

Shake off your legacy

The nature of business relationships has changed for resellers over the years and today is no exception. As resellers, your customers are demanding more from you if you are to continue to add value to their business, no longer is it good enough to be a good supplier, and neither is it even good enough to be a good partner to their business. Today if resellers are to survive in the market, the role you need to provide is that of 'consultant'. A supplier provides basic commodities, a partner provides business support but a consultant provides strategic *business* advice. The basic products that you, the resellers supply are commodity selling on features and price, volume is the only game you can play in that market, top a billion pounds turnover and you can get the price volume equation to work, below that you have to look elsewhere for your margins. The commodity products must be made to work for you to provide strategic business solutions.



Nobody knows the PC business better than you, the reseller community, you were brought up on ubiquitous products, you were brought up with products that were flexible in their application, complex in their configuration and pervasive in your customer's business. The mainframe firms brought up in their managed, glass walled air-conditioned environments that controlled their external inputs worked with the customers on strategic business solutions, and yet the resellers replaced that computing power with desktop boxes and PC servers which now run critical business applications but have the resellers replaced the mainframe firms when it comes to strategic support?

Do resellers hold the high-level business relationships that allow them to function at that strategic level, where the value of their knowledge, built over the years can be brought to play? A relationship that should not just leave you playing a supporting role to your customers but should have evolved into advising the customers on using your supplied products to provide strategic differentiation for your customer's business. I venture that this has not really evolved.



Who has the responsibility for making, forming, developing that relationship? The Managing Director – he can help. The board of directors? They have a role to play as well. However it is the sales people or Account Managers, Account Executives and Account Directors, as they now prefer to be known, that are responsible for the account relationship, they have the responsibility to make and develop those key strategic relationships. Do they have the skills, the knowledge, and the courage to break away from their comfort zone dealing with their friends in

purchasing? Do they have the support from the senior management within their organisations to allow them to get out of the day-to-day process issues and to make the investment in time that will bring the rewards to you the resellers? The days of forty/thirty/twenty even ten percent margins on product in this business have long gone. The days where 'top salesman of the month' was the one who could get to the stream of incoming faxes first have passed. - "You will of course require a maintenance contract with that equipment I have just priced up for you, now its £250 for the base unit £35 for each 'k' of memory £55 for the screen and £35 for the keyboard. That will give you an eight hour response and cover you for a year" - "Yes the Engineer will turn up within eight hours, tell you you've got a problem, go away, return with a spare (eventually) fit the spare tell you it's now working and leave you to reload DOS and all your applications and data from your backup!" The days of doing business this way are long gone; the days of the 'fax vultures' have passed. Yet have the resellers skilled their staff for the new world order?

The resellers did a good job moving from 'supplier' to 'partner', they took on the problems of support in a complex distributed environment. Standards were evolved for products, beneficial controls were introduced, they employed services specialists to design support solutions, maintain the continuity of the customer's business, became the maxim rather than just fix the broken box. This move cost, it required investment in the business, and investment in skilled people but it paid them back. Resellers margins improved, the customer's perception of the resellers improved, the relationship with the customer improved and the business developed. Your specialist sales people brought on board new relationships, relationships at board level with the IT director, business continuity is vital to your customer, vital to the IT director you are now a true partner supporting their business.

Well why not stop there, margins on products are still poor but they are supported by developing



services business, many resellers now provide 'managed services' technical consultancy, e-business consultancy and implementation. But are they creating demand or responding to a demand initiated and designed by others? The IT director is happy you are responding well to his requirements, but the CEO, COO and business directors have never heard of you. They all know the (ex) mainframe companies,

because they have in the past and still today work with them on their business strategy, on their business differentiation. The resellers are at best a good supplier a good partner, good suppliers make commodity margins, good partners make partner margins, but business strategy consultants make *real* margin.

Can the resellers Account Managers, Account Executives, Account Directors talk at CEO, COO level, do they understand the business drivers of their clients, the dynamics working on their business, can they apply IT to bring business differentiation to the client's business, if not then you become synonymous with your competitors providing what is now standard 'me too' services. What if you can design the strategy using IT to provide the business differentiation, implement that strategy and support the new environment – who are the customers going to call? Well they are not going to call, because they will not need too, they will be talking to "you" every day of the week. You have developed the skills, made the investment to implement and support, now you need to invest in your people, in skills and time to allow your business to develop into a key strategic consultative business to your client base.