

North American Management Briefs

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You Should Know...

Busy Work?

The 109th Congress (2006) signed 383 bills into law. More than one quarter of them named or renamed federal buildings, primarily post offices.

The Point: Your tax dollars are hard at work.

Bumper Crop

In 2006, more than 22 million pounds of marijuana were grown in the U.S. with an estimated street value of \$35.8 billion. The value of this crop exceed the combined value of all U.S. grown corn, hay, and soybeans.

The Point: It may be time to rethink that "war on drugs."

Watch What You Eat

More than 50,000 Americans got sick or died between 2000 and 2004 from something they ate (the USDA reports). In two-thirds of the cases the cause of the food poisoning was listed as "unknown."

The Point: Order that hamburger well done.

Please Stop Fighting

A recent survey by *Accountemps* of 150 human resource directors, finance managers, and marketing managers revealed that 18% of their time is spent resolving staff personality conflicts.

The Point: Conflict resolution is a critical management skill, and one that can be learned.

February's Quote

"Honesty is the best policy---when there is money in it."

Mark Twain

Salespeople, Distributors, and Pricing

Pricing is an effective strategic weapon, but one that requires courage to employ.

First the obvious; no matter which of the 13 pricing strategies you choose to employ, both your distributors and end customers will ask for a lower price. It doesn't mean, however, that price is the most critical issue. It just means they always will keep asking for a lower price until you say no. They are negotiating.

Unfortunately, few salespeople have had any education or training in negotiating. This puts them at a distinct disadvantage when dealing with professional buyers.

Not understanding this has ruined the profitability of many industries.

The most successful and profitable manufacturers, even those that sell to highly competitive industries (to auto makers or their tier one/tier two suppliers for example), do not allow their salespeople to negotiate prices. What they do is:

- Set end customer prices at a level commensurate with the real market value of their product offering.
- Compensate their distributors and channel partners for the value they add to the product offering (in the eyes of the end customers) not on the costs they incur in operating their business.
- Only allow pricing variations based upon quantifiable factors that increase profits not sales.
- Have the courage to stick to their policy.

A skilled field sales force is one of a company's most expensive and valuable assets. It should be used to: a) communicate the product's value proposition, b) introduce new products, c) penetrate new markets and, d) identify and manage new channel partners.

If a sales force spends more than 10% of its time negotiating pricing with distributors or end customers, it cannot perform these tasks efficiently.

The Point: There is a fair market value for every product offering. Marketing's job is to quantify it, identify the customers willing to pay it, and determine how the sales force and distributors should be compensated for communicating with them.

Pet/Dog Population

Country	Estimated Dog Population (in 000)
United States	61,080
Brazil	30,051
China	22,908
Japan	9,650
Russia	9,600
South Africa	9,100
France	8,150
Italy	7,600
Poland	7,520
Thailand	6,900

Source: *Euromonitor, 2002*

Holidays

- 2/12 Lincoln's Birthday, U.S.
- 2/19 Presidents' Day, U.S.
- 2/22 Washington's Birthday, U.S.
- 2/24 Flag Day, Mexico