

North American Management Briefs

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You Should Know...

That's Dedication

Frederic J. Baur, the designer of the cylindrical Pringles potato chip container, loved his design so much that when he died last year he had his cremated remains buried in a Pringles can.

The Point: Pride in one's work is wonderful.

Hmmm?

PEW Institute reports that since 1932 no democrat has received more than 50.1% of the popular vote in a presidential election.

The Point: Maybe we will have an interesting election after all.

Betting On Anything

Rescuers in India required 50 hours to save the life of a five year old boy who had fallen into a deep hole in the ground. Sadly, Indian bookies took in US\$33 million in bets on whether or not he would survive.

The Point: It seems tasteless behavior is universal.

The Election – Again?

The New York Times reports that in nine of the last ten presidential elections the candidate who secured his party's nomination the earliest won the presidency.

The Point: I guess it looks good for McCain.

It's Unfortunate

As the economy slows down the number of Americans on food stamps has risen to 28 million, an all-time high, reports The Week Magazine.

The Point: It's not a record to be proud of.

July's Quote

"Marketing and innovation produce results: All the rest are costs."
Peter Drucker

Sales and Pricing

A change in selling price affects profits more immediately than does any other marketing strategy. A company's field sales force is critical in controlling these prices.

Field salespeople are constantly challenged to maintain and even increase prices. This ability is especially important in today's inflationary environment. The cost of energy and most raw materials (Dow just announced a 25% price increase) are rising dramatically, necessitating price increases.

How then can you maintain or increase your prices? Start by educating your sales force.

There are three issues that must be addressed. They are:

- **Your competitor's prices.** Every customer, distributor, OEM, etc. wants a better price. Most say they can get one from a competitor; but is it true? Competitive intelligence can answer this question and the answer will help your salespeople resist discounting.
- **Negotiating skills.** Most "sourcing" departments are now staffed by professionals formally trained in negotiating. They know how to compare products' prices, warranties, services, etc. If your sales force is not educated in negotiating techniques, they are at a distinct disadvantage and your profitability will reflect this deficiency.
- **Your value proposition.** A sales force needs something to sell.

The days of just saying that "we have high quality products" or "we

have been the leader for 20 years" are gone.

These phrases simply don't work anymore. Your customers care about:

- ◇ *Your value proposition on an absolute basis.* (Can it help them save time or money?)
- ◇ *Your value proposition relative to that of your competitors.* (How is your product offering different in a way that is valuable to them?)

The Point: Salespeople are a very expensive resource, one that must be optimized.

If you don't know the prices your competitors are charging, or if your salespeople aren't professional negotiators, then it's likely you are leaving profits "on the table."

Yes, your sales force really can increase your average selling prices, and thus your profitability, but you must invest in it.

Monthly Wholesale Trade: Sales and Inventories April 2008

Business Type	% Change In Sales 4/07-4/08
Lumber & Other Construction Materials	-9.7%
Metals & Minerals	+3.5%
Hardware, Plumbing & Heating Equipment	-2.8%
Machinery, Equipment & Supplies	+13.9%
Farm-product Raw Materials	+59.4%
Chemicals & Allied Products	+8.5%
Petroleum & Petroleum Products	+39.9%

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