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- Report to Members
- 2024 Officers

2024: the time has come for commercial performance

Dominik Endler, who retired from Bekaert after nearly 18 years, most recently as global vice president customer & commercial excellence, has started an advisory firm focused on mid-size B2B wire and cable manufacturers that miss out on significant opportunities due to lack of “commercial performance.” Below he explains to *WJI* why that is.

WJI: What exactly do you mean by “commercial performance”?

Endler: In general terms, commercial performance is in place when a company increases its profit and market share by applying the existing resources of its commercial teams (external sales, inside sales, business development, marketing) in the most effective and efficient way. That may sound obvious, or even simple, but it’s not. It requires a business to: identify and differentiate sub-markets and focus on the customer groups/segments that will generate the most value in the future; develop a deep understanding of the existing and future customer needs and invest R&D accordingly; set clear objectives about what is to be achieved and by when; have an internal process to manage and measure those objectives; and make sure your commercial teams are able to do this. The commercial approach is often set up by the status quo and geographical considerations, which can lead to inefficiencies as the full value of the market dynamic cannot be realized.

WJI: What are companies not doing effectively?

Endler: One weakness for many organizations is that, as they grow, their existing commercial approaches do not adapt well to the market dynamics. They miss out on the full advantages of existing opportunities, a key in any business environment. The biggest variable is your customer base. They often are far from identical and cannot be served the same way. For example, you can have “Price Buyers” that have constant volumes, do not want any extras and consider price as the most important factor. In contrast, “Market Innovators” value product innovation and design capabilities, have defined growth ambitions and may want to partner on multiple levels with their supplier. It’s not that one customer is inherently better, but a company must consider the potential each one has and allocate resources accordingly. A Price Buyer is very important but can be served more efficiently through an inside sales team or even a digital customer portal. The dynamics are different for a Market Innovator and that is why they should get the full attention of the outside sales

team and company leadership. Such companies that might cooperate or co-create with you in the future is time well spent for the customer facing account managers or sales reps.

WJI: Why is the commercial performance transformation not employed by many wire and cable producers?

Endler: For many manufacturers, and not just wire and cable, the investment focus the last few years has been concentrated on safety, manufacturing and the supply chain. Also, in the B2B environment you often find a “product out” instead of a “market in” mentality. That mentality limits the ability to concentrate on the market and customers and leads to missing out on maximizing existing customers and identifying potential future customers.



Endler

That is especially true for midsize industrial companies. Unlike larger, often multinational corporations, they lack the necessary resources within their commercial teams to initiate and drive a change process. That could happen due to a lack of dedicated expertise or the necessary tools as well as the financial capacity to invest in external consulting to optimize their commercial model.



Chart of essential commercialization elements.

WJI: Is this a matter of “tweaking” what is already in place? Is it inherently mega-expensive?

Endler: Simple “tweaking” will not result in a full-fledged customer commercial excellence program. It is an investment, and it does take time, but it does not have to start as an all-or-nothing evolution commitment. It could begin with a step program to achieve fast momentum and to limit spending. Even at this level, it can reduce complexity by cutting the needed transformation in its main elements, working sequentially. When the results of those efforts are seen, it is much easier to appreciate what a full program can achieve.

WJI: Can you explain what the concrete steps in such a program are?

Endler: It all depends on the needs of the specific company and normally an assessment is needed to identify the pain points and set the priorities. Generally, the following five steps need to be covered: *Growth Area Identification:* Identifying of specific (sub-)markets and sectors with the potential for growth: It is essential to focus resources on areas that align with the company's strengths and offer the highest value. *Customer Segmentation:* Tailoring the approach based on the characteristics and needs of different customer segments: This ensures that resources are allocated efficiently by focusing them on the customer groups which have the most profit potential for the future. *Account Planning:* Developing a comprehensive plan for each target customer: This involves setting a customer strategy, defining goals and outlining the specific actions to achieve them. All information about the customer should be organized centrally in a Customer Relationship Management (CRM) tool which is the core of commercial management. *Account/Price Management:* Implementing a systematic approach to follow-up on all important customers and by doing so to drive revenue management. *Establish systematic price management.* This includes reporting, price setting tools and definition of clear responsibilities and governance: Without doubt, price management is the most undervalued area that could boost bottom-line improvements.

WJI: How important do you see AI being as part of this evolution?

Endler: Looking ahead, the integration of AI is a game-changer. Generative AI is already driving productivity in sales and customer service teams, exemplified by

Microsoft Copilot, enhancing creativity, productivity, and skills in the daily work of the commercial team. Based on internal and external information, it helps formulate customer e-mails, create an account summary for management and make proposals for the next best action to take with a customer. This tool, announced by Microsoft last spring, is now available. AI will also play an important role in price management. Its support to make better price-settings decisions based on historic internal and external data promises to improve decision-making processes, ushering in a new era of strategic pricing.

WJI: Any final thoughts?

Endler: To summarize, I believe that a higher focus on commercial performance is an untapped opportunity for a lot of companies. The journey is an ongoing transformation once begun as market dynamics will speed up. I did not discuss digital industry commerce and the power of connecting with your customers through landing pages, customer portals or e-commerce, but like AI, those tools will redefine the commercial operating model of the future, including B2B. It looks as if supply-chain disruptions will continue to ease this year, a good backdrop to consider whether driving commercial performance could take your company to a new level.

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