

WHOLESALE DISTRIBUTION INDUSTRY

The Maintenance, Repair, Operations Supply industry (MRO Supply) or Industrial Supply wholesalers industry is made up of close to 150,000 companies in the US with combined revenues of approximately \$140 Billion. Of that, less than 30% of the revenue is generated by the 50 largest companies. The industry is highly fragmented, highly competitive and poised for consolidation. Combine those facts with the pressures of a still recovering manufacturing sector (one of the largest customer segments of MRO Supply) and you have an industry that is highly motivated to identify opportunities to increase both top and bottom line results. That pressure is especially felt by top tier distributors who understand that when the dust of consolidation settles, their number will in all likelihood be significantly reduced. For them, long term strength – and in some cases survival – is a matter of increasing total sales/ market share while maintaining or increasing gross margin.

Improving Both Top and Bottom Lines

Multiple strategies are being pursued by MRO Suppliers to achieve these growth goals – a few of the more common –

1. Stimulate sales by improving the online purchase experience for ecommerce customers,
2. Continue implementation of on-site vending capabilities for commonly used products, and
3. Improve “customer experience” in voice-to-voice transactions with MRO Supplier service/sales personnel – ideally resulting in both an increase in total sales AND a protection against sliding gross

margins as well trained sales/service personnel are better prepared to upsell, cross sell and respond to purchaser pressure for price reductions.

It was this third strategy – changing and improving the nature of MRO customer interactions – that led one of those top tier MRO Suppliers to reach out to ASLAN. Their specific goals – first, change the culture of their customer service personnel – transitioning them from a “service only” mentality to a “service and sales” one and second – provide them with the expanded skill set they would need to effectively guide conversations in a new direction. The team at ASLAN knew that an expanded skill set without a change in culture would be of little value to their MRO Supplier client. And they knew that a “service to sales” culture change was always a challenge.

A New Way of Thinking About Service

ASLAN's John Cerqueira was the lead consultant on the job. He explains, “It's very common for individuals in customer service roles to push back when told they should be doing more than just filling the stated needs of customers who call in to place orders- i.e. that they should be “selling”. They generally pride themselves in providing excellent service. They believe that customers know what they need – and if truth be told, many of them see “sales” in a mostly negative light. In their view, sales people are pushy, self centered individuals, more concerned with their own personal agenda (i.e. commission) than with the customer's needs.

» CASE STUDY: WHOLESALE DISTRIBUTION INDUSTRY

When it is suggested that they should start selling, many are faced with what they perceive to be a directive that at best asks them to behave in a way that is foreign and uncomfortable to them – and at worst in a way they find detestable. The first thing we had to do was help these service focused individuals see that sales done well is simply an extension of the service function – or as we put it – “Sales Is Service.”

Culture change never happens overnight - but as these service reps began to understand that they could be more helpful by ensuring that they addressed the full scope of customer's needs (and not simply the one or two needs that had prompted the call), their own need for an expanded skill set in interacting with customers became clear.

Learning to Lead

It's not unusual for a top tier MROP to offer in excess of 500,000 SKUs to its customers. That fact alone promotes a reactive “order taker” mindset among service reps who feel overwhelmed by the sheer volume of products. To counteract that tendency, ASLAN equipped reps with key skills they would need to help them manage calls differently. Rather than approaching calls in a responsive role – relying on the customer to take the lead, participants were equipped to assume the leader role in

calls and proactively explore the full range of customer's needs. Specific techniques were taught to help reps communicate an other-centered approach to customers – helping them (the customer) see the advantage of yielding direction of the calls to reps.

How Did it All Turn Out?

ASLAN's MROP client selected two primary metrics to provide insight regarding the effectiveness of the new approach to service. Using these two metrics, they compared groups that had received training in the new approach with groups that had not. Here's what they found for the three month comparison window.

Increase in Average Order Size

Average Order Size (AOS) Increase was determined to be a strong indicator of reps effectiveness at uncovering opportunities beyond the customer's stated needs. Groups that had been trained on the new approach by ASLAN had an AOS Increase three times that of the untrained group for the comparison period.

Increase in Gross Margin

Gross Margin Increase provides insight into two important rep competencies. First, increases in Gross Margin generally indicate service rep's ability to “hold price” – a particularly important skill in a competitive environment like MRO. Secondly, increases in Gross Margin are frequently seen when service reps increase their effectiveness at uncovering customer needs for high margin products. Service reps trained by ASLAN showed Increases in Gross Margin twice that of their untrained counterparts.

Bottom Line

The MROP client subsequently hired ASLAN to train the rest of their service representatives to improve their service to sales skills.

Increase in Average Order Size
three times that of the
untrained group:



Untrained

Trained

Since 1996 ASLAN has been at the forefront of training for distribution companies that sell over the phone. We were the first to develop sales training solutions that directly address the unique challenges of telephone based selling. When call center leaders wanted to transition what had historically been service only cost centers to revenue generators, it was ASLAN that was called on to provide solutions to navigate that change. Our list of distribution industry clients includes industry leaders like Fisher Scientific, Deluxe, Anda, Grainger, MSC, Scansource and many more.

For information on ASLAN and our full range of solutions contact us:



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