



Decentralization, Volume, and the Commoditization of Specialized Delivery

Where's the volume?

This is a question that we receive occasionally. We thought we would take a moment and offer some insights from a sales and marketing perspective, as well as provide some context from our vision statement. The leadership of [The 153 Group](#) and [153 Home](#) have experience as both an Agent and in Executive leadership in Home Delivery. Our experience (over 30+ years) with a national van line taught us that volume is desirable but at what cost? Many times, we had to make a significant number of deliveries and pickups before the truck was profitable. If something changed during the day, the truck made little revenue and at times cost us money to operate. Enterprise level accounts often drive the rates down resulting in a similar experience for everyone making those deliveries and pickups.

At the same time, the expectation from the account and the customer was that the driver team was going to spend considerable time and energy satisfying the requirements of an ever-increasing variety of deliveries and assemblies. This model is difficult to sustain and leads to a host of problems including high turnover of "providers" and low levels of customer satisfaction. Thus, after many years the valuable and personal service that providers offer became commodified. Once this happened, the only differential between providers is the lowest discount. If the service expectation was lowered to meet the reduced compensation, then the situation would remain tenable. Unfortunately, that has not been the case. The service expectation has remained the same or some cases increased while compensation plummeted.

Having experienced this trend firsthand, the 153 Group made a conscious decision to avoid this if possible. The companies that we pursue place a high value on the customer experience and are willing to provide compensation that correlates with this expectation. For us, this means that our growth as a company is deliberate. We are passionately committed to the principle of increased market share but not at the expense of our partners.

Decentralized Sales

The goal of the 153 Group is to move toward decentralized sales. Centralized sales functions are located within the a “centrally” located corporate structure. In a 3rd Party logistics company such as the 153 Group, this means that a small number of salespeople account for most of the sales effort. Some companies opt for this model to execute control over various sales functions including lead aggregation, pricing, and service offerings. Centralization situates more margin with the corporation and creates a hierachial organization where distinctions are made between the “company” and the “provider”. Providers are the service arm and the Company is the sales arm. This paradigm works well for many companies, satisfying the needs of the company and the providers. However, this model gives up something important. Local representation and relationship are often the key to long term partnership. As mentioned previously the commoditization of white glove delivery service leads to high turnover. This is facilitated by centralization in so far as the “Company” is a distant and impersonal entity. Decentralization places the sales function in the local market. The salesperson is no longer an occasional visitor from a distant location but is rather a member of the community. This alone does not solve commoditization, rather personalizes the decision process. Accounts are buying locally, not nationally. and being a good corporate citizen requires at least some evaluation of the local impact of profit over relationship.

The 153 Group embraces the paradigm of decentralization. We view our “providers” those local movers, delivery companies, and couriers as more than a commodity. We have sought after partners. A “*provider*” supports the goals of a company by completing a service, becoming a means to an end, which is quite often more profit for the company. Contrast this with a *partner*, which defintionally is someone who shares in an endeavor. In this case, the partner should share in the profit and by consequence becomes more than a means to an end. By decentralizing the sales function, our partners can participate more fully in the direction of the company and share in the resultant profit.