

# One-day, Seminar Series Overview

## Beginning This Fall '18

Sign Up for Bruce's Seminar Here: <https://www.merrifieldseminar.com>

### **INTRODUCTION:**

I will start conducting one-day, seminars in larger cities in North American this fall. The working title:

***'Analytics for – Defending Against, Partnering and Out-Niching – Amazon'***.

The content is strategic and radical. It is intended for both distributor and factory (channel) executives. The registration fee will be as low as possible, so teams can attend. Registration site links for the three, already-scheduled cities are below. More cities and registration sites will be posted as they emerge.

For now, this document includes the following:

1. The scheduled and potential target cities
2. Sponsorship and trade co-sponsor assistance (fees and discounts may vary)
3. Who should attend and what you will learn and (hopefully) Act Upon
4. A detailed outline of the seminar's content (subject to change due to Amazon's non-stop innovations)
5. A summary of my AMZ-oriented blogs to spark team discussions

### **THE CITIES:**

Already booked due to local sponsor support:

**St. Louis on 10/16** with ***St. Louis University's Center for Supply Chain Management*** as a co-sponsor and host for the presentation.

The link for this event is: <https://www.eventbrite.com/e/digital-realities-of-business-today-into-the-future-tickets-49092030585>.

The list price per registrant is \$350. There will be (typically) a 20% discount off your total registration fee IF:

You can persuade your trade association or buying group to be a co-sponsor.

Or, your firm would like to send 5 or more people.

For either discount scenario, be in touch with me ([bruce@merrifield.com](mailto:bruce@merrifield.com)), and I'll make it happen.

**Montreal on 11/5 and Toronto on 11/7.**

Registration Site:

Co-sponsors so far: CIPH, Balpex.

Other Prospective Cities: Chicago, Boston, NYC/N. NJ, Philadelphia, Washington DC, Atlanta, Dallas, Denver, LA, San Francisco, Seattle/Tacoma.

I've already heard from folks in Cincinnati and Dallas who may help to make seminars in those cities occur.

## **SPONSORSHIPS AND/OR CO-SPONSORS**

Why sponsors and co-sponsors?

1. I'm doing these seminars for no fee (hoping to benefit from spin-off business). The registration rate is only enough to cover – room, breaks, lunch, etc. – expenses for each seminar. It helps to have a university donate a great space (as is the case with St. Louis University).
2. And, it is not easy to get a lot of company teams to attend a seminar on radical strategic insights. Specifically: how analytics will help both factories and their channel partners succeed in a world of cloud Ecommerce with Omnichannel factory solutions by 2021. Trade Associations and Buying Groups can help promote and boost attendance.

### The St. Louis University (SLU) Sponsorship Model

From previous experiments with SLU, their *Supply Chain Center* discovered that by hosting my seminar:

1. Their MBA students can attend all or part of the seminar for free and network with distributors for consulting/employment opportunities.
2. Attending companies get exposed to the Center's offerings.
3. The Center can invite their own community supporters at their own discount: a good outreach and reciprocity benefit.

If any readers have a hometown MBA/SC university connection that could be a co-sponsor like SLU, then request an e-introduction to SLU's Center head: **Cindy Mebruer**.

The terms for Co-Sponsorships for trade associations and buying groups are simple. The entity agrees to do 5-7 e-promotions (which I will ghost write for them) as the seminar locations and dates emerge. And, in turn, the members get a discount.

Please inquire about sponsorship possibilities and details ([bruce@merrifield.com](mailto:bruce@merrifield.com)). Alternatives? I would consider doing: in-house seminars for companies for a fee; and free one-hour webinar series for associations and buying groups. My general answer to other ideas will be: YES!

### **Why Attend This Seminar As Soon As Possible?**

Two major areas of my expertise – analytics and Amazon Business – are colliding:

- I've worked with over 100 distributors in over 50 different channels for the past ten years on getting results with customer and SKU profitability analytics. The upside potential of these analytics on their own is huge.
- But, then Amazon (AMZ) decided to build an alternative, all-digital channel with big ambitions now for the B2B space (that differ from their B2C track record). The radical product – information, pricing, availability and soon targeted multimedia advertising – transparency that AMZ is offering to end-customers is growing exponentially. Legacy channel players are looking at

severe digital disruption to their current service-bundle-markup models. Both factories and distributors must collaboratively rethink their relationships to become effective in an all-digital, cloud-based buying and selling environment. Channel analytics will be a key tool for crafting best responses!

## WHO SHOULD ATTEND?

*Simple answer: Your - Open-Minded, Can-do, Ambitious - Team Members*

The seminar content is conceptually challenging. There will be many analytics' screen captures and theory-proving math that exposes traditional data-free beliefs as ineffective. New paradigm stuff. Teams will collectively absorb and post-process what is covered better than a single employee. If your company wants to harness digital realities instead of being victimized by them, attend with those who are up for the challenge.

## WHAT WILL ATTENDEES LEARN?

- Every distributor (and factory-distributor digital strategy plan) must have Cost-To-Serve modeling (ideally at the line-item level) to expose the profit-loss, cross-subsidies amongst both customers and SKUs.
- If you don't make data-driven decisions going forward, the busy-ness of serving unprofitable customers will eat all proactive intentions.
- Line-Item Profit Analytics allows you to identify two major classes of net profit-losing customers and find best ways to fix them. The slack created from picking and order consolidation amongst losers must be reinvested. Analytics will reveal insights for selling better replenishment systems to the best customers. AMZ cannot do this type of local, on-premise system selling. Here's your chance to out-nerve and create more customer-centric, service-value than AMZ.
- This set of customer-centric plays - which I call "Core Customer Renewal" (request my document by that name: [bruce@merrifield.com](mailto:bruce@merrifield.com)) - gives distributors the profits, growth, agility, and confidence they will need to continuously evolve within the oncoming digital buying and selling world.
- Line-Item Profit Analytics can also be used for Phase One digital interfaces to meet your best customer's needs. The bigger goal will be to meet the quickly-shifting, digital-buying expectations of your biggest and best customers within the emerging all-digital, cloud-based, omnichannel channels.
- From a product/SKU centric perspective: the most net-profitable (warehouse) SKUs will be easily price-shopped and spot-bought on a split order basis from AMZ. Expect to also see more, low-priced perfect clones of high-dollar-per-pick, popular commodities.
- With right, best data, you can consider digital reseller experiments. Two most common for the AMZ marketplace:
  - Selling the most price-sensitive commodities on a dynamic pricing basis
  - Selling all dust-collecting items for whatever the traffic will bear (like used book resellers do currently). This is the "long-tail spending" strategy of AMZ. They are encouraging distributors to put "everything" into the marketplace. And, encouraging large MRO buyers to set up parallel, internal replenishment processes for using AMZ-BIZ for oddities or spot buys that will arrive (in contrast to existing contracts) faster, for sure and perhaps at a good-to-better price.

- And, be prepared to experiment with alternative, vertical digital marketplaces that may emerge. If they don't, then AMZ-BIZ will own and monetize (at legacy channel players' expense) the clickstream data from all B2B buyers by 2021.
  - Data is the way to meet future AMZ plays head-on. By 2020, 5G bandwidth combined with AMZ multimedia APIs and AMZ reward points for watching ever-improving, AI-targeted infomercials will all combine to usher in pull marketing.
    - For traditional distributors, this means that digital buyers will not want or pay for just-in-case calls by reps and the traditional value of product-pushing reps must be reinvented.
    - Distributors and factories will both need to rethink their respective field reps' roles and compensation immediately
  - Factories must take full responsibility for all content on AMZ and decide how to rethink distribution channel models to give Prime eyeballs whatever Omnichannel scenario and terms/prices they may want.
  - If distributors and factories share line-item profit analytics, then they will be able to co-create triple-win (end-customer first) solutions that will entail some dis- and re-intermediation. (Grocery chains have been monetizing their scanning data for the benefit of – Loyalty Rewards customers, themselves and the factories – for years! Time to learn to share.)
  - Lastly, with line-item profit analytics data at your fingertips, get very serious about the need to re-educate, re-skill and/or replace leadership along with overhauling - strategy, culture, and incentives – to achieve needle-moving change results. No lipstick on business-as-usual activity.
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## **DETAILED OUTLINE OF THE SEMINAR**

- I. Grasp the full, emerging (next 3 years) threat of Amazon to all physical-product, legacy channels
  - A. AMZ is building the first, best **customer-centric, cloud, value-chain**
    - i. Not a factory's in-bound "supply chain"; or, a factory's out-bound, product-push distribution channel.
    - ii. But, an end-customer (and intermediary customers) back to producers alricapability that gives the end-user whatever they want with ever better: choices, information, prices, availability and delivery response time.
    - iii. The end-to-end value chain has 10++ intersecting, reinforcing, winner-take-all **platform components.**
    - iv. This monopoly capability will allow AMZ to get into every vertical that sells anything to Prime members. Sales of AMZ's own goods (now starring private labels) will vary from zero to whatever. But, everyone will pay fees to get product information in front of Prime members.
  - B. Amazon Web Service is enabling many legacy channel players to move into the cloud.
    - i. Examples: Netflix, many retailer Omni-channel case studies
    - ii. Or, to not patronize their competitor's cloud services, Walmart is creating their own cloud. Others may use the knock-off services from other services.
    - iii. But, none will catch up to AMZ's value-chain platform capabilities
    - iv. Many can – defend against; partner with; and outniche – AMZ while eating slower moving traditional competitors.
  - C. AMZ owns next-generation, millennial buyers
    - i. Their product discovery, buying journey and preferences are different

- ii. They don't want order-taking folks or just-in-case-rep calls with their cost bundled into the price.
    - iii. Spot buys of overpriced, high-dollar warehouse SKUs will increase
  - D. AMZ's End-to-End Global channel-in-the-cloud gives it unprecedented cost advantages for introducing and profitably selling, **perfect-clone knockoffs (private label)**
    - i. AI bots spot what sells best at fattest potential profit margins
    - ii. Source a knock-off, then AI bots put clone in front of regular buyers of established brands
    - iii. Lowest cost logistics, order entry and delivery + great 5.0 reviews = Killer
    - iv. If they don't do cyber-shelf clones, then someone else will: e.g. **Wyze cam**
    - v. Clones keep the marketplace honest and compelling. But, steal cream sales!
  - E. AMZ is/will be the global king of 5G bandwidth streaming to 5G phones by 2021.
    - i. Factories will strive for best multimedia product content on AMZ
    - ii. AMZ has patented reward points for watching infomercials.
    - iii. But, will factories' distributors be able to then respond to digital buyers discovery needs – expertly, quickly and at competitive prices? What then?
  - F. By 2021, total++ , digital, product – information, pricing, availability- will cause, Product-Push, legacy-channel, cost-bundled-service models to unravel;
    - i. Product discovery journeys will change dramatically. Pull Marketing from end-user back through distributors will require...
    - ii. *Rep skills, account interactions and compensation to be overhauled*
    - iii. *Distributors must fix the profit/loss cross-subsidies amongst – SKUs and customer types – or get cherry-picked*
  - G. AMZ's infrastructure can not meet or beat all traditional channel capabilities
    - i. *How will factories both **dis-intermediate** and **re-intermediate** their distributors?*
    - ii. More services will be unbundled and sold for fees.
    - iii. Distributors must get better at selling sole-supply, integrated partnerships which best customers want and AMZ Business cannot do.
  - H. **The math** of where and how to restructure legacy channels and respond to AMZ threats requires Line-Item, Profit Analytics
- II. Line-Item, Profit Analytics: Crash Course
  - A. Solves Two Major Problems:
    - i. Enabling a Core, Profit-Customer Renewal for huge -sales, profit, agility and innovation capacity - gains
    - ii. Identifying the SKU Profit Cross-subsidies that AMZ is already exploiting.
  - B. A Quick Review of Line-Item, Profit Analytics
    - i. A **Profit Equation** for every line-item event...
    - ii. ...allows summations for P&L's for every element within a distribution business
    - iii. Optimal complexity design guidelines for Cost-To-Serve modeling
    - iv. **Whale Curves**: define; variety; how actionable; tweaks at extremes yields big gains
    - v. Case Studies: Overall results from implementing LIPA-insight-guided plays
- III. Profit/Loss Cross-Subsidies to Fix and Exploit before: Competitors act first; and/or, Alternative players (AMZ Business, Home Depot, etc) start poaching most, net-profitable, SKU sales
  - A. SKU-Whale-curve case examples, solutions

- B. Direct shipment profits cross-subsiding losing warehouse business, especially:
    - i. High GM% **counter** and **Re-distribution branches**: Solutions?
    - ii. Bright-Spot Change: do direct-shipment quoting 20% better -cases
  - C. Customer Cross-subsidy patterns and plays
    - i. 20% of customers with 80% of margin dollars typically break into three categories:
      - 1. Profitable: half; breakeven – a quarter; and Profit-Drain a quarter
      - 2. Profit Drain have good sales, margin dollars, margin %, but huge small-dollar picks and orders with overwhelming cost to serve costs
      - 3. Plays for each group
    - ii. The bottom 80% of customers with only 20% of the margin dollars break into three sub-categories:
      - 1. Top quartile are solidly profitable
      - 2. The 75% range from breakeven to astoundingly unprofitable at the bottom of the rankings. Experiment with 10 of the worst first.
  - D. Customers can also be pooled and ranked by profitability by segment or niche
    - i. Profitable and unprofitable segments can have peculiar product-mix needs and/or service needs that can be identified, measured, improved and leveraged.
    - ii. Case examples of niche domination. Sales up 50-100%; profits up 200-500%.
  - E. Special Case, Big-Losing Customers due to:
    - i. Excessive delivery; credit returns; special stocking costs; etc.
    - ii. And solutions.
- IV. Company Education and Practices Must Change to Enable LIPA wins
- A. Everyone will have their own – conceive, believe, can-we-achieve and What’s-in-it-for-We – hurdles to get over. Some won’t and may depart.
    - i. A general **Core-Renewal, Road Map**  
(request a copy from [bruce@merrifield.com](mailto:bruce@merrifield.com))
    - ii. Common objections (and answers) to keep the unviable status quo going
  - B. Three to Four selling models will be needed:
    - i. **Traditional** model may work for about 15% of the bigger accounts
    - ii. **Team-selling with 9-step, consultative process** for: top 5%; and, most innovative, progressive, fast-growing accounts
    - iii. Some **brokerage** business that is totally rep controlled may stay unchanged
    - iv. **Small Account Division** terms and tactics
    - v. **Optiquote calculator on web site: case.**
  - C. Sales force revisioning, retraining and re-compensating
    - i. Accounts need today a minimum of \$5K in margin to support an outside sales rep “relationship”. (Most distributors have too many reps calling to call on too many small accounts).
    - ii. Downsize, Upgrade the force? Get “A” reps calling on “A” accounts to fulfill traditional needs AND pitch Supply-Chain-Math-driven, win-win solutions
    - iii. Comp will switch to true-worth salary plus incentives for improving the net-profitability of accounts.
    - iv. Reps must be responsible for both margin dollars and customers’ inefficient, both-parties-lose, buying habits.
- V. The future is already here. Just spread around unevenly. End-game archetypes already in existence.

- A. McDonalds' 50+ year-run with same distributors moving down the Cost-curve together on a win-win basis. Open-book to both McD's and producers to be very profitable 3PL partner.
  - B. Grocery and Drug wholesalers: sell commodities at the lowest price with all services unbundled for fees on an a la carte basis
  - C. Factories that sell small-stuff direct (**dis-intermediating distributors**), but also **re-intermediate** their distributors (with shipping info and virtual commissions) who still process the popular, bulky stuff.
  - D. Amazon cloud, value-channel model? We must "**backcast**": what will a radical, digital, product – information, availability and pricing – world be like? What effects will it have on customer expectations and buying behaviors in 2021 and beyond?
  - E. Will you change or die?
  - F. If you change, you must first do a "Core Renewal": the sum of all of the Line-Item, Profit Analytics plays.
    - i. A company cannot spin its wheels serving losing SKUs and customers at the expense of doing more value-creation and partnering with their top 10% most net-profitable (potential) accounts.
    - ii. If cross-subsidies between SKUs is not cured, then customers will spot buy the most, net-profitable SKUs from AMZ-Biz on a spot buy basis
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## WHAT'S BRUCE BEEN SAYING ABOUT AMZ IN HIS BLOGS?

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I've written over 100 blogs (generally about 400 words) over the past few years. You can find all of them at this link: <http://merrifieldact2.com/archive/>. (Register for email alerts on new blog postings. And/or, connect with or follow me on linkedin where both blogs and article posts with comments can be found.)

Blogs that focus on AMZ's rising challenges to all B2B channels might be best read in the following order. As you read them, consider writing down follow-up discussion questions for your team of change capable employees.

1. (7-5-18) Connecting Customer Profitability and (Amazon) Cloud Commerce Effects.  
<http://merrifieldact2.com/waypointanalytics/connecting-customer-profitability-amazon-cloud-commerce-effects/>
2. Innovation Two-Step: Core Renewal and a Cloud-Based Value-Channel.  
<http://merrifieldact2.com/waypointanalytics/innovation-two-step-core-renewal-cloud-based-value-channel/>
3. Unpublished on my web site, but at LinkedIn: <https://www.linkedin.com/pulse/update-amz-biz-v-legacy-b2b-channels-d-bruce-merrifield-jr-/>.
4. Blog #93: Amazon Backcasting Strategies  
<http://merrifieldact2.com/waypointanalytics/amazon-amz-backcasting-strategies/>
5. Blog # 94: Amazon's \$7 Per-Line-Item Wake Up Call  
<http://merrifieldact2.com/waypointanalytics/amazons-7-per-line-item-wake-call/>
6. # 77: How AMZ Will Skim Your Cream SKUs  
<http://merrifieldact2.com/waypointanalytics/77-amazon-will-skim-cream-skus/>

7. #98: “Your Margin is My Opportunity” (Bezos quote).  
<http://merrifieldact2.com/waypointanalytics/your-margin-is-my-opportunity-jeff-bezos/>
8. Variation on #5; a lengthier 800-word blog # 81: Find (and Fix) Your Cross-Subsidy Fault Lines  
<http://merrifieldact2.com/waypointanalytics/81-find-fill-cross-subsidy-fault-lines/#more-1764>

Blogs that blend AMZ issues with guidelines for how to effectively change/innovate:

9. #76: Amazon Begs Your Innovative Response  
<http://merrifieldact2.com/waypointanalytics/76-amazon-begs-innovative-response/>
10. #74: Millennials Want Their Corporate AMZ  
<http://merrifieldact2.com/waypointanalytics/74-millennials-want-corporate-amazon-big-government/>
11. #78: A Dual Strategy Against AMZ’s Digital Challenge (Don’t Be Like Kodak)  
<http://merrifieldact2.com/waypointanalytics/78/>
12. # 84: Knock Off AMZ’s Innovative Pitch Process  
<http://merrifieldact2.com/waypointanalytics/84-kickstart-innovation-knock-off-amazons-pitch-process/>
13. #82: Culture Eats Strategy For Breakfast <http://merrifieldact2.com/waypointanalytics/82-culture-eats-strategy-breakfast/>
14. #88: AMZ Promotes Long-Tail Spending Cost Reduction. You Can Beat Them!  
<http://merrifieldact2.com/waypointanalytics/amazon-promotes-long-tail-spending-cost-reduction-can-beat/>

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