARBON SiX® is a comprehensive, yet flexible and low-cost program. A recipient of the Photizo Group's MPS Leadership Award for best infrastructure program provider, it has all the elements you need to get started right away. CARBON SiX includes training and coaching to minimize risk—and your nagging mixed feelings.

CARBON SiX Flexibility

- Individual elements or turn-key programs
- Basic cartridge bundle, to full cost-per-page
- HP, other OEM, or compatible supplies
- No up-front software or capital investment
- Seamless back-office integration with e-automate Managed Print Edition

CARBON SiX Elements

- Printer Monitoring Software
- Filtered Service Notifications
- Help Desk
- Auto Supply Replenishment
- National Service
- Deal Crafting
- Parts/Supplies
- Equipment/Financing

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