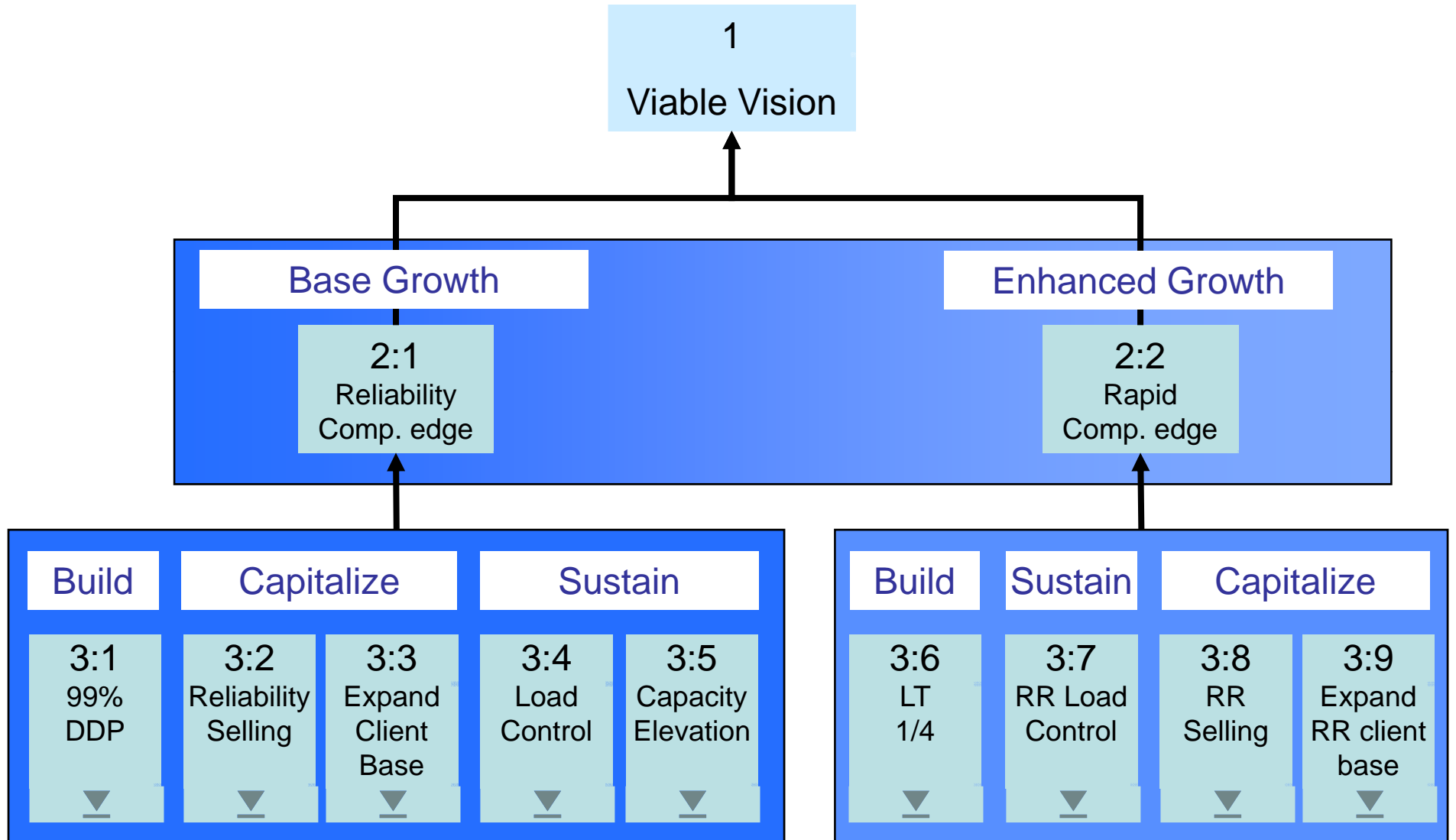
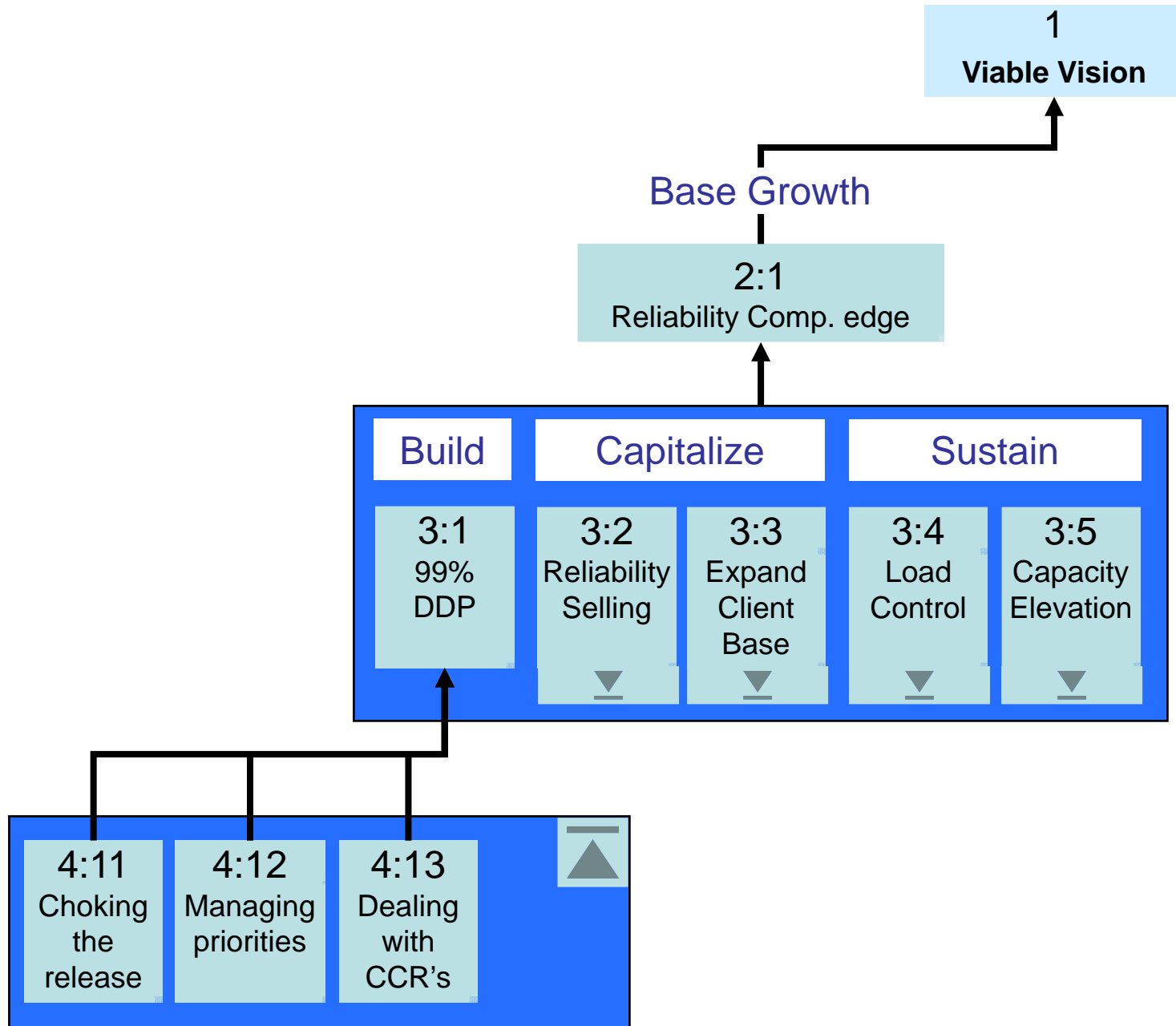


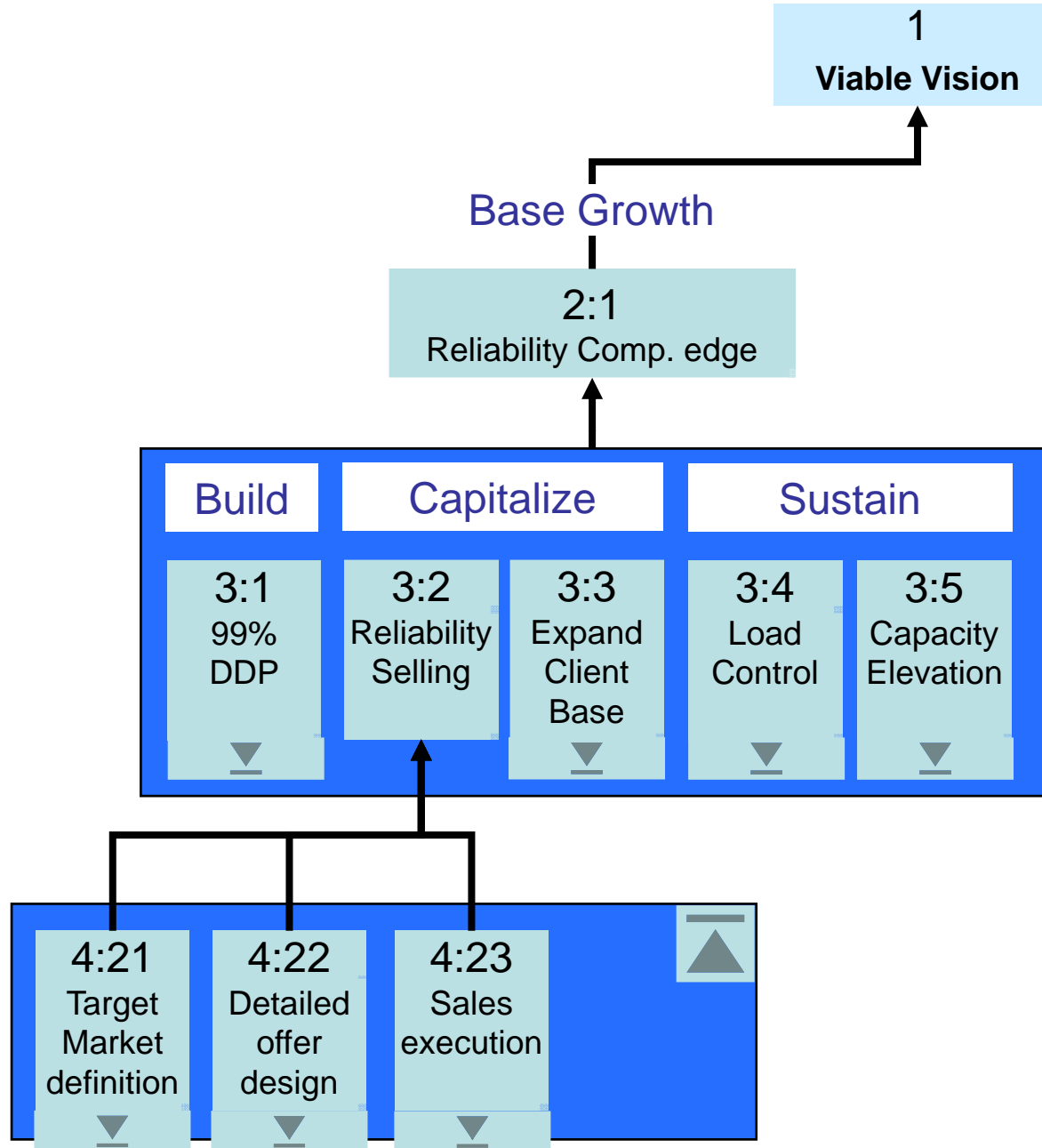
The Strategy & Tactic tree

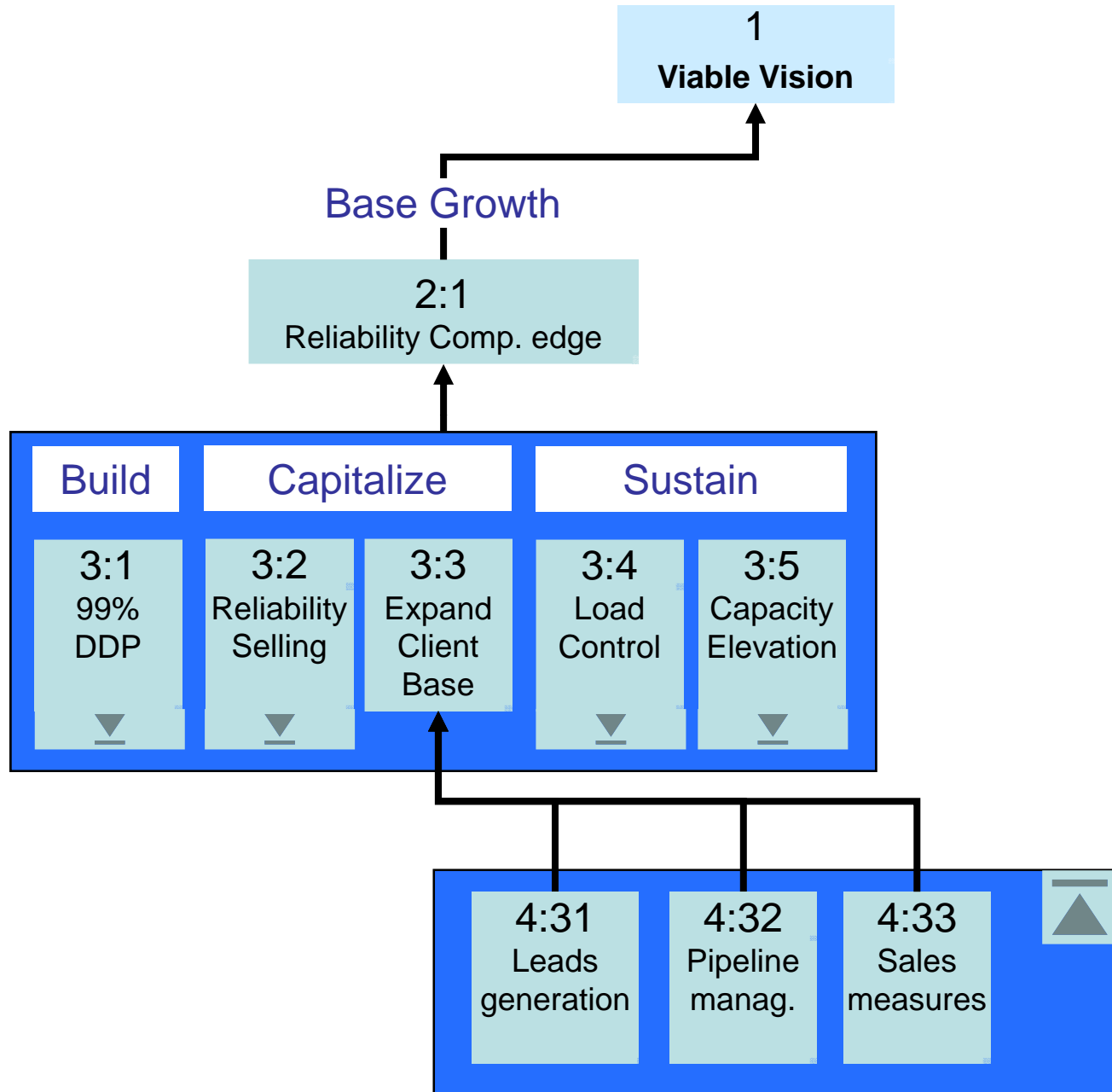
Reliable Rapid Response

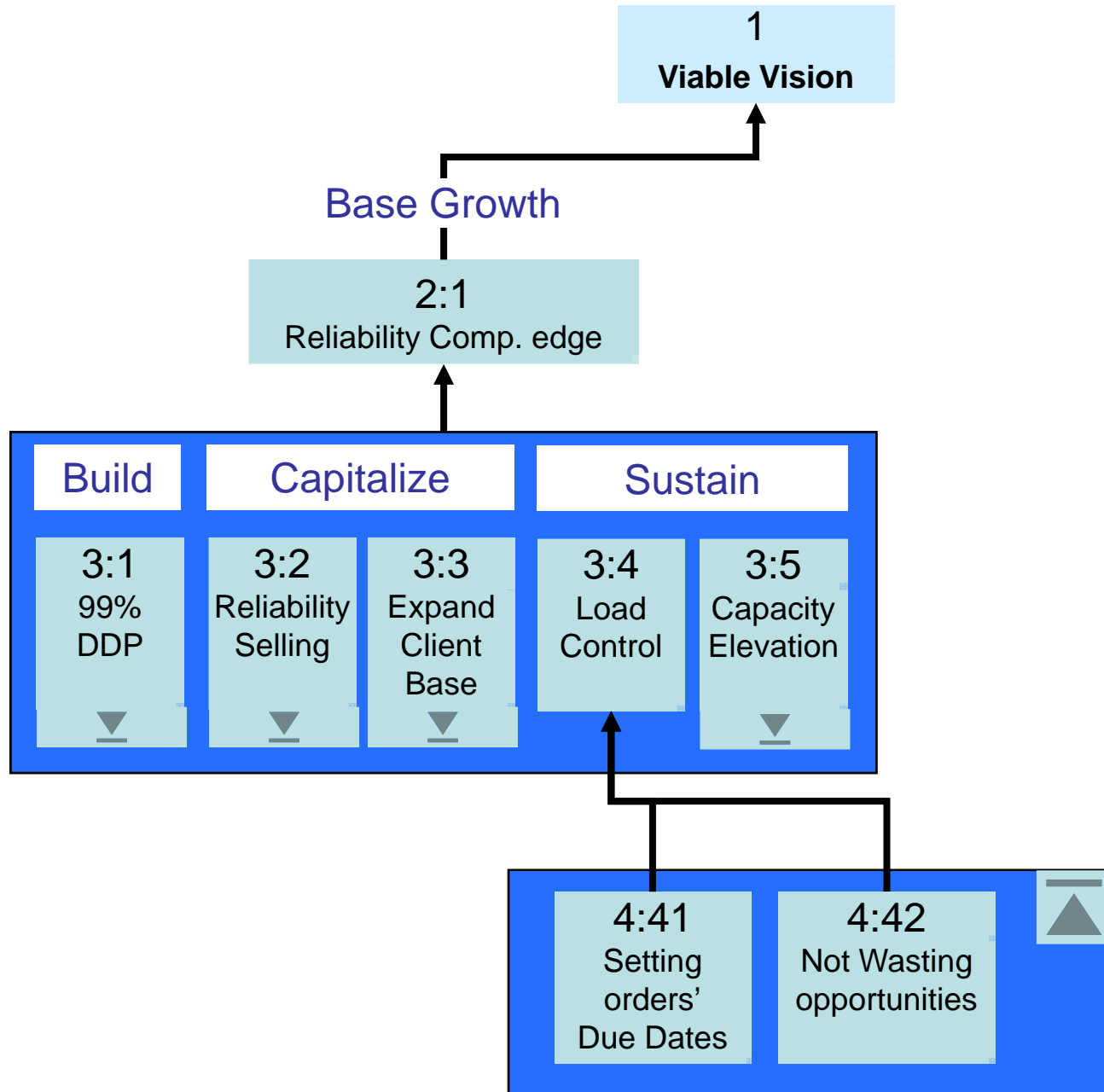
Detailed to level 5 (Sales & Marketing)

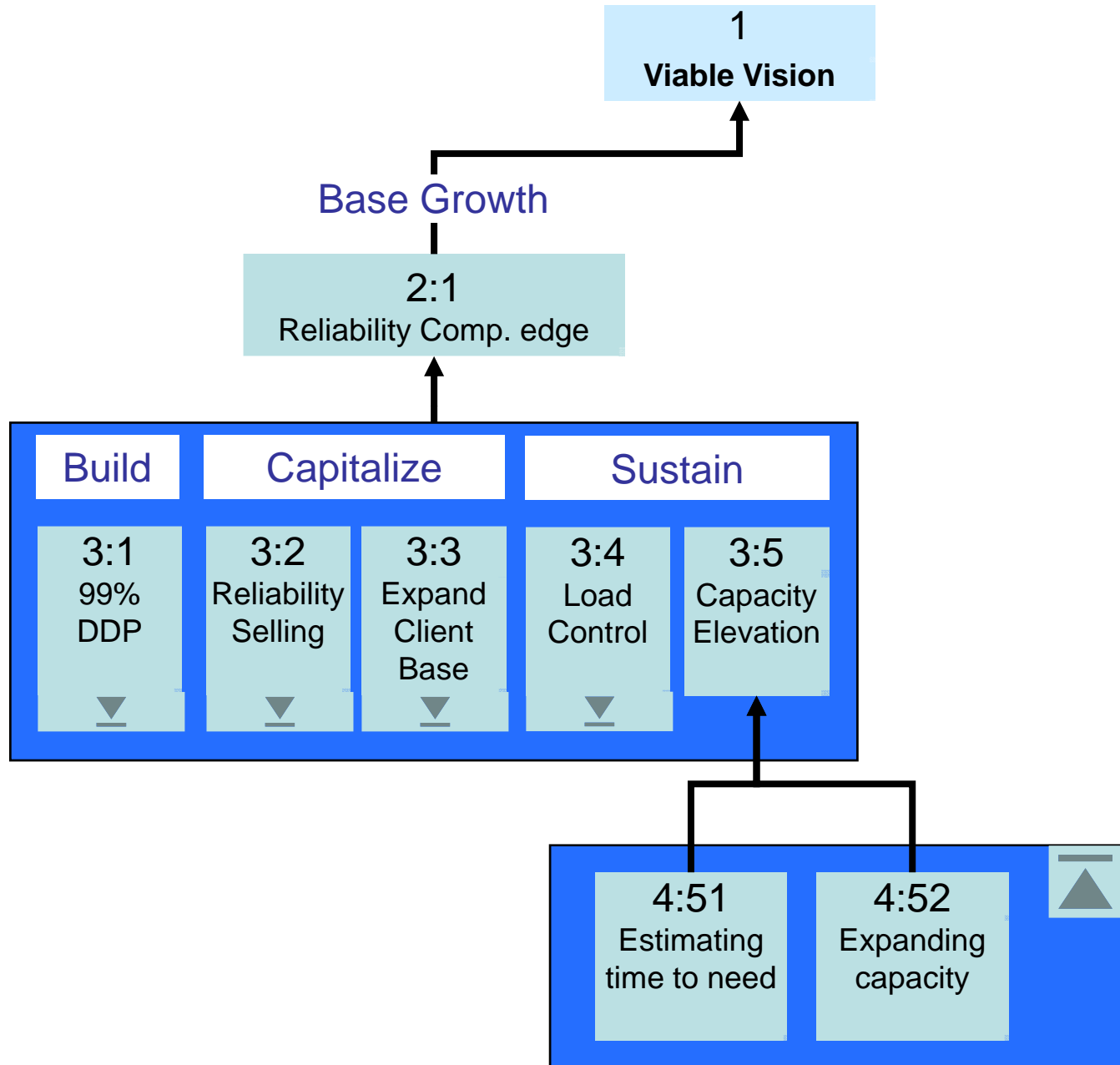


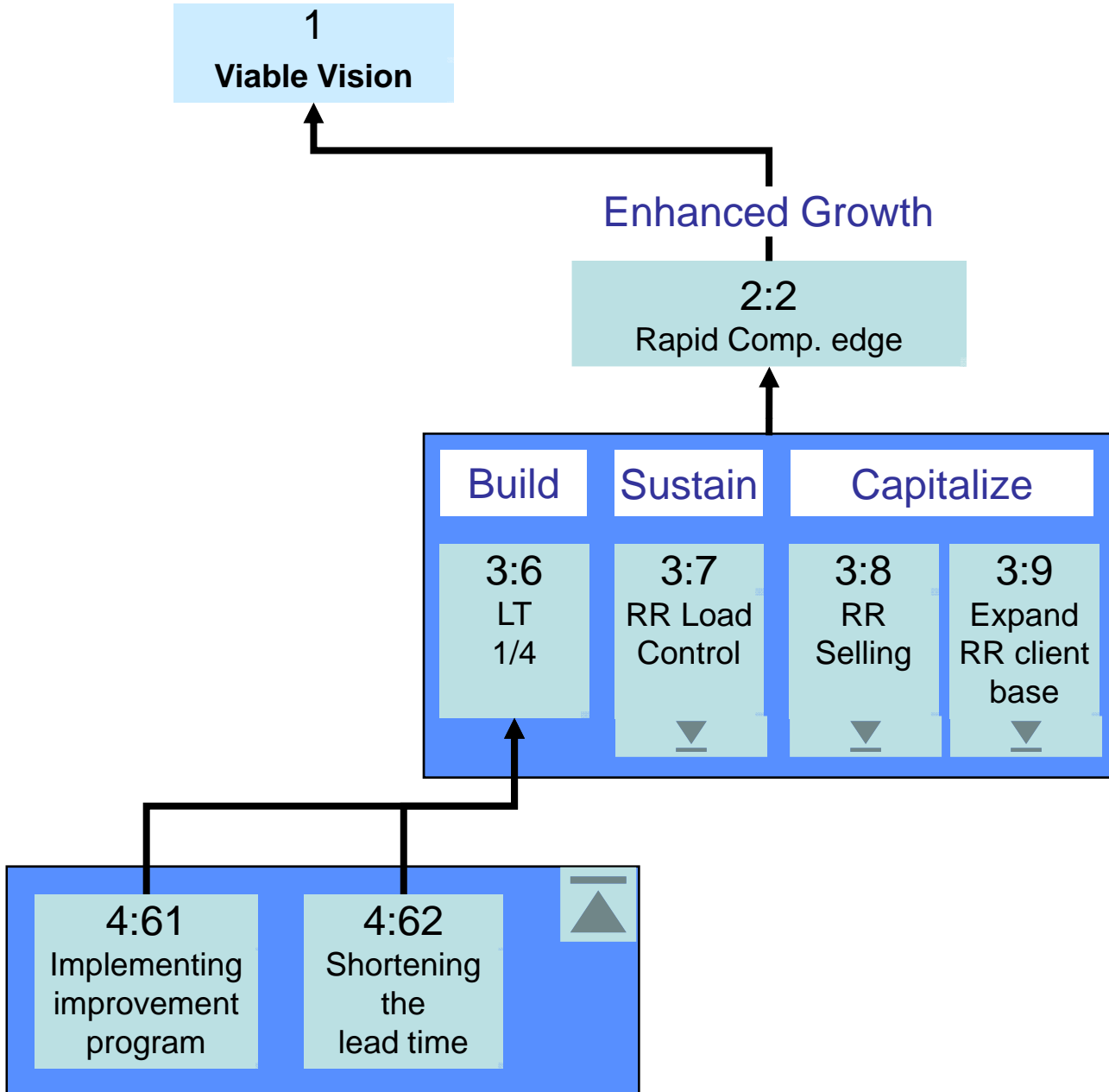


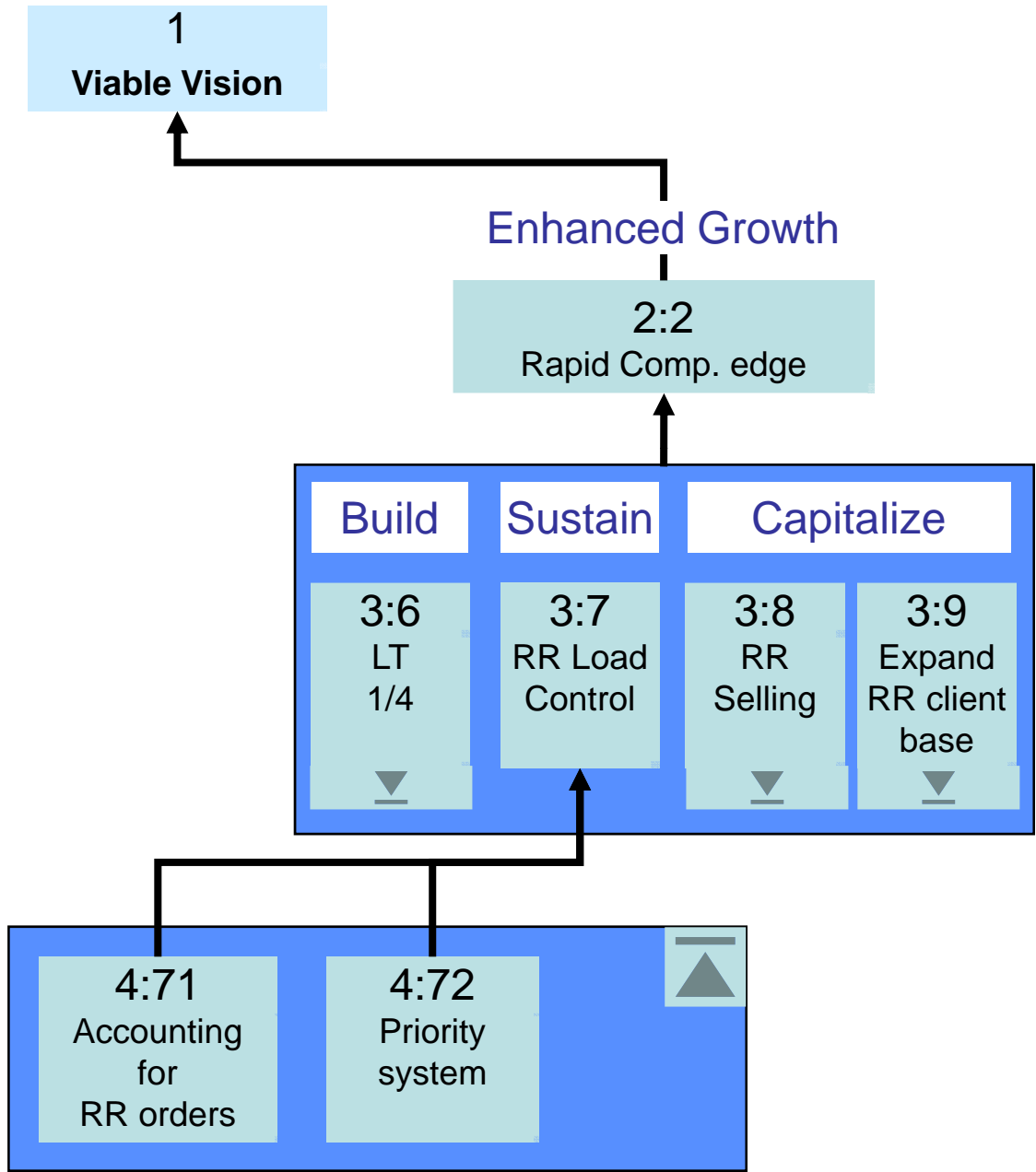


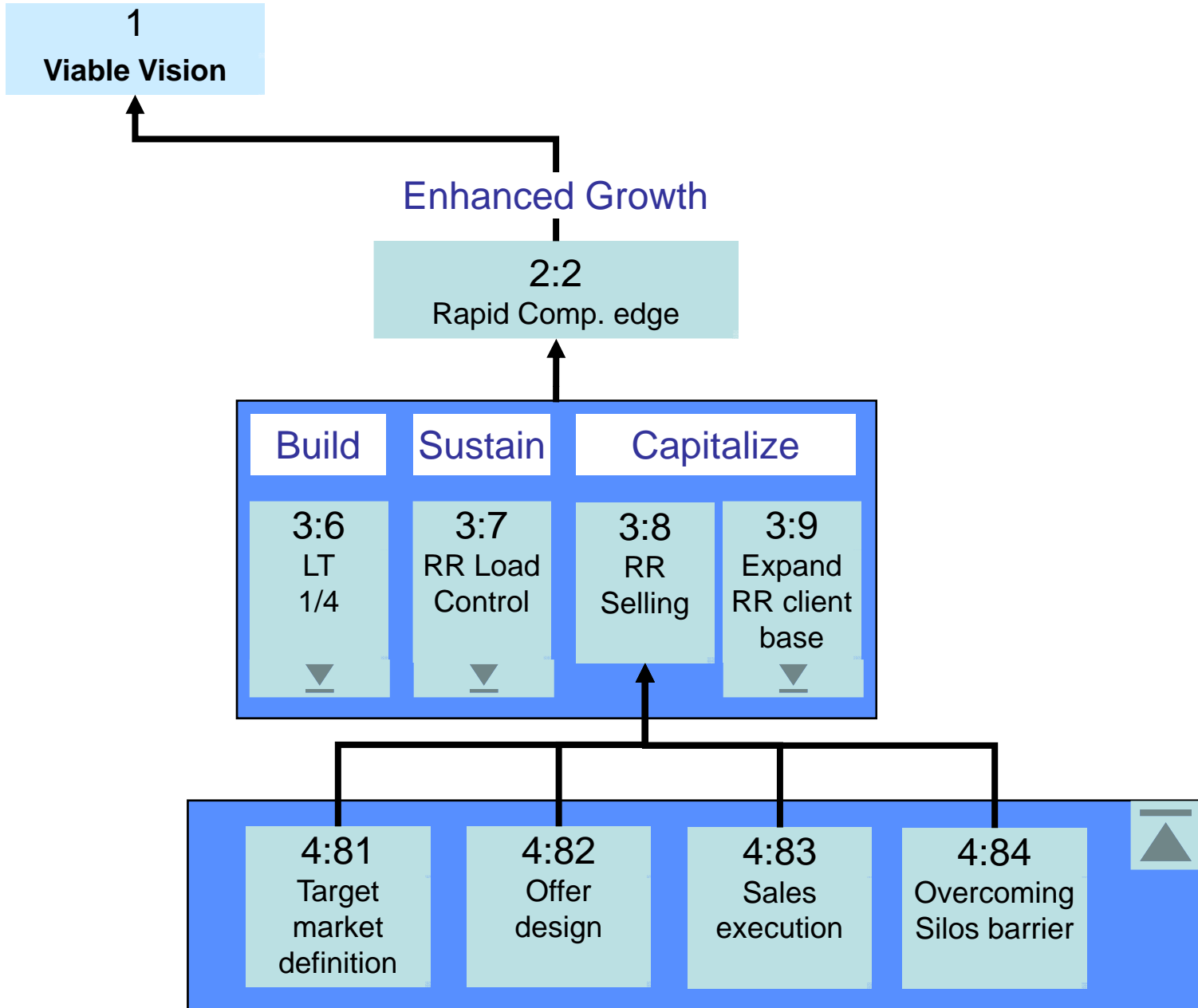


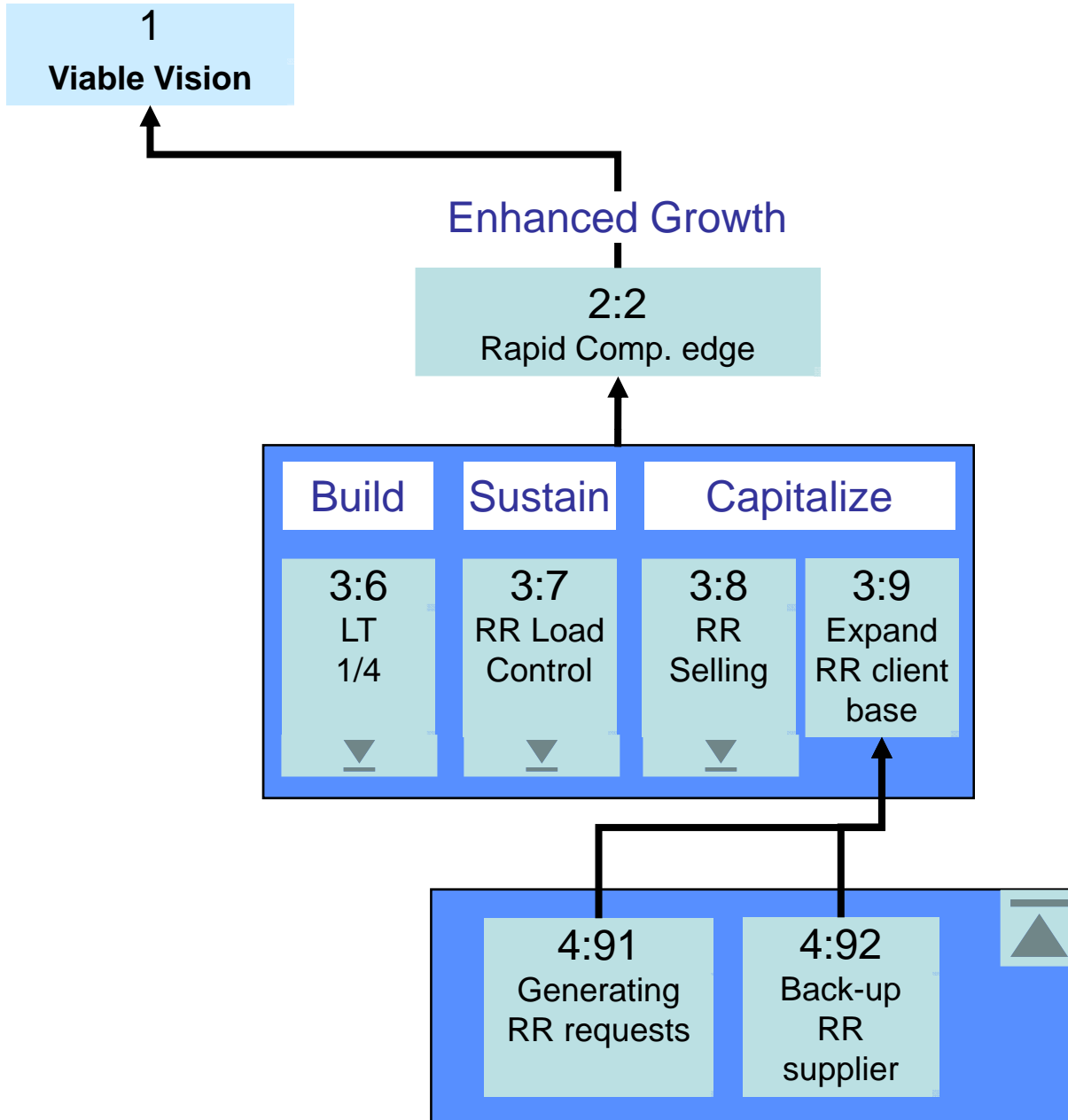


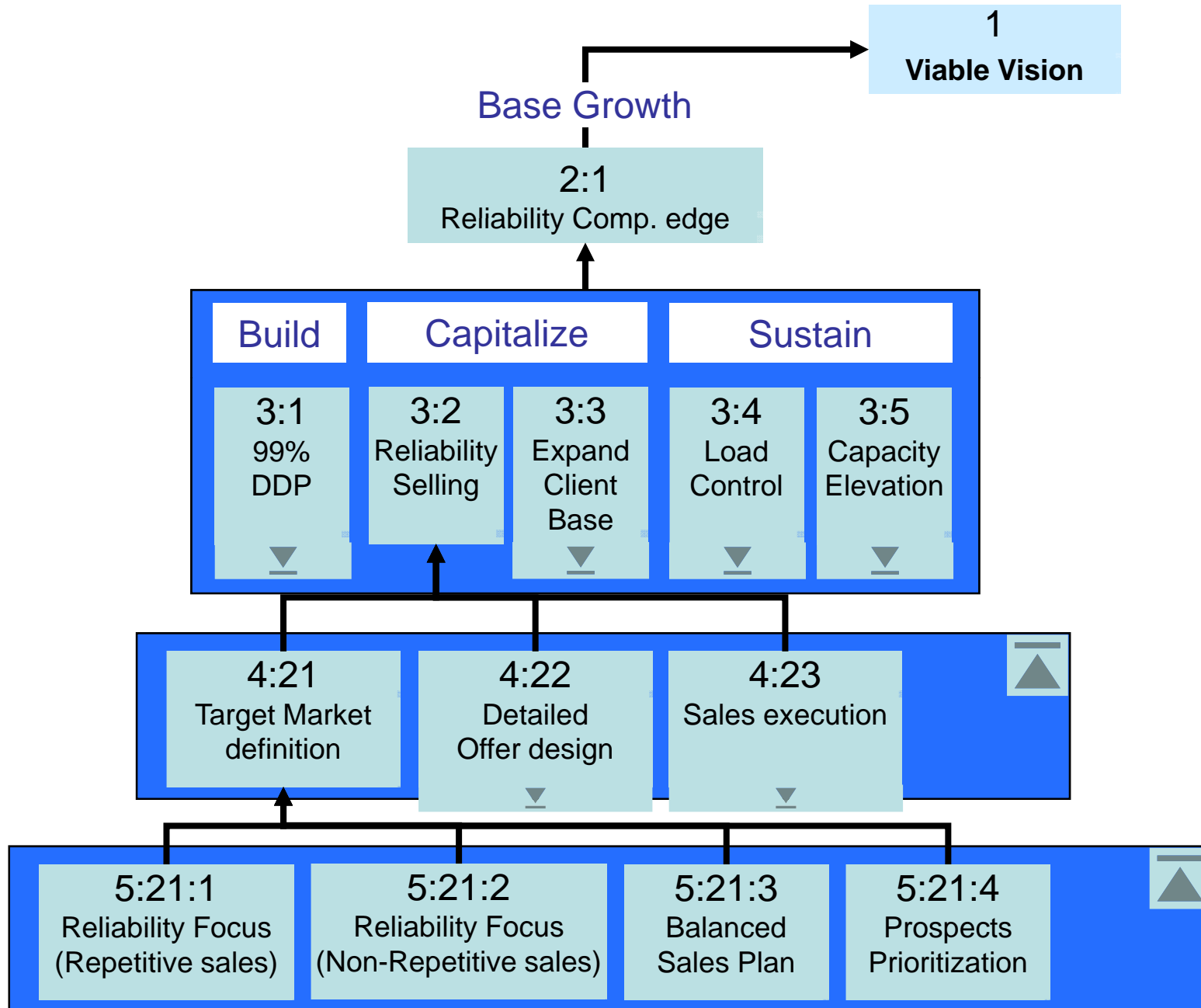


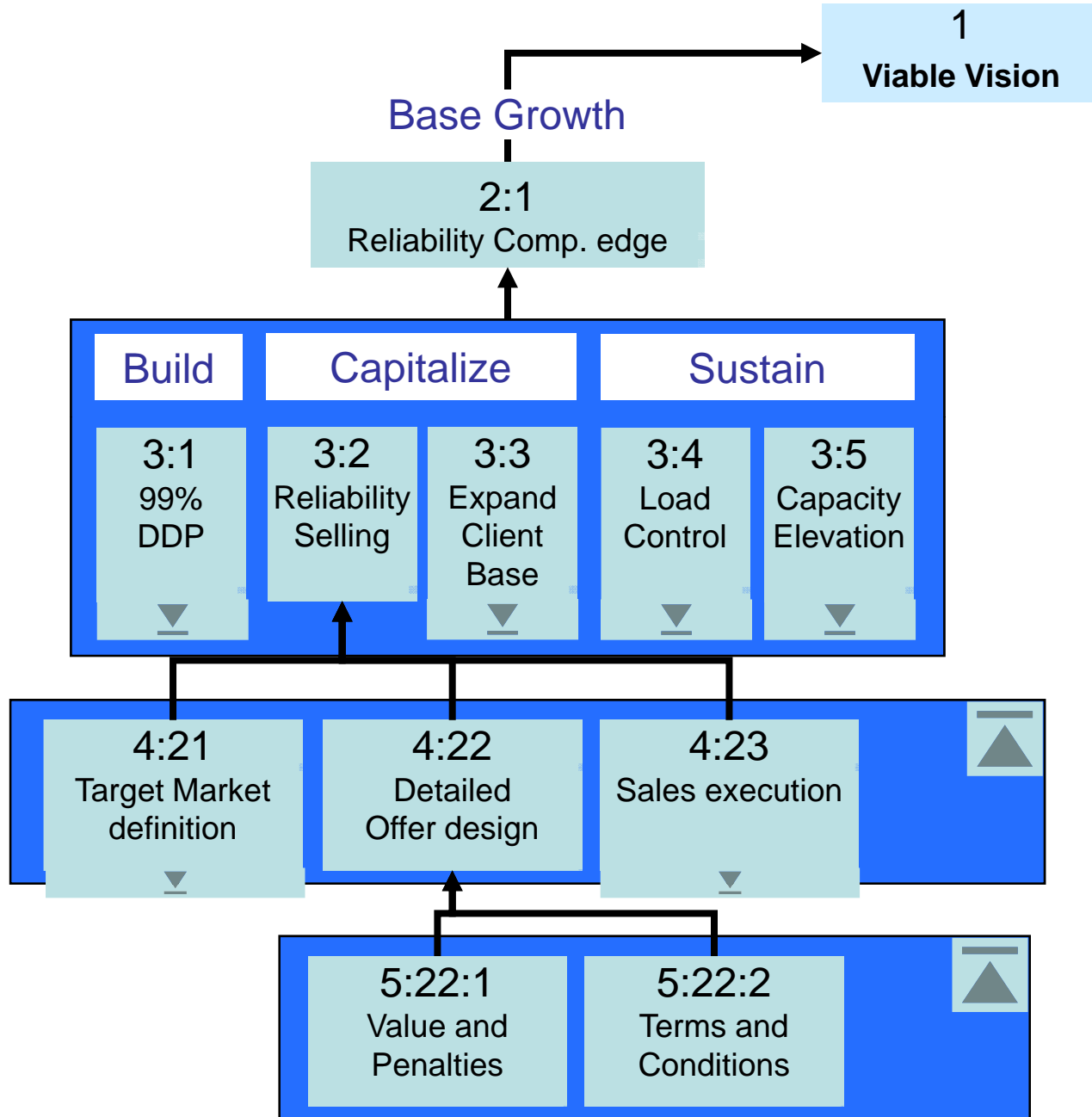


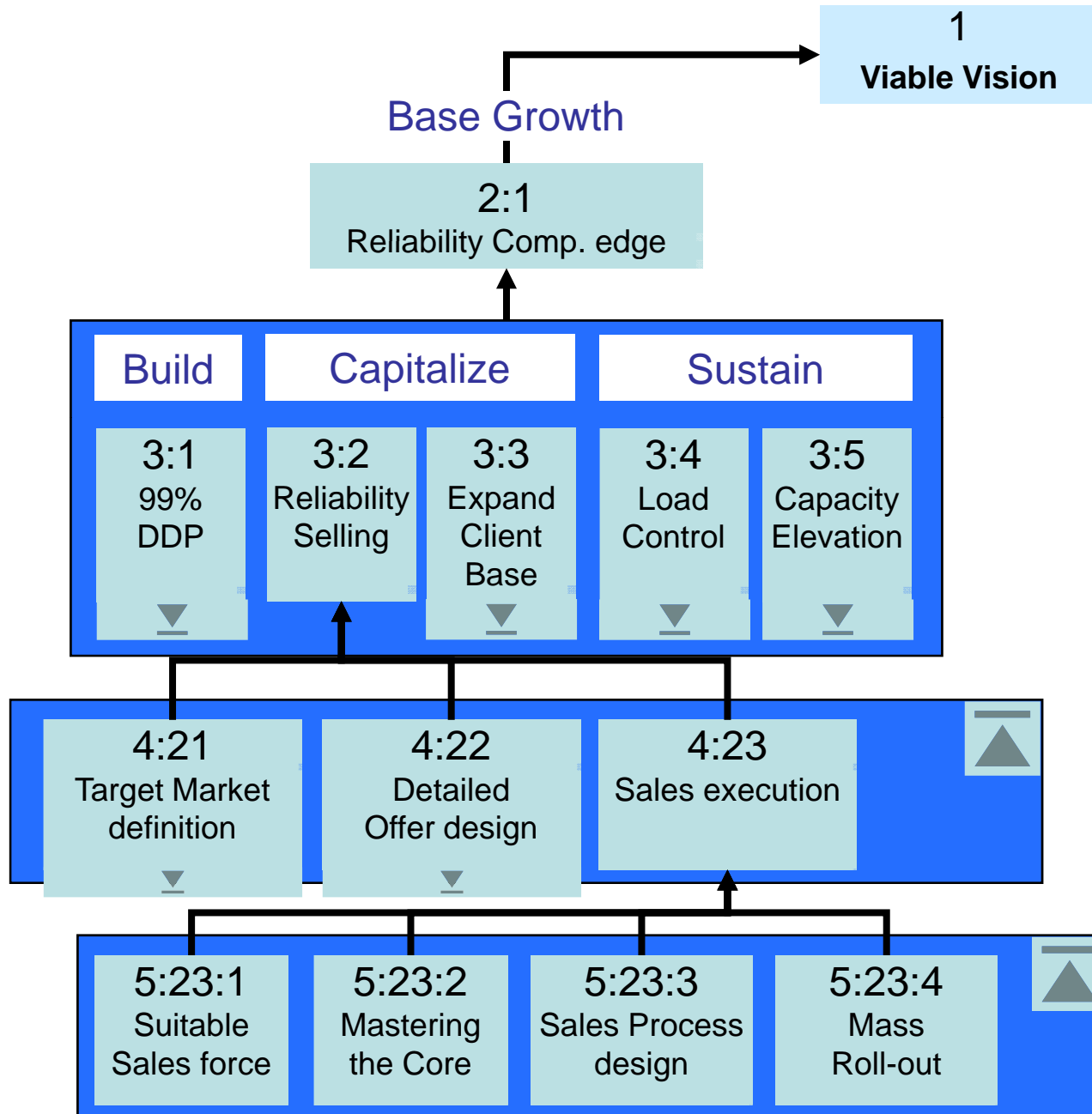












1	Viable Vision
Strategy	<p>(The Company is solidly on POOGI)</p> <p>Viable Vision is realized in 4 years or less.</p>
Parallel assumptions	<p>For the Company to realize the VV its T must grow (and continue to grow) much faster than OE.</p> <p>Exhausting the Company's resources and/or taking too high risks severely endangers the chance of reaching the VV.</p>
Tactic	<p>Build a decisive competitive edge and the capabilities to capitalize on it, on big enough markets without exhausting the Company's resources and without taking real risks.</p>
Sufficient assumptions	<p>The way to have a decisive competitive edge is to satisfy a client's significant need to an extent that no significant competitor can. [For different situations different templates satisfy this condition. The tree below is valid for situations where Reliable Rapid Response template conditions apply to (almost) the entire market of the Company.]</p>



2:1	Reliability Competitive Edge
Necessary assumptions	When the due-dates of the suppliers are notoriously bad and late delivery has major consequences for the client, reliability is a clients' significant need.
Strategy	A decisive competitive edge is gained by the market knowing that the Company's due-date promises are remarkably reliable, when all other parameters remain the same.
Parallel assumptions	Promises are cheap. Putting money to back-up promises (especially when no-one else dares to do the same) is convincing.
Tactic	<p>The Company is remarkably good at meeting its promised due-dates and offers hefty penalties for each time interval of delay.</p> <p>Hefty penalties means enough to deter a competitor from offering (or even from yielding to pressure to do) the same.</p>
Sufficient assumptions	Building a decisive competitive edge is not easy; building the capabilities to capitalize on it is not less difficult. But, sustaining these two elements is the real challenge.



2:2	Rapid Competitive Edge
Necessary assumptions	<ul style="list-style-type: none"> ➤ To rapidly achieve the VV it behooves the Company to have the ability to command high premiums, even on a portion of sales. ➤ In a non-negligible percentage of cases the client gains heftily from rapid response. ➤ The client cannot get cheaper RR (or even an acceptable alternative) from anybody except the Company. ➤ Clients are not dumb.
Strategy	<p>On a considerable portion of the sales high premiums are gained by the market knowing that the Company can deliver in surprisingly short lead time.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ The Company can bring its lead time to be surprisingly short. ➤ The sales force can be trained to identify the right opportunities and in spite of market price sensitivity, to close hefty premium contracts. (See details below)
Tactic	<p>The Company effectively offers and delivers suitable short lead times for suitable premiums.</p>
Sufficient assumptions	<p>When the one that has the pressing need is aware of the one who is able to fulfill it, a sale is likely to occur.</p>



3:1	99% Due Date Performance
Necessary assumptions	<p>Offering a penalty and having to pay it creates the opposite reputation to the one desired.</p> <p>(Paying hefty penalties erases the Company's profits and may bring the Company to its knees.)</p>
Strategy	<p>The Company has very high due-date performance (over 99%).</p>
Parallel assumptions	<p>S-DBR together with Buffer Management brings most environments to due-date performance of >99%.</p>
Tactic	<p>The Company implements S-DBR and BM.</p>
Sufficient assumptions	<p>To ensure an outstanding start of a major project it is vital to ensure that each of the first substantial actions will result in immediate substantial benefits.</p>



3:2	Reliability Selling
Necessary assumptions	<ul style="list-style-type: none"> ➤ The required changes in the Company's approach to capitalize on remarkably better service (the reliability offer) is different in nature from the changes the company did in the past (new products or new markets). ➤ Leaving the positive impact of remarkably better reliability to the natural reaction of the client will slow down capitalization of the reliability decisive competitive edge.
Strategy	Sales generated by the Reliability offer are increasingly growing.
Parallel assumptions	<ul style="list-style-type: none"> ➤ The knowledge to effectively capitalize on the Reliability competitive edge (in selecting market sectors, prioritizing prospects, designing offers and selling them) exists. ➤ The changes required in the marketing and sales approach require time and there is no time to lose. The improvements implemented in production increased DDP, reduced LT and exposed capacity. Delaying the capitalization of these improvements (converting them to bottom line results) may erode the company's confidence in the solution.
Tactic	<p>From the outset of the VV project the Company aligns its marketing and sales approach to fully take advantage of the Reliability offer.</p> <p>(The sales and marketing core team makes sure a test launch will be done properly and promptly – step 5:23:2; only when 99% DDP is demonstrated is the green light given to roll out the offer).</p>
Sufficient assumption	Having a competitive edge that is service based is a paradigm shift for sales and marketing that are used to competing on technology/design/product/price.



3:3	Expand Client Base
Necessary assumptions	A well presented business deal results in very high hit ratio (>80%) and most sales organizations don't know how to deal effectively with a high number of good prospects.
Strategy	The Company is capable of bringing in a rapidly growing number of new clients.
Parallel assumptions	The know-how of how to generate leads and how to monitor and control a sales pipeline exists (it was fully developed in industries that do not have repetitive sales).
Tactic	The Company implements the mechanism to generate leads, monitor and effectively control their sales pipeline (new business opportunities).
Sufficient assumptions	When quantities increase by an order of magnitude, it is not enough to increase capacity. New processes (of support, control and measurement) are usually needed.



3:4	Load Control
Necessary assumptions	<p>Offering “quoted standard lead times” cannot continuously coexist with high due-date performance when sales are going up.</p> <p>(Because: When sales are growing fast the load on key resources increases. The mismatch between dates which are based on standard LT and actual deliveries is unavoidable.)</p>
Strategy	<p>The dates of delivery the Company is giving are always met, irrespective of the growth in sales.</p>
Parallel assumptions	<p>It is relatively easy to meet all due-dates when the commitments are given based on actual loads and S-DBR and BM are in place.</p> <p>Within minutes a date can be given based on load already committed rather than standard lead time.</p>
Tactic	<p>The mechanism is in place to enable sales to get and give, within minutes, due-date commitments which are based on actual load.</p>
Sufficient assumptions	<p>When answering a new challenge it behooves doing it in a way that minimizes the change to the already established practice.</p>



3:5	Capacity Elevation
Necessary assumptions	When given delivery lead times are (much) longer than the industry standard lead time, not only may orders be lost, but clients may be lost.
Strategy	Desired clients are not lost due to given delivery lead times which are too long.
Parallel assumptions	<p>Profits increase when additional sales are gained for just an increase in direct labor.</p> <p>After some time the first actions toward the VV bring the Company to be cash rich. At that stage, the load of additional investment in equipment is not a barrier.</p>
Tactic	A mechanism is in place to rapidly open the capacity (labor and even equipment) when significant sales are endangered by giving delivery lead times which are too long.
Sufficient assumptions	Too often companys' capacity expansions resemble playing a Russian roulette (making large long terms commitments based on vague knowledge of probability, amount, and timing of need).



3:6	Lead Time 1/4
Necessary assumptions	If a significant portion of the orders are expedited the shop floor becomes chaotic.
Strategy	The Company's production Lead Times (as reflected by the production buffer time) are 1/4 of the standard LT in the industry.
Parallel assumptions	Usually implementation of S-DBR and BM cut the production lead time to about half. When local improvements are guided by BM, the S-DBR can easily cut the production LT to about 1/4.
Tactic	Local improvement programs are set and constantly guided by the BM information. The buffers that drive DBR are adjusted accordingly.
Sufficient assumptions	To shrink the lead time, not only should the reasons for delays be removed, also the mechanism that releases the orders should be adjusted accordingly.



3:7	RR Load Control
Necessary assumptions	Shrinking the production lead time is not sufficient to ensure fast delivery (a major portion of the time is the time until the order is released).
Strategy	The Company has the ability to deliver a considerable portion of its volume in a quarter of the standard industry LT or less.
Parallel assumptions	<ul style="list-style-type: none"> ➤ When an order jumps the queue it disrupts the delivery of other orders unless capacity was a-priori allocated for such events. ➤ For those orders that jump the queue of orders to be released, delivery LT is equal to production LT. ➤ For orders that get top priority on the shop floor, delivery LT is less than production buffer time.
Tactic	Enough capacity is reserved for RR orders (when giving a due-date for a regular order the fact that capacity is reserved for RR orders is taken into account).
Sufficient assumptions	Dealing simultaneously with two, vastly different, types of orders (regular and RR) can severely complicate the shop floor.



3:8	RR Selling
Necessary assumptions	<p>Even when a person knows how to sell a “business deal” s/he will fail when s/he is unfamiliar with the details of the deal.</p> <p>When a person is unfamiliar with the details of the deal, s/he might jeopardize the Company’s performance by selling it under inappropriate conditions.</p>
Strategy	<p>The Company is proficient at selling the Rapid Response (RR) offer.</p>
Parallel assumptions	<p>The constant pressure of the market to reduce prices causes the sales force to be very skeptical about the feasibility of getting premiums.</p> <p>Successful experience with an “unrealistic” offer turns it into an “of course” offer.</p>
Tactic	<p>The sales force is trained in how and when to present the RR offer and are “hand-held” in their first attempts.</p>
Sufficient assumptions	<p>In many aspects, preparations and training done for one business offer (Reliability) are not adequate for a different business offer (Rapid Response).</p>



3:9	Expand RR client base
Necessary assumptions	<p>Servicing all of the clients (with regular as well as rapid orders) unnecessarily limits the ability to capitalize on RR premiums to less than 30% of sales, because:</p> <ul style="list-style-type: none"> ➤ rarely the amount of emergencies a client has is more than 20%, ➤ the amount of emergencies existing in the market dwarf the capacity of the Company to fulfill them, however the fact that there is a need in the market and the fact that there is someone who can fulfill the need does not yet guarantee sales.
Strategy	Over 30% of the Company's volume is sold at premium prices.
Parallel assumptions	Sales people usually do not invest enough in long term opportunities (even when they are on commission).
Tactic	The Company launches a wide-based (well manned and managed) program to ensure that enough of their potential market is aware of the Company's RR service.
Sufficient assumptions	Marketing is essential, but there are environments where even the best marketing is not sufficient.



4:11	Choking the Release
Necessary assumptions	Having too many orders on the shop floor masks priorities, promotes local optima behavior and therefore prolongs the lead-time and significantly disrupts due-date-performance (DDP).
Strategy	The shop floor is populated ONLY with orders that have to be filled within a predefined horizon.
Parallel assumptions	<ul style="list-style-type: none"> ➤ In traditionally run plants touch time is a very small fraction (<10%) of the lead time. ➤ Vast experience shows that, in traditionally run plants, restricting the release of materials, to be just half the current lead time before the corresponding due date, leads only to good results and to no negative ramifications* (lead time shrinks to less than half, DDP improves considerably, throughput goes up and excess capacity is revealed). These results are achieved irrespective of whether or not a bottleneck exists. <p><small>* Except for environments which are dominated by heavily dependent set-up matrixes. Those environments have to be dealt in a different way.</small></p>
Tactic	For each product family, a buffer time is set to be equal to 50% of the current lead-time. Orders are released to the floor only buffer time before their committed due-date (excessive WIP is frozen until its time arrives according to the above rule). Sales people are forbidden from using the shorter lead times to get more sales.



4:12	Managing the priorities
Necessary assumptions	<p>Hectic priorities (hot, red-hot and do-it-NOW) cause chaos on the floor.</p> <p>Even when material release is properly choked, not having a priority system can cause some orders to still be late.</p>
Strategy	<p>The shop floor is governed by a simple, yet robust, priority system.</p>
Parallel assumptions	<p>Vast experience has shown that Buffer Management* is a robust priority system that leads to even better DDP.</p> <p><i>*BM is setting priorities (three color code system) only according to the degree the buffer-time is consumed.</i></p>
Tactic	<p>Buffer Management is the ONLY priority system used on the shop floor.</p>



4:13	Dealing with CCR's
Necessary assumptions	In many plants there are Capacity Constraint Resources (CCR's) that prevent the attainment of 99% DDP.
Strategy	Orders are shipped on time (over 99%).
Parallel assumptions	<ul style="list-style-type: none"> ➤ If a CCR exists work-in-process piles up in front of it. When materials release is restricted, the only work centers that have work-in-process piling up in front of them are the CCR's. ➤ In most of the cases additional capacity can be exposed by simple means like: <ul style="list-style-type: none"> - Ensuring that CCR's do not take lunch or shift-change breaks, - Offloading work from the CCR's to less "effective" work centers that have ample excess capacity, - Using LEAN techniques to shrink the set-up time on the CCR's, - Giving overtime approval for the CCR's, etc. <p><i>Note – In most cases the steps taken so far will be sufficient to prevent the CCR's from jeopardizing DDP, in those rare environments where CCR's still exist synchronizing sales with operations is essential, see step number 3:4</i></p>
Tactic	CCR's are identified and effectively removed. When DDP>99% is achieved, for a period of time equal to the production buffer time, the green light is given to sales. To prevent reemerging of CCR's it is essential to move rapidly to implement step 3.4.



4:21	Target Market Definition
Necessary assumptions	Pursuing wrong prospects is not just a waste of valuable resources (money, sales capacity, time...) but it can lead to the "conclusion" that the direction is invalid.
Strategy	Salespeople know which prospects to pursue with the Reliability offer.
Parallel assumptions	<ul style="list-style-type: none"> ➤ There are prospects where Reliability is not a significant need. ➤ There are prospects where Reliability is a significant need however, they are too risky or require excessive efforts to work with.
Tactic	<p>Target markets are defined according to conditions that are:</p> <ul style="list-style-type: none"> ➤ Easily checked, and ➤ Relate to a non-negligible number of prospects. <p>The conditions prioritize prospects according to:</p> <ul style="list-style-type: none"> ➤ The degree to which reliability is a significant need; ➤ The estimate of the ratio efforts/returns; and ➤ The degree of business risks.



4:22	Detailed Offer Design
Necessary assumptions	<p>When the details of an offer are not clearly laid out, it is easy to turn even the best sales offer into a mess.</p> <p>When the details of the offer are not constructed to mitigate risks and ensure benefits (to both clients and the Company) the outcome may be losing many good sales opportunities and/or losing profit margins.</p>
Strategy	<p>The Company has a detailed Reliability offer that guarantees exceptional benefits to its clients while ensuring that the Company is not taking any real risk.</p>
Parallel assumptions	<p>To construct a good offer four elements must be thoroughly understood:</p> <ul style="list-style-type: none"> ➤ The net benefit for the client relative to a standard offer. ➤ The benefits to the Company. ➤ The risk for the client (relative to risk the client takes in a standard offer). ➤ The risk to the Company (relative to the existing risk the Company experiences in a standard offer). <p>Ensuring the benefits provides the detailed backbone of the offer. Mitigating the above risks provide important details of the offer.</p>
Tactic	<p>A team is empowered to construct the details of the Reliability offer (penalties, pricing, lead times and Terms & Conditions), maximizing the benefits (to both the clients and the Company) and minimizing the risks (to both the clients and the Company).</p>



4:23	Sales Execution
Necessary assumption	Conventional sales methods are not effective enough to capitalize on a competitive edge that stems from anything other than the product itself.
Strategy	The sales force is professional at selling the Reliability offer.
Parallel assumption	It is possible to switch most sales people from the conventional mode of selling products to the very different mode of selling business deals.
Tactic	The sales force is equipped and trained in effectively selling the Reliability offer.
Sufficient assumption	To ensure that a complicated, large task can be performed on “mass production” scale, art should be turned into robust processes.



4:31	Leads Generation
Necessary assumptions	<p>When a company is used to bringing in only a few new clients a year, lead generation is mainly based on opportunism.</p> <p>After a short while, the leads that the sales force have are not sufficient to sustain the required rate of growth.</p>
Strategy	<p>There is a sufficient, constant flow of qualified leads waiting to enter the sales pipeline.</p>
Parallel assumptions	<p>Having a decisive competitive edge offer opens new possibilities to generate a growing number of leads.</p> <p>The characteristics of a person who can build a good lead-generator are not the same as the characteristics of a good salesperson.</p>
Tactic	<p>Develop and apply a mechanism, which requires less and less of the sales peoples' capacity, to generate a constant buffer of qualified leads.</p>



4:32	Pipeline Management
Necessary assumptions	<p>An organization that is used to dealing with only a few prospects at a time, is not set to deal with a quantum leap in numbers of opportunities.</p> <p>Wasting, due to lack of proper attention, a prospect that had already expressed a genuine interest, is a crime.</p>
Strategy	<p>Opportunities are not lost due to improper attention.</p>
Parallel assumptions	<p>When a resource handles too many opportunities, "Bad Multi Tasking" is unavoidable.</p>
Tactic	<p>Develop and apply a (DBR-BM based) mechanism to:</p> <ul style="list-style-type: none"> ➤ Choke the release of opportunities from the buffer to the sales pipeline; ➤ Monitor and prioritize opportunities according to the duration of the opportunities in the sales pipeline (duration in each step and overall duration); ➤ Identify major causes for delays/drop-outs and take corrective actions (many times engineering is THE major cause of delay); ➤ Monitor the effectiveness of the offer in the various market segments / product categories to redirect marketing/sales.

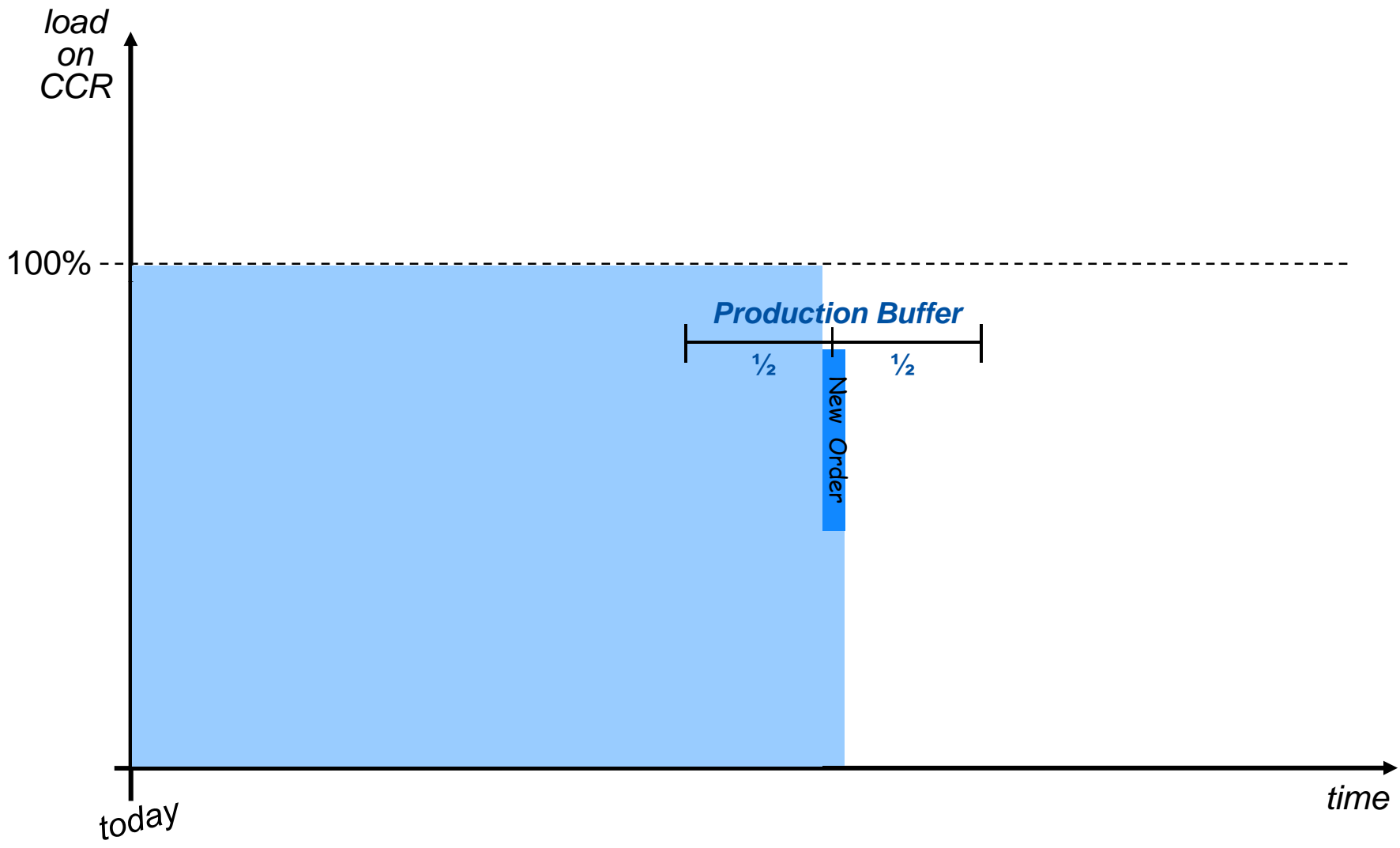


4:33	Sales Measures
Necessary assumptions	“Tell me how you’ll measure me and I’ll tell you how I will behave.”
Strategy	The measurements do not de-motivate salespeople from advancing opportunities in the sales pipeline in accordance with the VV outlines.
Parallel assumptions	<p>A quota that seems unreachable demoralizes most salespeople.</p> <p>When there are ample leads and the offer guarantees a high hit ratio, there is no need to put the sales people on a high quota as long as they have incentives to over achieve the given quota.</p>
Tactic	If sale force is used to quotas (and incentives), establish reasonable quotas (and incentives) that drive salespeople to overachieve their quotas.



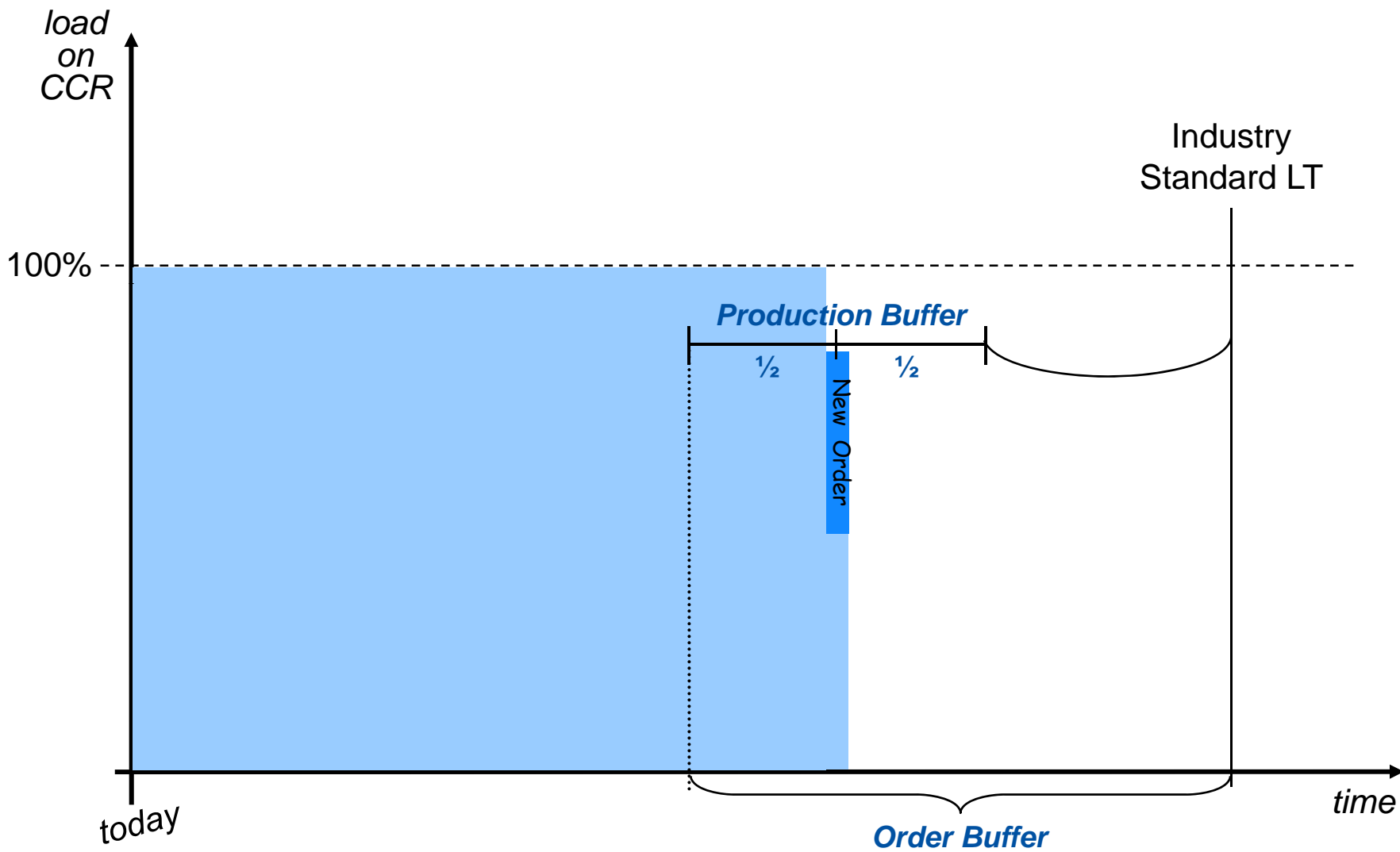
4:41	Setting Orders Due Dates
Necessary assumptions	<ul style="list-style-type: none"> ➤ As sales are growing, the irregular way in which orders are coming wastes capacity to the extent that DDP are in danger. ➤ When sales grow substantially, permanent CCRs appear. If sales continue to commit to due-dates according to fixed lead time the chances to meet due-dates diminishes.
Strategy	Due-dates given by the sales force are always met.
Parallel assumptions	In a well-run plant, most of the time an order spends on the floor it is waiting to be processed by the CCR. Therefore, when the CCR is performing on the order in (about) the middle of the order's buffer the chance to meet the DD is very high (>99%).
Tactic	<p>Due-date commitments are given according to first available slot on the CCR plus ½ the production buffer.</p> <p>(The sales force are trained to call operations before giving the commitment to client. Operations is organized to give the answer in less than a minute.)</p>





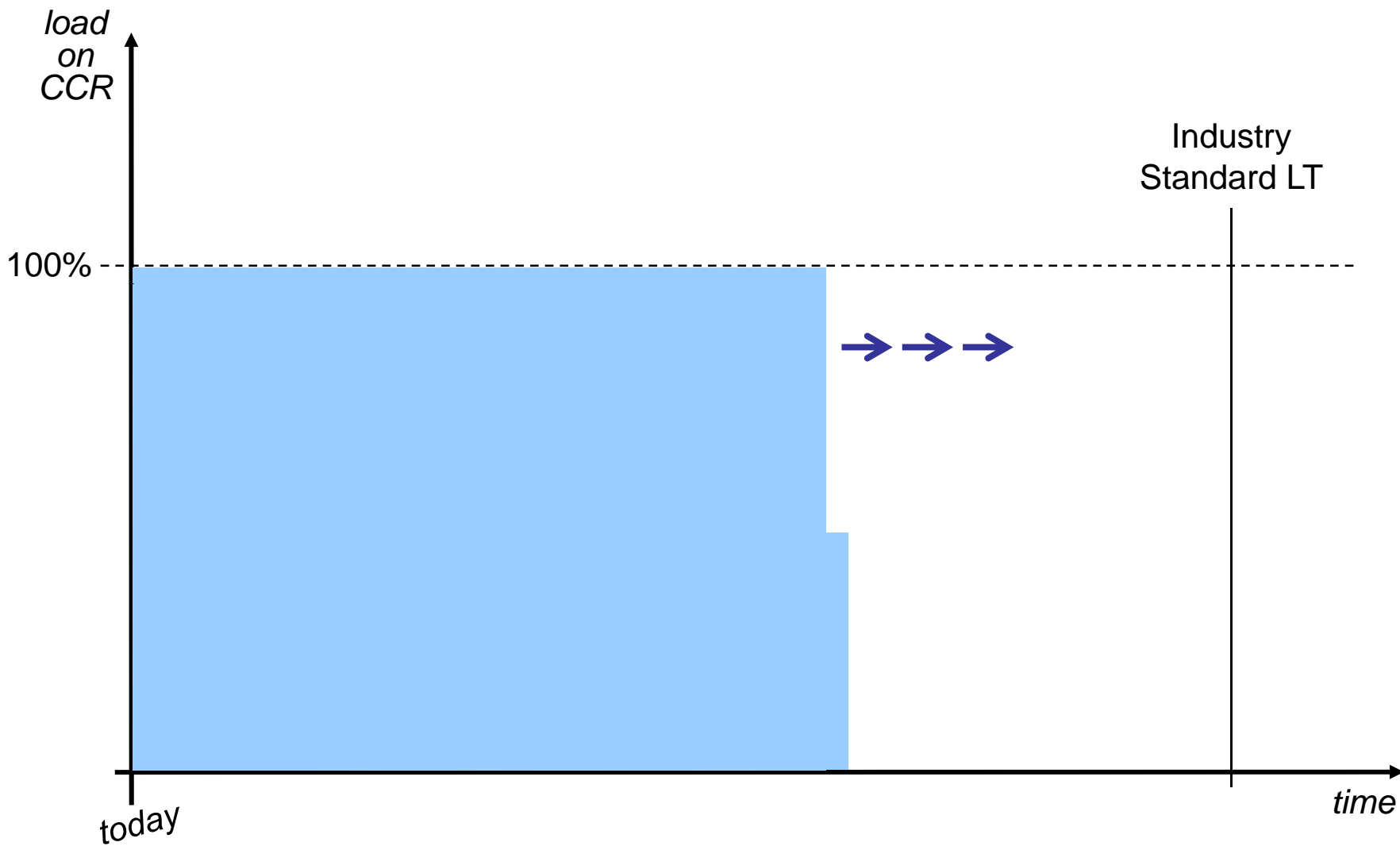
4:42	Not wasting opportunities
Necessary assumptions	<p>Giving due-dates based on load may result in short lead times. Giving something for free jeopardizes the ability to charge for it.</p>
Strategy	<p>The Company does not waste the opportunity to command high premiums for shorter lead times.</p>
Parallel assumptions	<p>The way to achieve all the following requirements:</p> <ul style="list-style-type: none"> ➤ Synchronize due-date commitments with available capacity on the CCR. ➤ Not give (for free) commitments which have shorter lead time than the standard lead time. ➤ Use one mechanism for scheduling and controlling the shop floor, ...is to increase the order buffer by the right amount (<i>see Tactic</i>).
Tactic	<p>The due-date is committed to be equal to present date plus the further between 1. standard lead time and 2. first available slot on CCR plus $\frac{1}{2}$ of the production buffer. In cases that the commitment was given according to standard lead time, the time buffer of the order is increased by the difference between 1 and 2 above. Orders continue to be released just (their respective) buffer time before their respective due date.</p>





4:51	Estimating time to need
Necessary assumptions	Not knowing when additional capacity will be needed leads to increasing expenses/investments too early or (even worse) too late.
Strategy	The Company has a good enough evaluation of the time left until the committed lead-times start to be too long
Parallel assumptions	<ul style="list-style-type: none"> ➤ The Company starts to run the risk of jeopardizing sales (entering into the “danger zone”) when the commitment lead-time starts to be longer than the standard lead time. ➤ The time until the Company enters the “danger zone” depends on the pace at which the front of the load on the CCR is advancing (and expected to continue advancing).
Tactic	The Company implements a mechanism that constantly analyzes the pace at which the front of the load of the CCR advances and derives reliable prediction of the time until the company will reach the “danger zone.”





4:52	Expanding capacity
Necessary assumptions	<ul style="list-style-type: none"> ➤ Not knowing how much time it will take to have additional capacity leads to increasing expenses/investments too early or (even worse) too late. ➤ The time from making the decision to open capacity until the additional capacity is available is heavily dependent on the level of preparations (actions that can be taken without any final commitment).
Strategy	Capacity expansions are timely done.
Parallel assumptions	<ul style="list-style-type: none"> ➤ The knowledge of what type and amount of capacity is needed for the next expansion step is available when operations is run by DBR-BM. ➤ The time and needed preparations to add capacity depend on the type of resource(s) needed. ➤ When proper preparations are done, the time from decision to having the additional capacity available is well known.
Tactic	The Company builds the section that is in charge of the capacity elevation program.



4:61	Implementing improvement program
Necessary assumptions	<p>Most local improvement initiatives which use good tools (TOC cause and effect analysis, Lean and Six Sigma techniques) do improve the local performance but, many times, those local improvements do not translate into global improvements.</p>
Strategy	<p>All local improvements initiatives do contribute meaningfully to the global performance.</p>
Parallel assumptions	<p>Recording the reason an order is in the RED zone* of its buffer (recording what is the order waiting for?), and analyzing the frequency of orders “waiting” for the same reason (BM analysis), is a prudent way to identify where an improvement initiative will contribute meaningfully to overall performance (especially to shortening lead-time).</p> <p><i>* In cases where improvements efforts proceed faster than increases in sales, orders in the YELLOW zone should also be considered.</i></p>
Tactic	<p>The Company implements a local improvement program which is regulated by BM analysis.</p>



4:62	Shortening the Lead-Time
Necessary assumptions	The lead time of a single order is also a function of when other orders are released to the floor.
Strategy	The lead-time of all orders is shortened.
Parallel assumptions	<ul style="list-style-type: none"> ➤ Shortening the lead-time (from release to due-date) requires shortening the production buffer. ➤ The production buffer only exists within the controlling software (to determine the individual orders' buffers). ➤ Without adding any additional inputs, the controlling software is able to identify all instances of orders penetrating into the red zone of the production buffer.
Tactic	When less than 5% of the orders penetrate the RED zone of the production buffer, the production buffer is reduced.



4:71	Accounting for RR orders
Necessary assumptions	RR sales require short delivery times and therefore cannot wait for the next available capacity slot on the CCR.
Strategy	The Company has the ability to capture enough RR sales opportunities.
Parallel assumptions	<ul style="list-style-type: none"> ➤ When the capacity allocated to fast response is not used for RR orders it still can be used for regular orders. Therefore the Company can be liberal in its estimation of the amount which is allocated to RR. ➤ It behooves being very liberal since any increase in the amount allocated will take effect only after the current front of the load.
Tactic	The Company allocates some of the CCR capacity for RR orders and gradually modifies the amount allocated. (The balance of the capacity is used to accommodate the regular orders).



4:72	Priority system
Necessary assumptions	The need to deliver some orders in half the lead time and some more in less than a quarter of the lead time may create a complicated priority system on the floor.
Strategy	The floor has one simple and robust priority system.
Parallel assumptions	<p>Orders that have to be delivered in half the standard lead time are released to the floor much earlier than a production buffer before their due date (the production buffer is a quarter of the standard lead time).</p> <p>At the time of their release the regular BM priority system will give high priority to orders that need to be delivered in less than a quarter of the lead time.</p>
Tactic	The regular BM priority system is the ONLY priority system on the shop floor.



4:81	RR Target Market Definition
Necessary assumptions	Pursuing wrong prospects is not just a waste of valuable resources (money, sales capacity, time...) it can lead to the "conclusion" that the direction is invalid.
Strategy	The Company knows which markets to grow with the Rapid Response offer.
Parallel assumptions	<p>Not all prospects for the reliability offer have a significant need for Rapid Response</p> <p>There are companies where Rapid Response is a significant need, however they are too risky or require excessive efforts to work with.</p>
Tactic	<p>Target markets are defined according to conditions that are:</p> <ul style="list-style-type: none"> ➤ Easily checked; ➤ Relate to a non-negligible number of prospects. <p>The conditions prioritize prospects according to:</p> <ul style="list-style-type: none"> ➤ The degree to which the prospects are willing to pay a premium for rapid delivery; ➤ The estimate of the ratio efforts/returns; and ➤ The degree of business risks.



4:82	RR Offer Design
Necessary assumptions	<p>When the details of an offer are not clearly laid out, it is easy to turn even the best sales offer into a mess.</p> <p>When the details of the offer are not constructed to ensure benefits and mitigate risks (to both clients and the Company) the outcome may be losing many good sales opportunities and/or losing profit margins.</p>
Strategy	<p>The Company has a detailed Rapid Response offer that guarantees exceptional benefits to its clients while ensuring that the Company is not taking any real risk.</p>
Parallel assumptions	<p>To construct a good offer four elements must be thoroughly understood:</p> <ul style="list-style-type: none"> ➤ The net benefit for the client relative to a standard offer. ➤ The benefits to the Company. ➤ The risk for the client (relative to the risk the client takes in a standard offer). ➤ The risk to the Company (relative to the existing risk the Company experiences in a standard offer). <p>Ensuring the benefits provides the detailed backbone of the offer. Mitigating the above risks provides important details of the offer.</p>
Tactic	<p>A team is empowered to construct the details of the Rapid Response offer (penalties, pricing, lead times and Terms & Conditions), maximizing the benefits (to both the clients and the Company) and minimizing the risks (to both the clients and the Company).</p>



4:83	RR Sales Execution
Necessary assumptions	<ul style="list-style-type: none"> ➤ Asking for premiums is a dramatic change for salespeople who argue on a daily basis with clients on price. ➤ Operating without a competitive edge drives a company to try and win any opportunity coming their way. Having a decisive competitive edge behooves being selective in choosing opportunities. Making the shift to be selective is surprisingly difficult for most salespeople.
Strategy	Salespeople know how to present the Rapid service option and reject inappropriate deals.
Parallel assumptions	<ul style="list-style-type: none"> ➤ Successful experience with an “unrealistic” offer, turns it into an “of course” offer. ➤ Many times, pressures to compromise are coming from the sales managers.
Tactic	<p>Train, coach, and handhold the salespeople (internal and external) in presenting the Rapid Response service</p> <p>The Company sales managers are coached not to compromise the offer’s key parameters when occasionally confronted with sales (or clients) pressures.</p>



4:84	Overcoming silos barriers
Necessary assumptions	Even when the premiums are dwarfed by the client's significant need for Rapid Response, the silos existing in large organization clients can significantly limit the usage of RR service (a supervisor will prefer to reschedule rather than fight with purchasing).
Strategy	Large clients place RR orders when in need.
Parallel assumptions	When addressing a real client's need a prudent salesperson can usually bring clients to remove simple silo barriers.
Tactic	The Company develops in enough salespeople the ability to align internal large client's mechanisms to enable using RR service whenever needed (open agreement).



4:91	Generating RR requests
Necessary assumptions	The need for RR for any specific product is sporadic and short lived. Therefore the Company cannot rely on its sales force to directly capture these opportunities.
Strategy	The Company's RR offer is the first thought that comes to enough prospects' minds when they need an urgent delivery.
Parallel assumptions	The need for RR for any specific product is sporadic and short lived, however the general need for fast response service is big and continuous. Prudent marketing is bound to yield fruits, where a push for an immediate sale will usually fail.
Tactic	Create a team to identify appropriate marketing and sales channels and launch a marketing campaign to brand the Company as THE rapid provider.



4:92	Back-up RR Supplier
Necessary assumptions	<ul style="list-style-type: none"> ➤ Servicing all of the clients (with regular as well as rapid orders) limits the ability to capitalize on RR premiums. ➤ There are environments where the best marketing campaign will not be sufficient because the time to get approved as a supplier for a specific part is relatively long and there are many cases that it is much longer than to supply the part.
Strategy	The share of RR orders is constantly growing.
Parallel assumptions	In many cases the high premiums justify the investment needed to get approved as a supplier of specific parts.
Tactic	The Company invests (free prototyping to get approval) in becoming a back-up Rapid Response supplier to a growing base of clients.



5:21:1	Reliability focus (Repetitive sales)
Necessary assumptions	<ul style="list-style-type: none"> ➤ Not having, thus far, a decisive competitive edge that stems from remarkable reliability, it stands to reason that any market analysis the company has done was based mainly on a product view. ➤ The importance of Reliability may be different for different type of clients.
Strategy	<p>The Company targets markets where Reliability provides best leverage.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ The importance of Reliability is a function of: 1. Suppliers' DDP and 2. The damage caused by late delivery. ➤ The company's poor DDP is a good representative of the industry DDP (with everything else being practically equal it cannot be that a company's DDP is very poor while all competitors' DDP is very high). Therefore the extent to which Reliability is/should be important to the client is mainly determined by the magnitude of the damage that late delivery inflicts on the client. ➤ When clients, who produce essentially to forecast, order many SKUs from multiple suppliers (especially when lead times are relatively long), they suffer the risk of unavailability despite their efforts to keep adequate levels of inventory. Therefore delays in delivery by suppliers cause damage to the client. The magnitude of the damage is a function of the degree to which the delay causes... (see cont. in next page)

5:21:1

Reliability focus (Repetitive sales) Cont.

Parallel assumptions (Cont.)

- ...The magnitude of the damage is a function of the degree to which the delay causes...
- ❖ Delaying shipments to their clients.
 - ❖ Disruption to the client's production flow (increased set-ups, rescheduling, WIP).
 - ❖ The sacrifices the client makes to minimize the damage of delay (expediting costs; ordering more in advance; increasing inventories; accepting partial deliveries; working with multiple suppliers).
 - ❖ The personal grief to the client's key people.
- Clients can minimize the damage of poor DDP by demanding suppliers to hold and produce to stock based on the clients' schedule (VMI; Kan-Ban). In such cases Reliability is not fulfilling a significant need. However, if at all, this strategy is typically applied only by big clients on their high volume SKUs.
- Analyzing the market without examining real examples, of prospects representing the company's clients, may not expose all relevant data and may even lead to distorted conclusions derived from extreme cases (which are, usually, the ones that have the biggest impact on intuition).

Tactic

- The M&S core team examine the different market sectors the company is serving, evaluating the extent Reliability is a significant need by analyzing the consequences of late delivery for the client.
- The team does the analysis by examining 3 (prospective) clients per market sector (less than 3 may risk looking at extreme case, more are not needed).
- The team identifies the preferred market sectors to leverage the Reliability offer.



5:21:2	Reliability focus (Non Repetitive sales)
Necessary assumptions	<ul style="list-style-type: none"> ➤ Not having, thus far, a decisive competitive edge that stems from remarkable reliability, it stands to reason that any market analysis the company has done was based mainly on a product view. ➤ The importance of Reliability may be different for different type of projects/clients.
Strategy	<p>The Company targets markets where Reliability provides best leverage.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ The importance of Reliability is a function of: 1. Suppliers' DDP and 2. The damage caused by late delivery. ➤ When suppliers deliver a <u>custom made product to clients who do not repetitively consume it</u> - it is safe to assume that poor DDP is the norm in the industry. Therefore the extent to which Reliability is/should be important to the client is mainly determined by the magnitude of the damage that late delivery inflicts on the client. ➤ In a non-repetitive sales environment the company's product is often a task within a bigger project of the client. When the company delivers a task that can impact the completion date of the project - a delay in delivery inflicts severe damage on the client. The magnitude of the damage is a function of the degree to which the delay causes... <ul style="list-style-type: none"> ❖ Reducing or delaying the benefits expected from having the project completed (the reason for the client initiating the project in the first place). ❖ Additional cost associated with the delay (penalties, expediting cost, paying for temporary alternatives, etc.) ❖ The sacrifices the client makes to minimize the damage of delay -compromising on the product/order spec. ❖ The personal grief to the client's key people.

5:21:2

Reliability focus (Non Repetitive sales) Cont.

Parallel assumptions (Cont.)

- Clients can minimize the damage of poor DDP by adequately buffering their project - ordering the company's product to be delivered enough time in advance. In such cases Reliability may still be important for the client. It is important in cases where clients prefer to delay the decision on the ordered specs as much as possible. (In many environments it is likely that the need for changes are clear only in an advanced stage of the project. The earlier the delivery date of the company the lower is the flexibility to make content changes. The higher the supplier Reliability the less need for big buffer and therefore the higher is the client's flexibility to change spec.)
- Analyzing the market without examining real examples, of prospects representing the company's clients, may not expose all relevant data and may even lead to distorted conclusions derived from extreme cases (which are, usually, the ones that have the biggest impact on intuition).

Tactic

The marketing and sales core team examine the different market sectors the company is serving, evaluating the extent Reliability is a significant need by analyzing the consequences of late delivery for the client.

The team does the analysis by examining 3 (prospective) clients per market sector (less than 3 may risk looking at extreme case, more are not needed).

The team identifies the preferred market sectors to leverage the Reliability offer.



5:21:3	Balanced sales plan
Necessary assumption	<p>Reliability is a significant need for a broad market but some sectors are more accessible than others, some sectors yield higher throughput than others, some sectors are much bigger than others, some sectors have longer initiation time than others. Not considering those factors may lead to grave mistakes.</p>
Strategy	<p>The Company's sales plan is geared to generate more and more business from market sectors yielding best returns.</p>
Parallel assumptions	<p><u>Evaluating Returns:</u></p> <ul style="list-style-type: none"> ➤ Past experience can point to the type of clients/market-sectors/product-types that yield better Throughput. ➤ A particular client may yield less Throughput initially but would enable the Company to win good future business (penetrating a client, establishing reputation, gaining experience, steady annual income). <p><u>Evaluating Barriers:</u></p> <ul style="list-style-type: none"> ➤ Some big organization clients have decision processes which prolong significantly the sales cycle. ➤ To win the business of some types of clients/market-sectors/product-types, the Company may need to invest in qualification. ➤ In some regions/market sectors, the Company has much less sales infrastructure than in others. (CONT.)

5:21:3

Balanced sales plan (Cont.)

Tactic

For the sectors where the Company has a decisive competitive edge (and therefore a chance for a high hit ratio), the marketing and sales core team evaluates returns and barriers to create a proper sales plan - a plan that aims at increasing business in the short and medium horizon while preparing the ground for bigger sales in the future.



5:21:4	Prospects prioritization
Necessary assumptions	<p>Even when the market analysis clearly shows where Reliability is most effective, salespeople (who are not used to having a decisive competitive edge) might still pursue mainly low probability opportunities they feel more comfortable with or where they have already invested a lot of time.</p>
Strategy	<p>The company prudently focuses its efforts on the most rewarding markets.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ The earlier the salespeople experience the much higher hit ratio of selling the Reliability offer – the earlier the tendency, to pursue known prospects where the probability to win the prospect is low, will be reduced. ➤ When a new sales approach is launched, salespeople are more likely to move immediately on a list that specifies prospects than to approach a market defined in broad terms. ➤ The best prospects to approach first and “test launch” the offer are: <ul style="list-style-type: none"> ▪ Prospects which are already in the pipe line and that are quite suitable for the Reliability offer. ▪ Existing clients with substantial business yet to be gained suitable for the Reliability offer. ▪ New prospects which are best suitable for the Reliability offer and have a short internal decision time. ➤ Spreading the sales efforts too thin across many prospects results in not giving proper attention to any prospects. Applying the Returns:Barriers assessment on prospects belonging to the preferred market sectors can reveal the top priority prospects to win most of their business and regard them as key accounts.

5:21:4

Prospects prioritization (Cont.)

- Additional considerations in prioritizing prospects:
 - Key accounts review can surface accounts which have high risk of being lost and a recovery plan can be determined based on the Reliability offer (if adequate).
 - It is not wise to increase the dependency of the company on clients generating a big share of the Company's business.

Tactic

The marketing and sales core team generates a list of prospects for the Reliability offer roll out:

- Mapping current prospective clients (existing, past, new) creating a wide list of prospects belonging to the preferred market sectors.
- Defining prospects for test launch (representative clients salespeople can approach as soon as possible)
- Defining prospects to become key accounts. Based on Returns: Barriers assessment, the company should focus its sales efforts on winning a big share of their business.
- Giving high priority to reduce the risk of losing key accounts.
- Warning: if a client is responsible for a high share of the Company business – do not increase its share.



5:22:1	Value and Penalties
Necessary assumptions	Not just the sale force of the Company, but also the client is not used to an offer which is not a conventional offer (based on remarkable reliability).
Strategy	The company's offer is constructed to take full advantage of it's Reliability competitive edge.
Parallel assumptions	<ul style="list-style-type: none"> ➤ Rarely is a supplier attuned to the damage caused by late delivery. Explicitly verbalizing the damage the client incurs by late delivery demonstrates to the client the determination (and therefore the probable ability) of the Company to deliver on time. It is especially important in cases the (purchasing of the) client is not explicitly aware of the full implications of a supplier not being reliable. ➤ The penalties are a key element in demonstrating the remarkable Reliability: <ul style="list-style-type: none"> ▪ Setting the penalty too high (setting it in relation to the clients damage) may put the whole Company at risk. Setting the penalties too low might bring competitors to offer the same. The penalties should be high enough to let the client know the Company is determined to meet the promised due-date (indicator: competitors would not dare to offer the same considering the penalties and the typical length of delays) . ▪ Setting the penalties to be paid per time interval of delay will increase the client confidence in the company's motivation to minimize the delay even when it occurs. ➤ Typically when suppliers are superior in one parameter – they compromise another (e.g. better DDP but longer lead time/higher price/poor quality).

5:22:1

Value and Penalties

Tactic

- The marketing and sales team clearly defines the relevant gains the client incurs by the Reliability offer through verbalizing the damage caused by late delivery.
- The team determines the penalties scheme (size and trigger points) and lead times to exhibit the company's confidence in its remarkable reliability.
- The team constantly ensures the offer is not weakened by being dangerously worse on other key parameters (lead time, quality, price...).



5:22:2	Terms and Conditions
Necessary assumptions	<p>Even when clients demand (in the contract) a penalty for delays - the number of actual cases of penalties paid are relatively rare. This points to the fact that suppliers are “experts” in avoiding responsibility for their delays.</p> <p>In general clients are aware of the limited effect of penalties in reducing delays.</p>
Strategy	<p>The offer’s terms and conditions strengthen the Company’s position as a remarkably reliable supplier.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ One of the common ways suppliers avoid responsibility for delays is by inserting many “cover up” terms and conditions (blaming the client for the delay). ➤ The way to avoid terms and conditions that shade responsibility is to construct them under the conviction that: <ol style="list-style-type: none"> 1. The Company wants to win the deal. 2. Demonstrating remarkable reliability is essential for winning the deal (not just this deal but winning deals consistently). 3. The Company has very high DDP (delivering well over 99% on or before the original promised due-date while in cases of late delivery the delay is much smaller than the prevailing delays in the industry). (CONT.)

5:22:2

Terms and Conditions (Cont.)

Parallel assumptions (Cont.)

- The way to construct terms and conditions that enhance the confidence in the Company's remarkable reliability is to:
 1. Clearly and explicitly block the common ways to "cut corners".
 2. Clearly and explicitly block common ways to shade responsibility for delays.
 3. Define reasonable (still favoring the client) boundaries for the responsibility.

Tactic

- The team avoids terms and conditions that shade responsibility and instead puts terms and conditions that enhance the confidence in the Company's remarkable reliability.
- The template(s) for proper offers is determined.
- Sales managers are trained to use the template as a base for specific proposals.



5:23:1	Suitable Sales Force
Necessary assumptions	<p>For a conventional sale, the sales force must know well the pluses (and minuses) of their products. For a business-deal sale, a salesperson must also know well the cause and effects underlying the prospect's environment. Not every person feels comfortable with cause and effect logic.</p>
Strategy	<p>The Company has a suitable sale force.</p>
Parallel assumptions	<p>Almost every salesperson who feels comfortable with cause and effect logic can be trained to sell a business deal.</p> <p>In small companies, usually, the sale force are the top managers. When the time come to hire sales people it is important to notice that most sales people are selling repeatedly the same products to the same clients. Such sales people might not be suitable.</p>
Tactic	<p>The Company dedicates salespeople who possess the attributes for business-deal selling.</p>



5:23:2	Mastering the core
Necessary assumptions	<ul style="list-style-type: none"> ➤ Achieving the client's strong buy-in to the great value of the offer is the core of Reliability selling (performing it properly boosts the sales process, performing it poorly almost guarantees failure). ➤ The client has a set expectation of what the vendor is supposed to present in the first sales meeting. Following the set expectation of the client and just presenting the offer (without the supporting logic), guarantees failure.
Strategy	<p>Sales people are skilled at conducting the raising interest presentation – the core of Reliability selling - getting the buy-in on the great value of the offer.</p>
Parallel assumptions	<ul style="list-style-type: none"> ➤ Vast experience shows that raising-interest-presentations are successful if constructed along the following lines: <ul style="list-style-type: none"> ▪ The value of the Reliability offer is in eliminating problems - the damage caused by delays. Getting a consensus that meaningful damage of delays exists is the first key step in obtaining the buy in. Presenting the damage as a result of common practices in the supplier's industry strengthen the perception of the Company as a reliable supplier looking to bring value to it's clients. It also prevents the risk that the client will argue the existence of the problems to avoid admitting failures in hes area of responsibility or to avoid giving power to the supplier in the "negotiation game". ▪ Presenting a list of sensible criteria to judge any suggested solution, aiming to eliminate the damage, is an effective technique to pave the way for the client to recognize the Reliability offer as the obvious best solution to hes problem. It also blocks any unsatisfactory different directions for a solution that the client may entertain. (Cont.)

5:23:2

Mastering the core (Cont.)

Parallel assumptions (Cont.)

- The bitter experience with unreliable suppliers conditioned clients to look for “the snake in the grass” – examining carefully the offer elements, checking if it solves the problems, if it does not involve real risks and if it is practical to implement. An effective way to strengthen the position of the Company as a reliable supplier is to unfold the offer elements as best meeting the criteria.
- Using the client’s remaining concerns (spoken or unspoken) as the base for the next steps (in which the concerns will be decisively put to rest) contributes significantly to the reliability perception.
- Role playing is an effective technique to master a new buy in process: “The more you sweat the less you bleed --difficult in preparation, easy in battle“
- The most effective way to convince the sales force that such a radical sales presentation does work, is to cause the team to experience it first hand.

Tactic

- The Reliability core presentation is designed by key salespeople.
- The key salespeople are coached (extensive role play) and handheld until they personally achieve successful core meetings – the test launch.
Note: if green light is not given yet, the offer is presented as a future service the Company is about to launch (The company can even establish deals with a future activation date).



5:23:3

Sales process design

Necessary assumption

Not having a detailed sales process may lead to suggesting the wrong next step or, even worse, trying to push a prospect to close the deal too soon, which typically results in losing the deal.

Strategy

The sales process is detailed to the right steps.

Parallel assumptions

- Knowing how to conduct raising interest meetings greatly enhances the ability to design and conduct the prior steps in the sales process leading to the meetings and the consequent steps leading from Buy-in to closing a deal.
- Acquaintance with the clients' decision process together with the experience of selling a decisive, competitive-edge offer can be used to generate a tailored, powerful, sales process.

Tactic

- The core team defines the sales process - what the Company should do, at which stage, how (using standard tools), with whom and by whom in order to bring an identified prospect from "ignorance" to closing a deal.



5:23:4	Mass Roll out
Necessary assumption	<p>Setting up the sales force to mass roll out the offer much before green light is given may bring about a long period from training to execution causing disappointment and rework. It may also bring some salespeople to sell the offer before Operations is ready. Conducting the training only after green light is given will delay (especially when the sales cycle is long) the jump in results.</p>
Strategy	<p>The sales force effectively rolls out the offer to the market once green light is given.</p>
Parallel assumptions	<p>The experience gained in training and rolling out the test launch with the key salespeople and the designed sales process provides a good indication to plan the sales force training to effectively generate sales once green light is given.</p>
Tactic	<ul style="list-style-type: none"> ➤ Based on the experience gained with key salespeople, training for the entire sales force is planned. ➤ The salespeople are coached (extensive role play) and handheld until they personally achieve successful sales. ➤ The salespeople follow the prospects priority list – step 5:21:3. ➤ The core team constantly reviews and improves the processes and sales force execution.

