

How to Increase Your Sales by Saving Your Customers Money

In these challenging economic times, one of the questions all of our mid-market clients are asking themselves are “How do we increase sales or at least sustain the sales we have?” Here we suggest a technology solution that has been proven to enable our clients to win major new orders and to increase orders from existing customers.

Most of our clients are suppliers to larger organizations. They are the Tier 2 organizations in the middle of the supply chain. They supply the Tier 1 organizations that are the link to the retail customers. Many of them are being squeezed by thin margins, global competition, and the incessant need to rapidly deliver quality goods on-time.

So how can our client companies increase sales? They cannot reduce prices any more and high quality is a given. So where is the competitive edge? The answer lies in saving customers money by providing them with data as well as products.



Some of the ways our clients have increased their sales by saving their customer money are:

1. By saving them money on the receiving dock. They put a barcode or RFID label on each pallet and send an advanced shipment notice describing the contents of each pallet. This can reduce a complex receiving and ERP data entry task for their customers (that has to be performed by an expensive receiving clerk) to a single scan by material-handler driving a fork-lift truck. The result can be savings of tens or even hundreds of thousands of dollars a year to their customers.

2. By pre-applying all the barcode labels and RFID tags that your customer needs for their internal tracking processes. This saves their customers time and money in their internal tracking processes.
3. By providing their customers with all the quality control test data in electronic form for the goods that have been shipped. There is no reason that the customer's QC people have to repeat the tests performed by our client's quality control technicians. There is significant cost savings available to customers by reducing the amount of incoming materials inspection. This is going way beyond the provision of a generic certificate of compliance to providing customers with data that will enable their quality control people to truly evaluate the materials that our clients have shipped to them.
4. By preventing the shipment of defective goods, which could cost our clients' customers a large amount of money in lost production or in defensive incoming inspection. By having electronic mistake prevention systems in place, our clients can demonstrate how they can save their customers these costs and prevent the imposition of penalties for shipment of defective products.
5. By limiting the customer's liability in the event of the shipment of a batch of defective products. By maintaining electronic tracking and traceability records, our clients are able to minimize the scope of recalls in the event of a defect or contamination. This dramatically reduces the risk and legal liability for the end customer.
6. Ensuring accurate on-time shipment of materials to customers. This can save the customer money by minimizing their need for inventory. By electronically coordinating the customer's demand with the supplier's production, both our clients and their customers can benefit from considerable cost savings. An extension is this is vendor managed inventory, whereby our client's manage the inventory in their client's plants based on electronic feedback.

As many of our clients have realized, they cannot reduce prices (without going out of business) and all their competition is claiming to ship quality products. But, by being able to offer these additional savings from supplying data along with their products, our clients are able to compete in another dimension in which the cost savings from improved customer efficiencies more than compensates for a lack of marginal reduction in prices. Also, as these technologies require linking supplier systems with their customer systems, it transitions our clients from being a vendor who can be replaced at will to a valued supplier partner, who cannot be as easily replaced.

All these potential cost savings are not lost on the Tier 1 organizations. So they are starting to mandate that their Tier 2 suppliers be able to provide the data to enable them to make these cost savings. Some well known examples are the US Department of Defense and Veterans Hospital Administration and retail chains such as WalMart but many other examples are starting to occur up and down the supply chain.

So what are the technologies that enable these cost savings to take place? Some primary components are:

1. Nested container tracking using barcode and RFID technologies.
2. Wireless mobile computer technologies to enable the capture of this data by mobile workers.

3. Distributed real-time data collection and database technologies.
4. Automation of interfaces between systems over local area networks and the Internet.
5. Artificial intelligence techniques to prevent detect and prevent mistakes.

These are the technologies that BellHawk Systems integrates into data collection and interchange systems for its clients.

As our clients have found, there are corollary savings in their own plants and often the same systems that give them these competitive advantages can pay for themselves in improved efficiencies and cost savings within a year or less. These savings come from:

1. Elimination of expeditors who chase production to ensure customer orders get-out on time. Supervisors can now monitor their production directly and make the needed resource allocation decisions without the cost of expeditors.
2. Elimination of overtime costs to get customer shipments out on time. With improved visibility, resource allocation decisions can be made early enough to get customer orders out on time without resorting to last minute overtime.
3. Elimination of penalties due to late shipments and/or the payment of expensive expedited shipping fees to avoid penalties.
4. Reduction in inventory cost by having better visibility of available inventory and the demand for this inventory. This enables the quantities purchased and made to be matched to actual and predicted customer orders.
5. Reduction in production cost by eliminating scrap and waste through mistake prevention and limiting the scope of finished materials that need to be retested or scrapped.
6. Elimination of the cost of people who key-in information into a computer that other people have written down by hand.

These data collection systems can cost \$50,000 or more to implement and take a lot of investment in time of the management, engineering and IT staffs of the client organizations implementing them. But, when compared to a six-fold growth in sales over 4 years or gaining a major order from BMW, as two of our clients experienced, these costs are small in comparison to the increase in sales.

For more information about how BellHawk Systems can assist you to increase your sales, please contact Emily Green, President at 1-508-865-8070 x302 or Email Emily.Green@Bellhawk.com.