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A targeted approach

to finding customers

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ALL
TOOL SALES

Dick

Jim & Dick Ruetz, All Fasteners and All Tool Sales

A targeted approach

You don't have to be a major, nationwide distributor to develop a sophisticated software tool to target new prospects.

BY PAUL MARKGRAFF

In the beginning, All Fasteners and All Tool Sales of Racine, Wis., wanted to be all things to all people. Well, at least all things to all people in greater southeastern Wisconsin. The companies took a normal seller's tack: Sell as much as you can to whomever you can whenever you can.

In the early days, that approach worked.

But as the companies grew, they developed relationships with more customers and with larger customers. According to Jim Ruetz, president of All Fasteners, the sales approach began to take its toll about five years ago.

Activity-based costing analysis showed that \$1,000-per-quarter customers used almost as many resources as customers who spent \$100,000 or more per quarter, which was fine for the smaller customers, but not for the larger ones.

Ruetz realized that smaller customers sucked away valuable time and effort while larger customers pushed for more inventory management solutions and more attention.

"We couldn't have a \$500,000 customer being put on hold or being asked to call back because one of our smaller customers wanted to know if he could get a slightly better price on a \$50 order," says Ruetz.

Jim, along with his brothers Bill and Dick, decided that in order to make more money, they needed to make some changes. The old 80/20 rule took over. During the next year, All Tool Sales took a hard look at its accounts and significantly reduced the amount of time salespeople spent on some of them. All Fasteners took a more direct approach and eliminated nearly 500 accounts.

The devil's in the details

The idea was to focus primarily on prospects that would pay off the most in the long run. The companies needed to work faster, better and smarter, so the Ruetz brothers began focusing their efforts internally and externally.

For example, internally All Fasteners employed radio frequency bar coding to increase fill rate accuracy and improve the number of lines the warehouse filled per hour. Externally, it developed a Microsoft Access database for use in scanning customer bins. This simplified approach requires floor-stockers to read only one unique bar code. That bar code contains all the information the company needs, from the specific location of the fastener to the quantity needed for replenishment.

"You can't be all things to all people; that's what it really comes down to," says Bill Ruetz. "You must focus on what your main customers' needs are and strive to be the best at servicing them."

In addition to doing a better job of profitably serving the needs of existing customers, All Tool Sales and All Fasteners needed a way to lead salespeople to the right types of new customers. So, the Ruetz brothers created an Access-based software program from scratch that they called TargetPro.



Jim Ruetz (left) and his brother Dick developed a way to utilize technology to help them be more focused when searching for new customers.

Keeping track of sales calls

TargetPro is a call reporting system, but it is also much more. It is a flexible, interactive customer database that helps All Fasteners and All Tool Sales focus energies on targeting the most attractive prospects. Data comes from three

sources: Information purchased from Industrial Market Information of Minneapolis, content from the Harris InfoSource Wisconsin Manufacturers Directory, and knowledge gathered by the companies' own salespeople.

"It is customer relationship management software and sales call tracking software, and it has a management function in there for more complicated notes," says Bill Ruetz. "All of these things can be reviewed very easily."

Salespeople record essential information from their sales calls on a Dictaphone recorder. At first, that was no easy task. Some salespeople couldn't quite get a handle on how to use a Dictaphone properly.

"It took a lot of coaching," Jim Ruetz says. "Guys would be at a railroad crossing waiting for a train to cross and think, 'This would be a good time to finish that note about XYZ company.' Then you listen to the tape and it goes, chug-chug, chug-chug."

But after some training and practice, the salespeople got the hang of it and the notes (sans train ambience) are now transcribed and fed into TargetPro. So, the software acts as a consolidated call reporting system. There are no separate methods of reporting for different salespeople, loose notes or stacks of paper. All of the essential information about customers goes straight into the program.

"Before, the call reports didn't get passed around," explains Jim Ruetz. "After they were reviewed, they would get stacked in a big pile and no one would ever look at them again. Now, there's only one place to go, instead of checking old call reports, looking at notes and so on. You see everything with a click of the mouse."

Analyzing market potential

TargetPro is also a market analysis tool. The database includes information on virtually every company within their local geographic area by Standard Industrial Classification (SIC) code, product group, number of employees and dollars spent per category. It also includes employment levels, key contacts and, sometimes, sales volume. That data is cross-referenced with the homegrown information, and once all the data is combined, it's easy to pick and choose valuable information out of the database.

A salesperson might want to know, for example, how many potential customers spend more than \$100,000 a year on OEM fasteners. With TargetPro, he could print out a list of potential customers by county, for the state or, if other databases were added, the entire U.S.

TargetPro arms salespeople with data to help them be more effective at sniffing out prospective customers.

"We don't have the time or resources to send people all over the state looking for business," says John Hohenfeldt,



Bill Ruetz says TargetPro enables All Tool Sales and All Fasteners to better manage their sales resources.

vice president of corporate systems for All Fasteners.

The new-school approach

It used to be that an industrial salesperson

simply had to look for smokestacks to find potential business. That's not so anymore.

"You look at a company and see a smokestack and a 100,000-square-foot facility, and you think, there must be a lot of grinding and cutting going on in there," says Hohenfeldt. "And you go in and find out they assemble electronic components."

When a salesperson goes in to see a customer after using TargetPro, he is armed with precise information. He can ask purchasing managers productive questions since he knows what the company makes and has an idea how much the company spends on more than 20 different product categories.

For a small distributor, that is a powerful weapon to wield. It's like a foot in the door before account managers and salespeople ever pick up the phone.

"When a salesperson goes to see a new prospect, they get a 'lead sheet' which gives them the basic

information about the company and some of the numbers to look at," says Hohenfeldt. "At the end of the day, we've only got so many resources and so many man-hours. We want to make sure we're going after the right business."

Essentially, TargetPro provides the salesperson with additional tools to qualify the prospect, which shortens the sales cycle.

"The more tools we give to the salesperson, the more educated and better qualified they are to go out and make an intelligent sales call," Hohenfeldt explains.

TargetPro helps salespeople be more productive on sales calls. For example, because they know the primary and secondary SIC codes for a prospect, they have a general feel for the types of MRO products the plant might need.

"Using TargetPro, the salesperson can decide which catalogs to bring along on his next group of sales calls," says Dick Ruetz, president of All Tool Sales. "It makes the calls more effective."

Inside salespeople can also use TargetPro to qualify prospects. When a company calls looking for a particular tool or supply it can't find anywhere else, TargetPro helps salespeople decide whether it's the kind of company they want to do business with. Traditionally, that's a tough decision for an inside seller to make when he or she doesn't know anything about the company.

If the account attains "maybe" status, All Tool Sales assigns it to a salesperson, who further qualifies the account.

"In the past, we'd get an account and say, 'Give it to this salesperson because it's in his territory,'" says Dick Ruetz. "Why give it to him if it's not worth calling on? And, if we do give the account to a new salesperson, now he's got all of the information regarding a previously unknown account right in front of him."

Panning for gold

Since All Tool Sales' inception in 1962 and the birth of All Fasteners in 1981, the Ruetz brothers have learned a few valuable lessons. No. 1 is that there are no perfect customers. No. 2 is that you can't keep all of the people happy all of the time. No. 3, if you're conducting business the way you did 10 to 15 years ago, you're either very lucky or you're dead and you don't know it.

The way the Ruetz brothers run All Fasteners and All Tool Sales today reflects those lessons. Activity-based costing helps the companies remain profitable with existing customers. And, thanks to TargetPro, salespeople ask more intelligent questions, have more productive conversations with potential customers and have more hard data than the rest of the crowd. ■

Mining for data

One of the key sources of information that All Fasteners and All Tool Sales use to develop TargetPro comes from Industrial Market Information, a Minneapolis-based market research firm. IMI provides market data that can help distributors gain a more accurate view of the industrial markets they serve.

IMI's database provides information on the potential demand for a wide range of industrial goods across the hundreds of industries that comprise the Standard Industrial Classification (SIC) code system. Utilizing a concept called "ratio marketing," IMI determines the estimated dollar consumption per employee

per year to approximate total demand for a given product. One way distributors use the service is to search by zip code or by county.

"We're giving people a way to efficiently start organizing their sales efforts. It helps them decide if their outside people are spending time in areas that are going to achieve highest unit sales," says Rusty Duncan, IMI president.

A typical reports costs between \$750 to \$1,000. To see how the process works, visit our Web site, www.progressivedistributor.com, and click on the Industrial Market Information logo. Once there, click on "Data Request."

— Richard Vurva