



*“Journey to  
the Summit  
of Excellence”*  
ABC 2006, Banff, AB  
June 18-21, 2006

**Notes from Business Session #2,  
ABC 2006, Banff, Alberta  
by Mike Workman**

## **Introduction**

At the recent Monday morning business sessions at ABC 2006, delegates focused on defining pathways and identifying obstacles and opportunities on our Journey to the Summit of Excellence. A modified affinity technique was used with shared roundtable dialogue among mixed groups of distributors, reps, and manufacturers to create a dialogue on those elements. An open-ended question was posed for consideration and a healthy and intense conversation ensued. *“What’s the most difficult thing about pricing to change in our markets, but if we could change it, would make a tremendous impact on profits for manufacturers and distributors”* was the question the attendees were asked to consider.

The group was given twenty minutes for dialogue at their tables, and then a chosen spokesperson was asked to share thoughts, concerns, solutions, complaints, and ideas with the other participants. This provided an open forum for disagreement, additions, questions, support, and ridicule. There were a total of fourteen tables of participants that identified twelve distinct but related issues they believe contribute to strengths, weaknesses, opportunities, and threats for our channel to collaborate, and move toward better profitability. These issues could be grouped into four distinct categories that addressed:

- **Goal setting;**
- **Leadership;**
- **Effective communications; and,**
- **Education**

Many of these items could be properly placed in more than one category, which exemplifies the complexity of our channel and business relationships.

I’ll attempt to summarize the intense and insightful comments of the table leaders as best I can, but this almost requires your presence at the session to fully understand. The purpose of this paper is to refresh your memories, create some notes for tasks, and provide topics for internal dialogue (with your employees, customers, suppliers, distributors, reps, and anyone who will listen).

## **Goal Setting**

Under the general category of differing goals, we concluded that market share as a driver of pricing and collaboration usually leads to a fear driven pricing philosophies. As an industry we frequently react or overreact to perceived competitive pricing, and drop our prices long before attempting to reinforce the value of our offerings. Fear of

loosing an order takes precedence over all known information. While we understand that business is biological and requires growth to survive, this growth can be (and is) defined differently by different channel participants. Volume versus profitability is a volatile issue and frequent point of contention. We really didn't find a solution for this dilemma, except remaining constantly aware of it should help direct our goals and expectations. Growth for market share gain fosters an auction mentality among all channel participants, which fuels a rebate driven relationship further away from sound, long term business decisions.

There was lively discussion concerning the current and probable future of rebates, and the general consensus was that, it is a negative contributor to our industry. Distributors that effectively manage their businesses would rather have a pricing advantage at the time of purchase than delayed, inconsistent, confusing, volume driven rebates.

### **Leadership**

Leadership was a second general category that was openly discussed, alluded to, became the focal point of actions needed, and offered more immediate and long term solutions than most other options. The issues within this arena included; change implementation processes, consistency, trust, security or insecurity within the market, strategic planning, and business succession options. The leadership of this organization has made a commitment to exhibit the highest leadership traits for their industry instead of accepting short-term results.

It's exciting to see the continual display of these characteristics through language, attitude, pride, servitude, performance, and follow-through. In my opinion, this is the only vehicle with which one can control their own destiny in any industry. We must choose not to support any group or individual that does not constantly exhibit those values and best practices that set us above others. My hat is off to you for your commitment and performance.

### **Effective Communications**

Communications always makes the list of items to address in our channel. This group did so with options for improvement instead of complaints or placing blame for failure. The communications dialogue included defining a need for; trust, consistency, timing, value determination and offerings, and honesty. Many of the leadership and goal issues were revisited as ways to more effectively communicate.

Legitimate business partnerships are based on expectations; follow through, measurement, and straightforward usable information. Our channel needs to work on removing insinuations, reducing rework and losses caused by poor follow through {as in price increase announcements with times that rarely happen}, and finding ways for simplifying the communication process. This is rarely solved effectively by technology. Success is almost always the result of planned, consistent, measurable, information sharing.

## Education

The fourth general category identified for action was education (training for some of us). The education of our employees (sales, support, operations, and management) on the value we bring is imperative. Price is a numerical description of value. When someone questions a price, value has not been effectively established. A customer must perceive the value to be greater than the price asked for the offering. Our educational process must be long term and focused on value as the driver of price and the futurity of current decisions in order to have employees that know, can, and will express value. This process must also be employed externally in order to show our customers how to make good buying decisions, understand their and our costs, and be able to explain that within their own organizations. We must educate our supplier partners and distributor partners on our and their value within the supply / demand chain. Only by establishing a consistent business-to-business relationship can we expect our endeavors to continually expand positively.

One problem with our session (actually, I think it was the only one) was we ran out of time. We could have spent a great deal more time on these issues. The good news is, we have a base to work from, and plenty of opportunity for positive change.

I learned a great deal from our time together, and THANK YOU for the opportunity you afforded me.

Mike Workman

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