

Here's how you can be a real 'primary supplier'



By Joseph R. Schmitt and Rich Schmitt
Management Specialists

Copyright © 2001 by Schmitt Consulting Group, Inc.
2141 Schuetz Rd., Suite 201, St. Louis, MO 63146
Phone: (314) 872-9199 Fax: (314) 872-9399



THE WHOLESALER March 2001

THE METHOD OF OPERATION THAT WE CALL High Performance Wholesaling can be learned by most of you. Some of you will pick it up quickly; others will have to work at it, learning by paying close attention to those who're succeeding despite the host of changes in the marketplace.

While there are many different formulas for success, there are also some fundamentals common to the practices of those at the top of the heap, the High Performers.

First and foremost, there is a simple strategy that continues to work after decades, maybe even centuries, of use. That strategy is to become the primary supplier to a group of accounts.

Here are some basic attributes of a primary supplier:

- You're the first supplier called.
- If you can meet the customer's needs, you are the only wholesaler called.
- For pick-up orders, the customer's truck heads to you first because the customer assumes you'll have what's needed.
- When the customer is standing at your counter, the business is yours to lose. The only time your competition gets a crack is when you strike out.
- Your company tends to get the "last look." You, not a competitor, control whether you win or lose the game.
- You're forgiven when you do goof up. Customers know stuff happens. Your relationship can survive the bumps in the road that occur in even the best-run businesses.

As a primary supplier you can't afford to give substandard service because you can't build a long-term stable business by getting the call only when your competition fails. You must work to control your destiny at all times.

As a primary supplier you're a member of the customer's team and, as such, are permitted to earn a better profit than your less privileged competitors, who often must "buy" business, i.e., grant price concessions.

As a primary supplier you obtain business by default; it steadily flows to you at a price that's fair to you and your customer.

Sound like fun? Be assured, it is. Sound too good to be true? Be assured, it's not; it's both good and true.

The status of primary supplier must be earned. Your performance is perceived by the customer, consciously or not, as being extra-worthy.

It's the customer's perception of your performance that's the determinant. For example, you could be perceived as being high-priced even though your pricing is in fact competitive. The perception may result from a competitor doing a better job of communicating to the market. So, remember, it is not enough to be good; you must be perceived as being good.

What does it take to be a primary supplier?

1. *Convenient locations or a delivery infrastructure that creates the perception of local inventory.* You must be convenient.

2. *Adequate inventory of what your target accounts want, such as their preferred brands, and need, such as commodities in depth.* You want to be perceived by them as being their one-stop supply house.

Just as important, your counter team and sales force must know the product is available and be able to serve it up quickly. We know a wholesaler who magnifies this special quality by having a separate counter for will-call pickups. The customer calls, and it'll be ready when he arrives. No wait, no standing in line.

Will-call works well because it gives you time to make an emergency run to fill the order if you're stocked-out of an ordered item without the customer ever sensing the behind-the-scenes scrambling.

3. *The customer needs to like you and the way you do business.* This includes the mix of services you offer, the amenities you provide, your "modus operandi" and, often, your personal relationships. Without it, you may find yourself making potentially troublesome concessions to keep the business. That's seldom characteristic of a primary supplier relationship.

4. *You must have fair pricing and, even more critical, it must be perceived as being fair or, if you prefer, competitive.* Again, people will buy from you regardless, but you will not be their primary supplier.

5. *You must maintain a solid communications program with those accounts for whom you're a primary supplier.* Don't discount

the importance of relationships and salesmanship, for you want those special accounts to be fully up to date on all goods and services available through you.

Now, just because you meet all five of the aforementioned criteria, don't assume that, therefore, you are a primary supplier. You must focus on earning that key recognition with each target account with the highest probability of mutual success.

Embracing and understanding this proven basic strategy brings great clarity to your operation and activities. It provides the foundation for determining the products you stock, the people you hire, the services you offer, the location of your branches, and just about every other critical decision you must make.

In the upcoming series of columns we'll discuss the additional experience and insight on the strategy itself, on ways to refine and excel in the five areas and in selecting accounts to pursue.

