

AHTD Week Six Survey Report

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Business Levels

Last week we promised to look at ASP business by region. While it would be interesting to take a detailed look at the “Oil Patch” along the Gulf Coast and Oklahoma, we just didn’t have enough data points to do so without giving away information specific to members serving this area. I suspect they are facing a double whammy with Coronavirus and oil prices. Similarly, I decided not to include Canada because of the limited number of members reporting. Anecdotal information points to similar business levels as those in neighboring

U.S. states. Here are the results:

	Southern States	East Coast	Automobile Belt	Midwest	Western	Oil Patch
Up 10 percent	0.0	0.0 %	0.0 %	7.1 %	0.0 %	N/A
About the same	16.7 %	7.7 %	12.5 %	0.0 %	55.6 %	N/A
Down 10 percent	16.7 %	7.7 %	0.0 %	28.6 %	11.1 %	N/A
Down 11-20 percent	33.3 %	53.8 %	12.5 %	21.4 %	33.3 %	N/A
Down 21-30 percent	16.7 %	7.3 %	25.0 %	21.4 %	0.0 %	N/A
Down greater than 30 percent	16.7 %	23.1 %	50 %	21.4 %	0.0 %	N/A

In real estate, the adage is location, location, location. The same is true with economic forces. Clearly, the hardest-hit areas lie in the Automobile Belt of Michigan and Ohio. The best place to wake up in our industry is the Western States (West Coast, Arizona, etc.). If we were to combine our positive energy, prayer, and good wishes, I suggest focusing a healthy dose on the areas surrounding Detroit.

The graph below shows data reported by our members broken down by business types. The reports show a continuing weakening in the ASP sector. We have not tracked the participants to the extent of being able to say some of the numbers are flavored by companies not consistently reporting. At least a couple of ASP/Distributors approached during our interviews pointed to slight upticks last week. However, they aren’t sure if the trend will continue or if the gains were timing-based anomalies.

**Business Level This Week Compared to Pre-Coronavirus Average Weeks
Shown in Percentages**

	Comb	ASP Data				Supplier Data			
Week	3/23	3/30	4/6	4/13	4/20	3/30	4/6	4/13	4/20
Up 10 percent or more	9.8	7.8	5.4	3.5	1.5	18.4	10.3	10.0	5.4
About the same	35.3	21.9	14.3	22.8	14.9	36.8	25.6	22.5	37.8
Down 10 percent	19.5	20.3	19.6	17.5	13.4	13.2	20.5	15.0	18.9
Down 11-20 percent	16.5	17.2	23.3	14.0	29.9	13.2	15.4	22.5	16.2
Down 21-30 percent	9.0	15.6	19.6	22.8	17.9	13.2	20.5	15.0	10.8
Down >30 percent	9.8	17.2	17.9	19.3	22.4	5.3	7.7	15.0	10.8

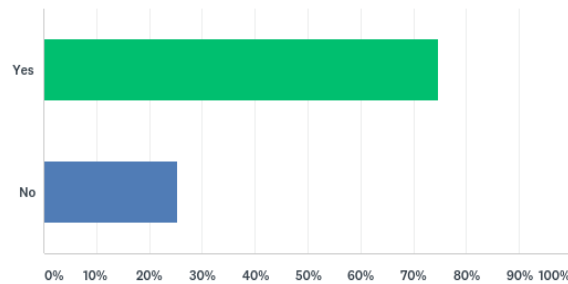
Opportunities and the Future

We've all got our guys on the phone. During the first week or two of sheltering-in-place, the sales team got busy calling their best customer contacts. Some of the calls were devoted to waving the flag, talking about inventory on hand, technical support availability, and maybe even the joys of quarantining. Later, perhaps in the next series of calls, the conversations started to focus on the future. New projects on the horizon, machine redesigns, long-term system improvements, and issues with existing applications found their way into the conversation. Opportunities come in all shapes, sizes, and flavors.

We asked several questions about opportunities and how they were handled by your team. The first question explored whether the opportunities were being tracked rather than just being "remembered" by the sales team. The answer was an overwhelming yes.

The charts below show only the answers coming from ASP/distributor members. Why? Manufacturers handle opportunities differently and I wanted to better illustrate the efforts of our ASP membership.

Q8 Do you track opportunities identified on sales calls, including phone calls made during our Coronavirus crisis?



Based on experience with distributors in the AHTD space (and many of the other lines of trade which butt against us), this is a change. If the question was asked 3-5 years ago the answer would not have been nearly so one-sided.

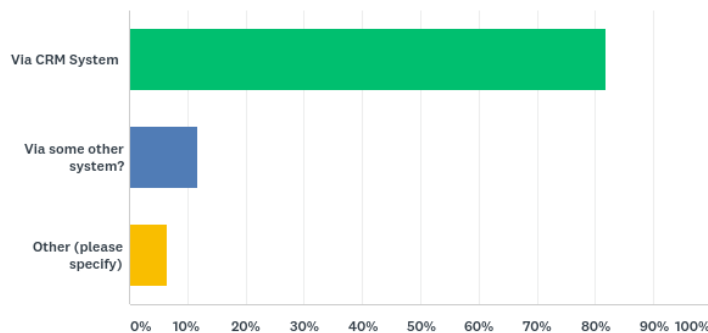
Research indicates distributors who track opportunities, even those where they have little chance of success, are more likely to meet and exceed their sales goals. Further, if the distributor follows the opportunity from start to finish and analyzes both why they got the order and/or why the order went to a competitor, they position themselves to better understand the market and their share of the market.

Two further points on tracking opportunities:

1. Distributors who track opportunities come out of recessions faster than those who do not.
2. Distributors who track opportunities become better skilled at forecasting. We are in for a few bumps in the economic road from now till 2023. Being able to predict the ups and downs allows for better financial planning.

Our supply-partners see distributors who understand the entire market and react to expansions and contractions in various segments as better channel partners.

Q9 How are these opportunities tracked and measured?



CRM Systems Are the Preferred Method for Opportunities

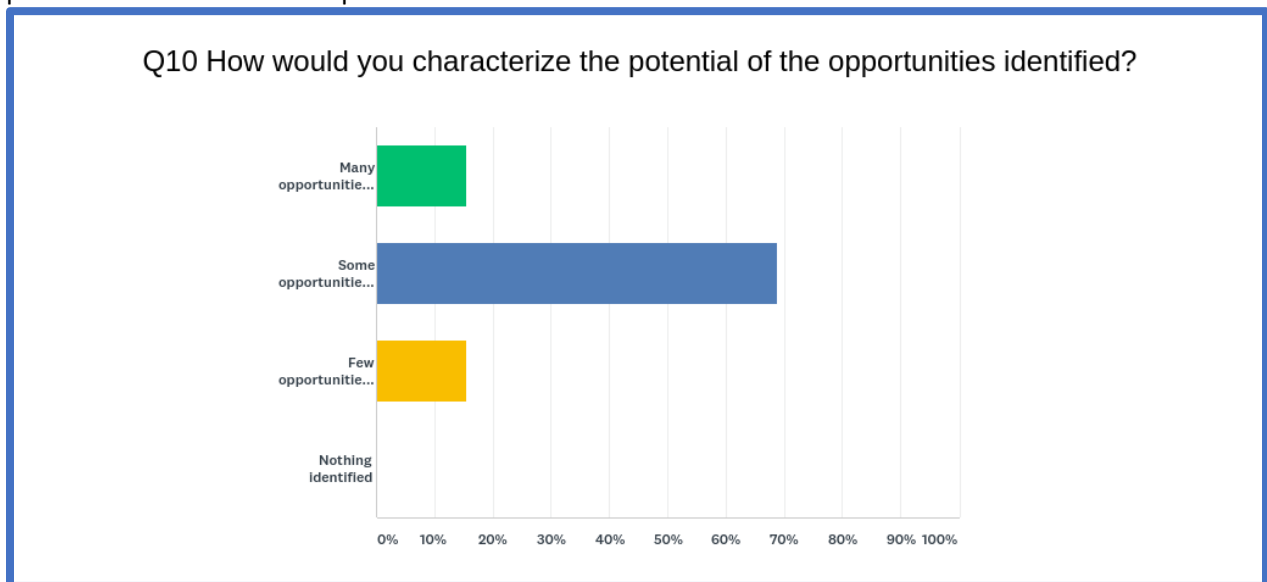
Most AHTD ASPs have invested in CRM systems. After some implementation issues and fine-tuning, a few are on their second system. With our evolving team-selling approach, the ability to share and pass duties back and forth via CRM is a critical skill of the future.

The other systems described appear to be equally structured. Here are the comments passed along:

- Bi-weekly communication and entry into an internal (CRM-like) system
- Use of a quotation software system
- Shared with individual sales managers who then track and hand off the opportunities

Potential of the Opportunities

While the majority report some opportunities identified, nearly 20 percent of the ASPs report many potential sales have been reported.



How to Maximize Opportunities

Since the nature of opportunities at the distributor level differs from those at a supplier, we split the group's responses based on the type of company.

Supply-Partner responses were as different as products made and company cultures represented. Here are the comments with a minimum of commentary:

- Distinguish between opportunities and leads—they require different actions.
- Aggressively pursue, follow up and provide support for new applications and designs.
- Continue to push conversations forward with virtual conversations and workshops.
- Quoting activity is fast and furious. We are trying to communicate how we can support large volume orders today and into the future. At the same time, we don't want to over-promise.
- Web-style engineering consultations and training on products.
- Quotes followed by samples of product for evaluation.
- Appropriate follow-up with distributor partners.

ASP/Distributors also provide plenty of energetic plans to pursue these opportunities. Again, without comment, here is a sampling of the very lengthy list:

- All hands on deck approach to pursuing these leads.
- The massive use of Zoom and other video chats to follow up.
- Reaching out to nontraditional customers and contacts to determine future projects.
- Sending demos for testing.
- Email blasts and others to drive additional training to our customers.
- On-line training has brought in many great responses.
- Instituted intermediate follow-up, which we did not do before Coronavirus.
- Offer to work on applications ahead of the opportunity.

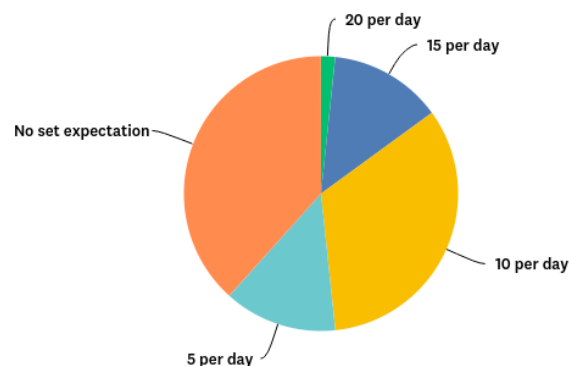
How Many Customer Contacts do You Expect?

Let's face it, we are treading through uncharted territory. Most companies have well-established goals and expectations for salespeople making "regular" sales calls, but this whole phone and video conference is new ground.

My experience tells me the average distributor expects its sellers to make somewhere between 12 and 15 calls per week. The number typically varies based on types of customers, technical engagement, and the geography covered. A few weeks ago, I mentioned a distributor who had set a goal of 10 actual engagements per day; voice mails and short calls to set an appointment for the real thing did not count.

This week we tested the group for more details and better clarity. The chart below shows how many calls were expected. We found that 64 percent of the respondents indicate their teams are, in fact, meeting the goal. Ironically, there seemed to be no correlation between the number of calls expected and meeting call quotas.

Q12 Benchmarking Customer Calls - How many customer contacts (via phone) per day/week do you expect from your sellers?

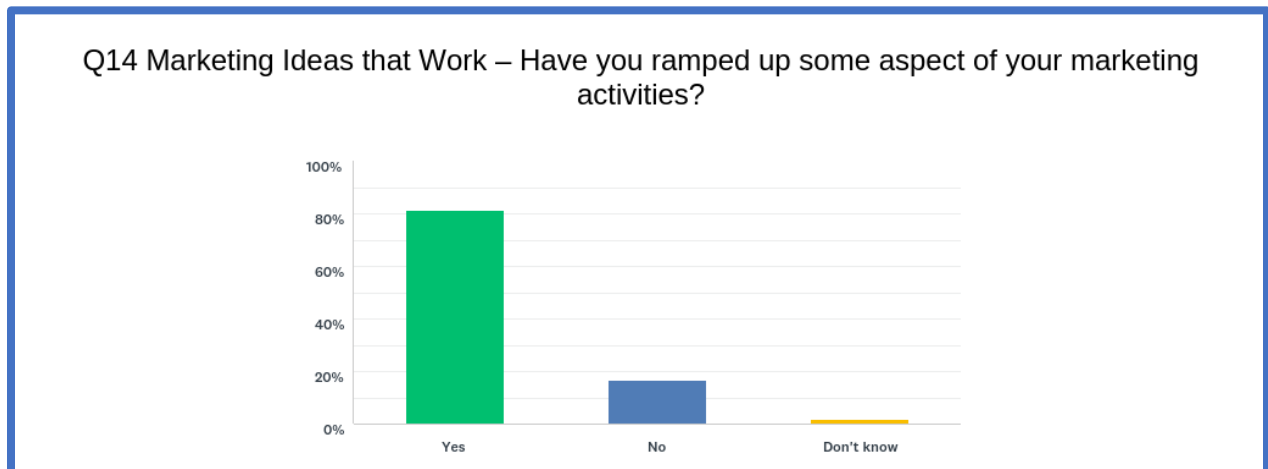


Are Sellers Performing Calls to Expectations?	
Meeting Expectations	64%
Not Meeting Expectations	36%

Marketing – What’s Working and What’s Not?

When sales calls are hampered and customers are hesitant to engage in traditional ways, marketing activities offer an opportunity for AHTD members to attract new business. As a group, AHTD has ramped up activities in this portion of our business. I see this as a great thing and certainly a piece of the business puzzle which I hope continues into the recovery.

For most of us, this has been a trial and error thing. We asked members to once again demonstrate the power of our association by sharing what is working and, conversely, what is not working.



What’s Working With Marketing

As one might expect, AHTD members are focusing in on web-based activities. The most common are webinars and recordings of previously delivered training sessions. Many have discovered the power to using LinkedIn to further distribute their video sessions. All good stuff, but let’s look at a few who have extended this just a bit.

A couple of members have developed thought leadership podcasts. Drew Allen of Grace Engineered Products has one targeted directly toward the manufacturing market (and AHTD). Called the Factory Futurist, it can be found here. <https://tinyurl.com/FactoryFuturist> I promise you will be impressed with the Col. Sanders-looking dude appearing in this episode.

Some other interesting approaches are:

- The concept of virtual lunch and learns to their customers.
- Paid targeted web-based advertising to gain new leads.
- Employee spotlights to better connect on a human side with customers.
- Website SEO improvements and in one case a new website.

So, What's Not Working Well?

With all the emphasis on web-related activities, it should come as no wonder some internet driven activities would find their way into the “not working” category.

Mass emails, email blasts, and perhaps poorly targeted materials do not work. Several members made comments like this one: “Email blasts just don’t work anymore. Everyone is getting too many already and their willingness to open them has greatly diminished.”

Following email blasts comes comments tied to the content of emails. Those containing only information which “brags about your company” or “holds only product data sheets” are dismal failures.

One person made a very poignant comment which certainly mirrors my personal feelings. “We’ve noticed that anything referencing the virus, COVID-19, coronavirus, and related terms has an exceptionally low open rate. It seems to me, marketing activities in this area are just background noise and people are ignoring the real message.” I know I am sick of hearing about it, maybe I’m not alone.

A few parting thoughts

First, on a personal note, I am pleased with the new habits and redefined business practices being developed by AHTD members. Recessions and economic storms seem to accelerate our pace of innovation. When this Corona-crap is finally over, we will find ourselves with an improved process. That is a good thing.

Secondly, as soon as I finish writing, I plan to revisit Brian Beaulieu’s seminar. Working mostly alone and constantly bombarded with bad news, I find it easy to forget one of the main points of his talk: “**This isn’t forever.**” Together we can prepare for sunnier days ahead.

If you want to talk about any portion of this survey, please reach out. Hearing your voice would be a welcome distraction from my solitary confinement (or at least so it seems).

By the way, last week’s survey contained three or four grammatical and spelling errors. I put them into the content just to keep you on your toes. You might check out a post I plan to put on The Distributor Channel Blog (just Google – The Distributor Channel Blog). I will be talking about an interesting PPP question I received. It will go live Monday.

Next week’s survey

We will continue to gather information on the state of the market by gathering sales data. Many people tell me this is very important to their planning process. We will also revisit the topic of cash flow by taking the pulse on accounts receivables and customer dealings. In addition, the survey will look at a few other customer behaviors. Thanks for taking [this week’s survey](#).