

Global Partners, Inc.

Key Account Partnering

Creating Value for Customers and Suppliers

Host: Paul Hesselschwerdt – CEO, Global Partners, Inc.

Panel

Dr. Kevin Wilson

Chief Executive of the
Sales Research Trust

Author of: *Harnessing
Global Potential and
Successful Global
Account Management
and **BBV and SAM**, No
Longer Enough for
P&G*

Victor Rosansky

President of LHR
International

Author of: *The Power
of Alignment*

Dave Jones

Key Account Manager,
Electrolux Home
Products Europe

About Global Partners, Inc.

Global Partners, Inc. is an international consulting firm dedicated to helping companies grow their global businesses.

Our highly customized research, consulting and management development programs are focused on enabling our clients to achieve their most important business results on a global scale.

About ASI

Advanced Solutions International (ASI) is an international consulting firm that focuses on enabling organizations to successfully implement strategic change initiatives through the mobilization of people and ideas.

Headquartered in London, ASI operates through a worldwide network of offices and professionals.

Today's Discussion

1. **Customer-Supplier Partnering** - Adapting to the Shifting Landscape
2. **Partnering Strategies** - Aligning Strategies to Create Breakthrough Results
3. **Value Creation** - The Key Partnering Metric
4. **Breakthrough Change** - Leveraging Partnering to Drive Organizational Change
5. **Getting Started** - Embarking on the Partnering Transformation

The Power of Partnering

Partnering is a **process** for organizational change

where the **capabilities** of both customer and supplier are combined,

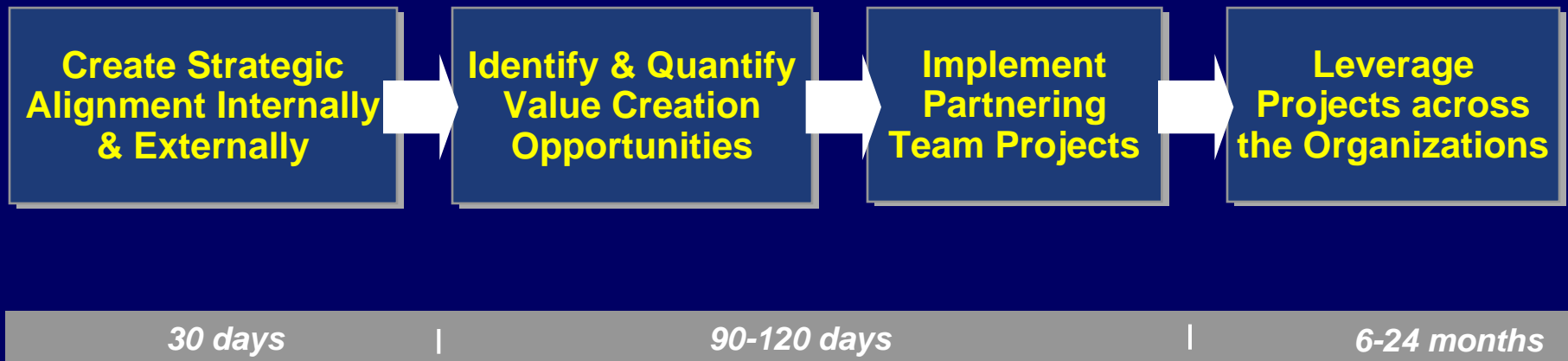
to **create significant increases in value** for both partners.



The Power of Partnering

A systematic approach for transforming organizations from product/service-focused to a total customer-driven organization.

Stages in the Partnering Process



The Power of Partnering

Partnering requires a change in mindset
and culture from:

Negotiating

Zero-Sum

Conflicting Strategies

**Separate Resources
and Processes**



Collaborating

Win-Win

Aligned Strategies

**Integrated Processes
and Resources**

Partnering Applies Across Many Industries

- **Manufacturers and Retailers**
- **Distributors**
- **Scientific Collaborations**
- **Strategic Alliances**
- **Outsourcing Arrangements**



What is Changing? – The Shifting Landscape

“Only suppliers who can work strategically with us will get our business. Other suppliers will find their products ‘commoditized’ and driven down in value.”

Aligning the Partner Strategies



The process of **Aligning** the partners' **Strategy Trees** provides the basis and reason for two organizations to work together and **create true value**.

Value Creation - The Key Partnering Metric

Identifying and leveraging Value-Creation opportunities...

- How does the supplier create value for the customer?
- How does the customer create value for the supplier?
- How much more value could be created together?



Calculating Value Creation

Customer

$$\begin{aligned} & \text{Revenue} \\ & - \text{Total Costs of Purchases} \\ & \hline & = \text{Operating Profit} \end{aligned}$$

$$\begin{aligned} & \text{Inventories} \\ & - \text{Accounts Payable} \\ & \times \text{Costs of Funding Assets} \\ & \hline & = \text{Costs of Funding Assets} \end{aligned}$$

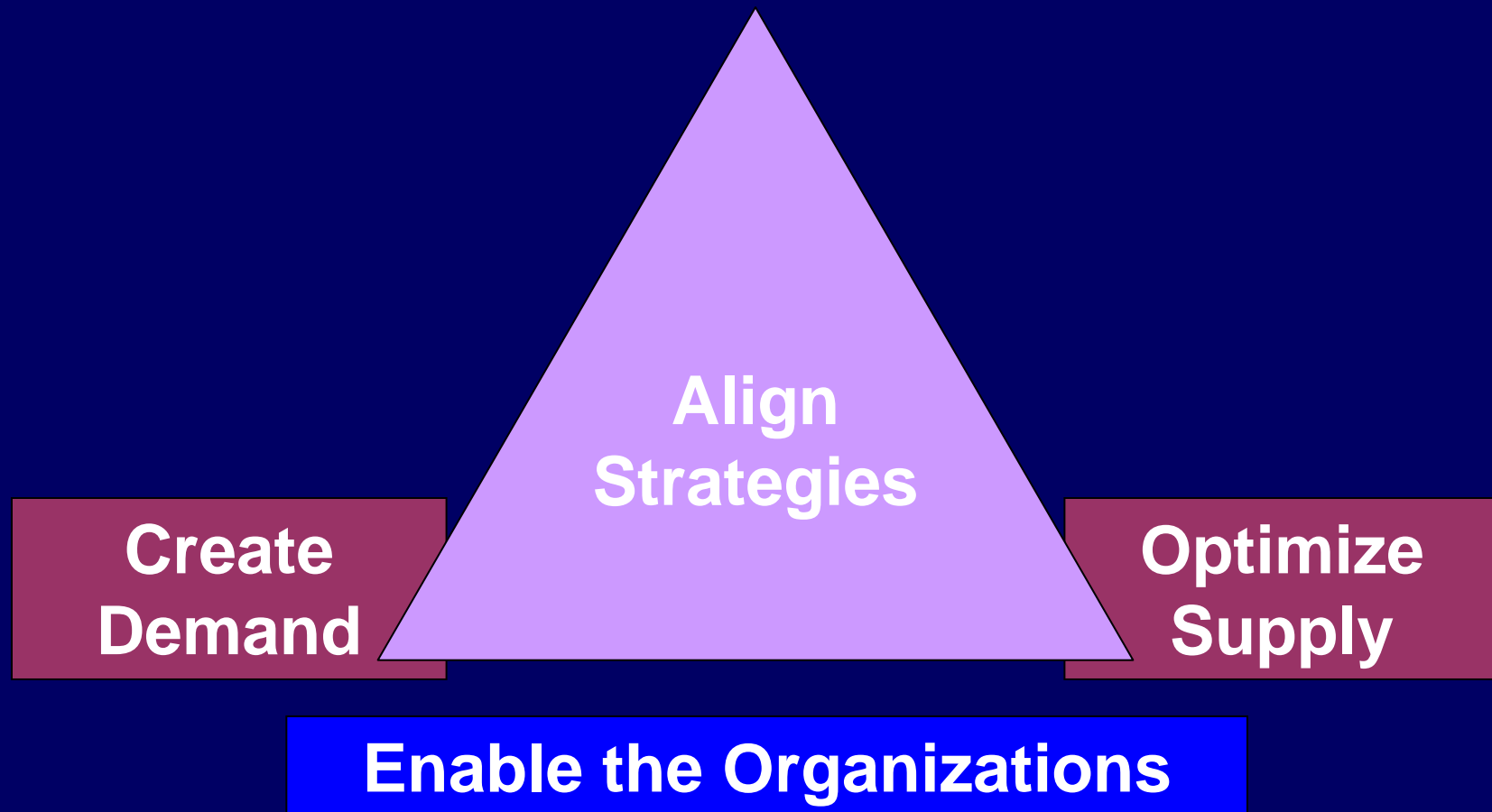
Supplier

$$\begin{aligned} & \text{Revenue} \\ & - \text{Cost of Goods} \\ & - \text{Cost to Serve} \\ & \hline & = \text{Operating Profit} \end{aligned}$$

$$\begin{aligned} & \text{Inventories} \\ & - \text{Accounts Receivable} \\ & \times \text{Costs of Funding Assets} \\ & \hline & = \text{Costs of Funding Assets} \end{aligned}$$



Creating Breakthrough Change



Optimize Supply Improved Product Availability

Challenge

- ✓ **Increase product availability by improving supplier delivery reliability and customer sales forecasts**
- ✓ **Reduce inventory levels**

Approach

- ✓ **Establish a Partnering Team to simultaneously analyse and address root causes of delivery failures and forecast errors**
- ✓ **Implement improvements to end to end supply chain from retailer forecasts through supplier delivery**

Results

- ✓ **Improved delivery reliability and forecast accuracy, resulting in 100% product availability and elimination of stock outs**
- ✓ **Substantial reduction of slow moving stock**

Create Demand New Product Introduction

Challenge

- ✓ **Improve the overall process for selecting, planning and introducing new product ranges**
- ✓ **Eliminate inventory of old product**

Approach

- ✓ **Establish a Partnering Team to design a new process, integrating new range selection, product development, marketing, production, store sales training, logistics and forecasting – for both partners**
- ✓ **Define and execute a detailed new range launch schedule ensuring maximum launch precision**

Results

- ✓ **Significantly higher sales volume of new product range**
- ✓ **Significantly reduced end of line discounting and write offs of old range**

Potential Areas of Strategic Alignment in a Partnering Program

1. **Customer Initiatives**
2. **Brand Strategy**
3. **Supply Chain**
4. **Product Development**
5. **Market Penetration**
6. **Global Growth**



Breakthrough Change Leveraging Partnering to Drive Organizational Change

For the Supplier

- **Leverage across all product lines...**
- **Across other key customers**

For the Customer

- **Leverage across all product categories**
- **Across other key suppliers**

What about applying with competitors of the Customer and the Supplier?

Getting Started - Embarking on the Partnering Transformation

Key Requirements for Partnering, is there...

- 1. Significant opportunity shared by both partners**
- 2. Resources and processes that can be aligned, shared and integrated**
- 3. Culture that are compatible**
- 4. Executive leadership, sponsorship and commitment from both organizations**



Our Capabilities

- **Key Account Partnering Assessments**
- **Transitioning from Key Account Management to Key Account Partnering**
- **Process and Approaches to Gain Partner Commitment**
- **Value Creation Strategies**
- **Coaching and Facilitating Partnering Teams**

Global Partners, Inc.

One Broadway - Cambridge, MA 02142

Office: 1 (617) 401 2510

Fax: 1 (617) 401 3604

E-mail: info@globalpartnersinc.com