



No Such Thing as a Commodity

2nd

July

Richard Brooks

K-International.com

Richard-Brooks.com

@RichardMBrooks

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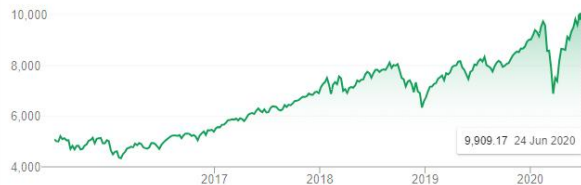
Scanning the 3rd Horizon in 2020



Market Summary > Nasdaq Composite
INDEXNASDAQ: IXIC

9,909.17 -222.20 (2.19%) ↓
24 Jun, 17:15 GMT-4 · Disclaimer

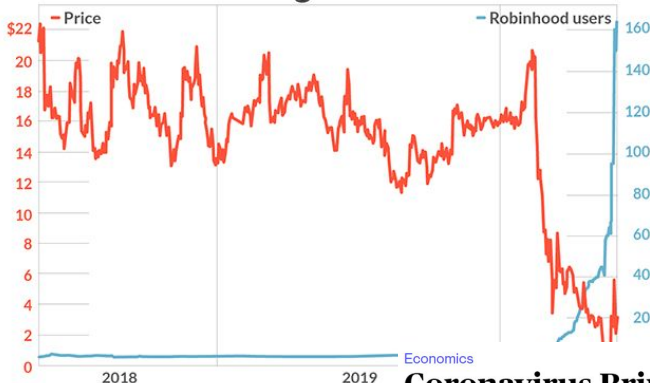
1 day 5 days 1 month 6 months YTD 1 year 5 years Max



Open 10,092.92 Low 9,842.22
High 10,137.50

+ Follow

Hertz Global Holdings Inc.



Coronavirus Brings American Decline Out in the Open

Without fixes for infrastructure, education, health care and governance, a developing nation in a few decades.

By Noah Smith
29 June 2020, 13:30 BST

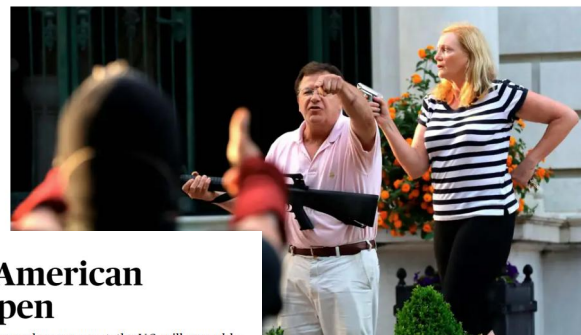


Maybe it will get better from here? Photographs: David Paul Morris/Bloomberg

News > World

Couple point guns at Black Lives Matter protesters outside Missouri mansion

MICHAEL HOWE | 3 hours ago | 21 comments



Opinion US economy

Small business: a canary in the US economic coal mine

To really take America's pulse, forget Wall Street and talk to the owner of a local café

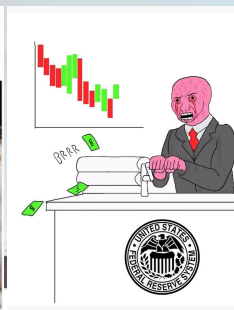
RANA FOROCHAR · Add



Zoom Meeting

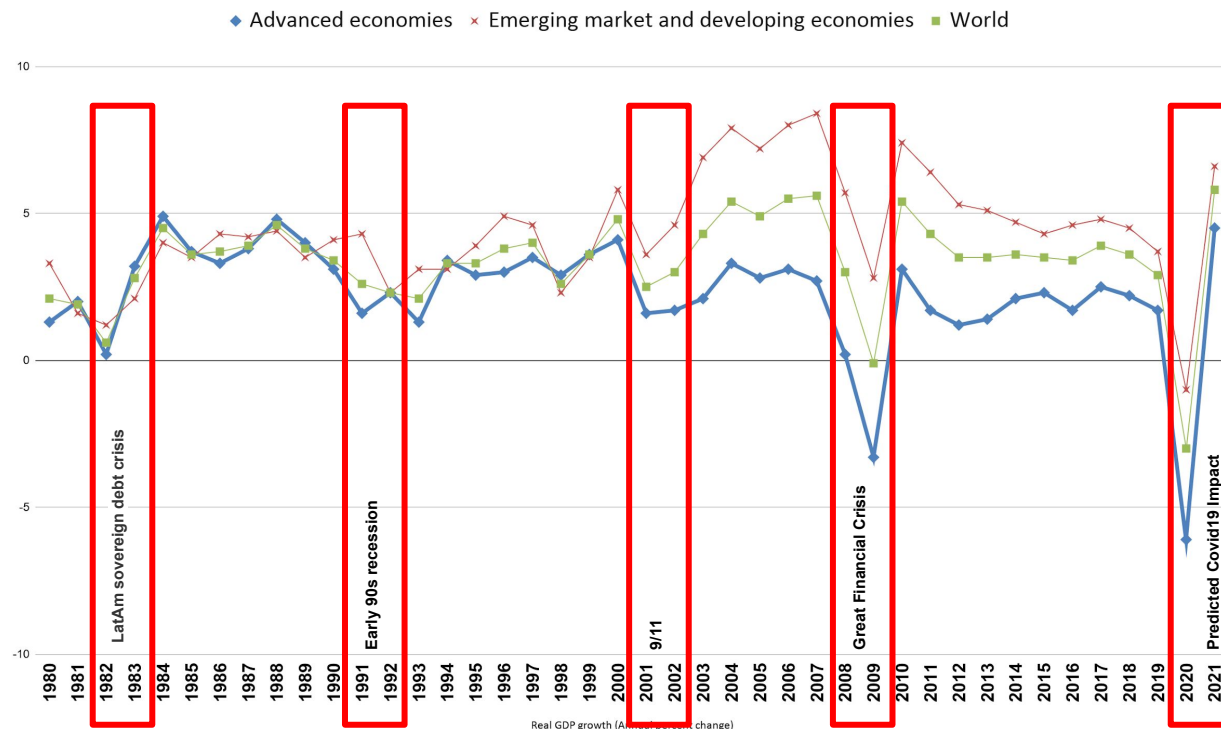
Audio only

With video



web: [richard](#)

Health and Economic Crisis



Assumes no
2nd wave

more info

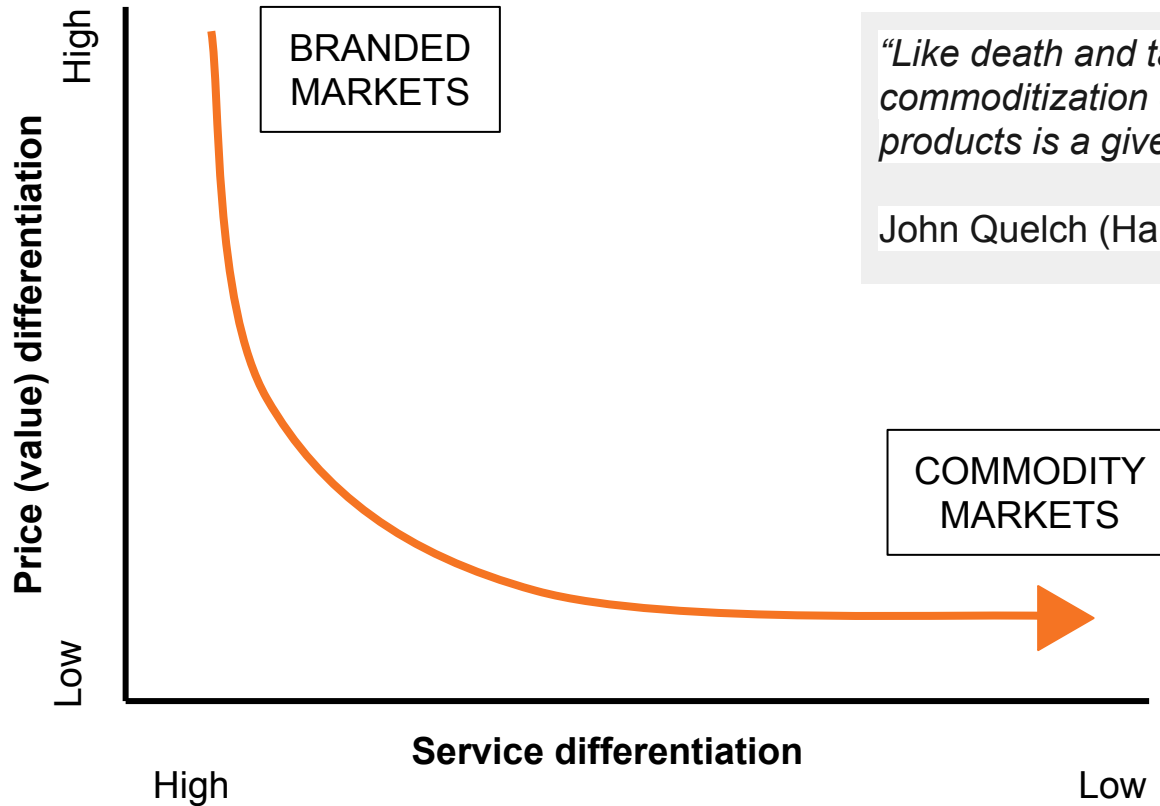
Pandemic Lectures: Gathering the Facts |
London Business School
<https://youtu.be/oKtWYeqDxDo>

Tomas Pueyo

The Hammer and the Dance
<https://medium.com/@tomaspuoyo/corona-virus-the-hammer-and-the-dance-be9337092b56>

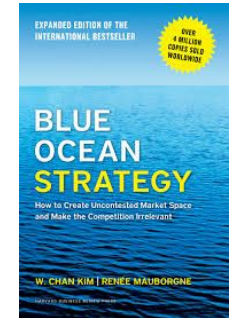
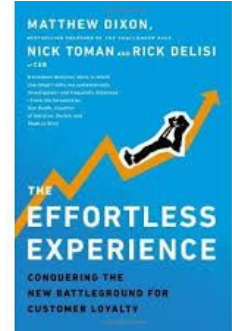
Data: IMF

The Trouble with Downturns



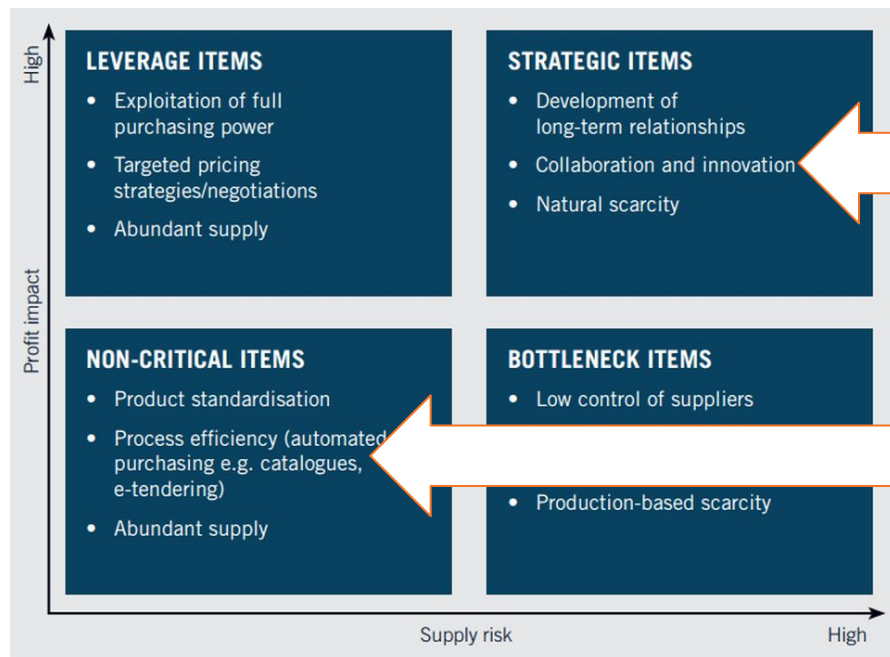
*"Like death and taxes,
commoditization of your
products is a given."*

John Quelch (Harvard)



adapted from M Clark Henley Business School

Kraljic Matrix



if you're selling you want to be here but...

... the buyer will want you to be here.

Kraljic, P., 1983. Purchasing must become supply management. Harvard Business Review 61 (5), 109–117.

**There is no such thing as a
commodity. All goods and
services are differentiable.
—Theodore Levitt**

Just Stationery HB Pencil with Eraser Top (Pack of 15)
by Just stationery
★★★★★ 401 ratings | 4 answered questions

Price: **£1.88 & FREE Delivery**

Pay ~~£4.88~~ £0.00: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (24) from **£1.88 + FREE Shipping**

Package Quantity: 1

Style Name: **Original packing**

- Unsharpened
- Eraser tipped
- Yellow painted

£0.12

Roll over image to zoom in

Staedtler Noris School Pencils 121 - 2H Grade [Pack of 36]
by Staedtler Noris
★★★★★ 31 ratings

Was: ~~£8.49~~
Price: **£7.99 & FREE Delivery**
You Save: £0.50 (6%)

Pay ~~£7.99~~ £0.00: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (6) from **£7.98 + FREE Shipping**

- The Staedtler Noris Pencil is Instantly Recognisable from its Distinctive Yellow and Black Stripes
- The School Favourite for Decades
- Due to its Special Lead Bonding Process it is Particularly Strong

£0.22

Roll over image to zoom in

Royal & Langnickel sketching artist pencils - set of 12 drawing pencils 5H to 6B
by Royal & Langnickel
★★★★★ 1,751 ratings | 4 answered questions

Price: **£7.05** (£5.01 / 100 g) & **FREE Delivery**

Pay ~~£7.05~~ £0.00: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (6) from **£6.52 + FREE Shipping**

Item Package Quantity: 1

Colour Name: **5H,4H,3H,2H**

- Essentials by royal & Lang nickel are the must have artist materials to begin exploring your artistic side
- This set offers the core range of harnesses of Graphite sketch pencils for the pencil artist
- Includes 12 Graphite pencils (5H, 4H, 3H, 2H, H, hb, B, 2B, 3B, 4B, 5B, 6B)

See more product details

Compare with similar items

£0.59

Roll over image to zoom in

Pricing case study... is a pencil not a commodity?

Faber-Castell 9000 Art Set 12 x Pencils
by Faber-Castell
★★★★★ 1,565 ratings | 8 answered questions

RRP: ~~£17.99~~
Price: **£13.90 & FREE Delivery**
You Save: £4.09 (23%)

Pay ~~£13.99~~ £3.90: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (6) from **£13.90 + FREE Shipping**

Style Name: **Grey**

Top quality graphite pencils

- Ideal for sketching, drawing and writing
- Art set contains 12 pencils 8B through to 2H
- Attractive tin makes this an ideal gift

See more product details

Compare with similar items

£1.16

Roll over image to zoom in

Faber-Castell Pitt Graphite HB Pure Pencil
by Faber-Castell
★★★★★ 86 ratings

Price: **£2.85 & FREE Delivery** on your first eligible order to UK or Ireland. Details

Pay ~~£2.85~~ £0.00: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (6) from **£2.85 & FREE Shipping** on orders over £20.00

Style Name: **HB**

3B 6B 9B **HB**

- PITT Graphite Pure pens for high contrast work
- Protective sleeve to keep hands clean
- Can be sharpened with any sharpener

See more product details

Compare with similar items

£2.85

Roll over image to zoom in

J.S. Staedtler Princeps Mechanical Pencil, European Black Walnut Wood, 0.9mm, HB, 9PT42009
by STAEDTLER Premium
★★★★★ 2 ratings

Price: **£626.18 & FREE Delivery**

Pay ~~£626.18~~ £616.18: get a £10 Amazon Gift Card on approval for the Amazon Platinum Mastercard. Terms apply.

New (1) from **£622.06 + £2.50 Shipping**

Style Name: **Mechanical pencil 0.9 mm**

Mechanical pencil 0.9 mm

Pen E802.03

- Body made of precious European black walnut wood, in palladium-refined metal enclosure
- With twist-action mechanism
- With STAEDTLER Mars micro mechanical pencil lead 0.9 mm (degree: HB)
- Made in Germany

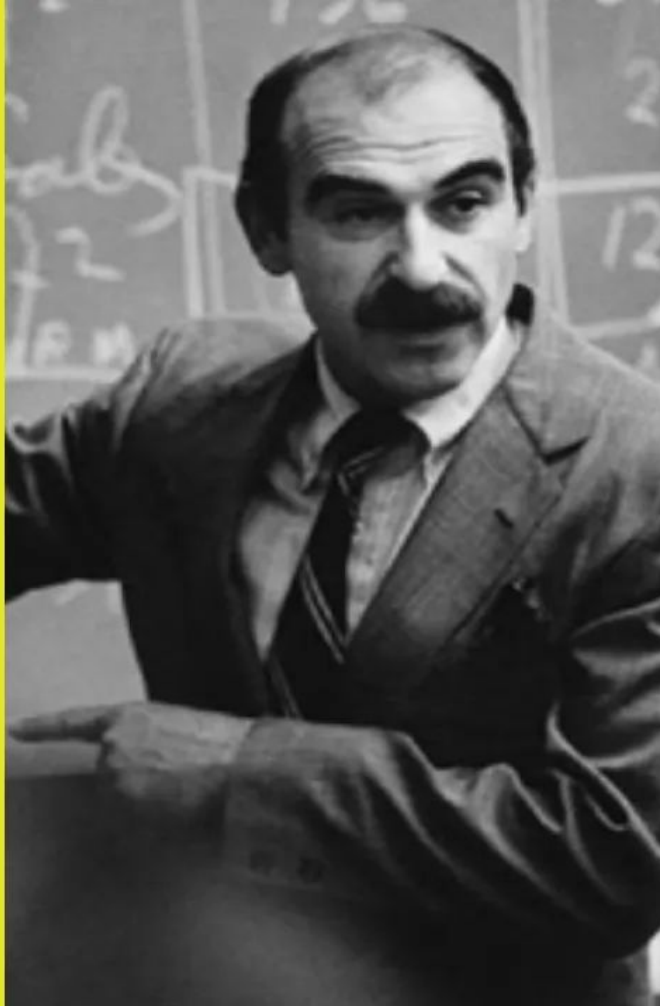
See more product details

£626.18

Roll over image to zoom in

“People don't want to buy a quarter-inch drill, they want a quarter-inch hole.”

Theodore Levitt



how does this apply to your customer's customers

Brooks' Sales Equation

This isn't what you sell

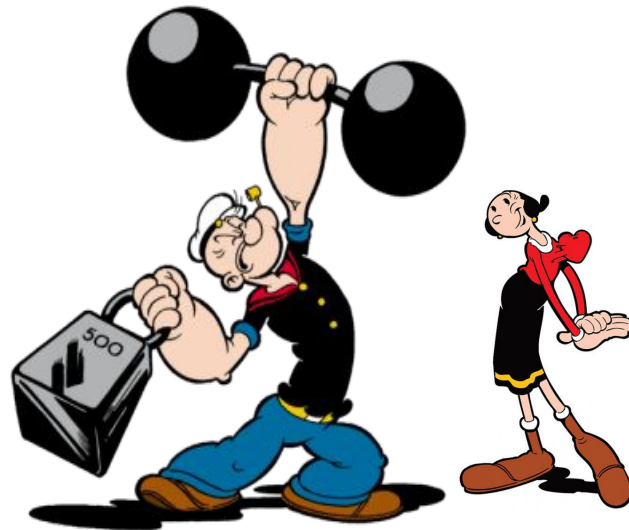
This is



+



=



Potential Customer

Your Product/Service

The thing that the buyer of your product/service can achieve when they use it. (value-in-use)

It's time to fire this guy

We have 8,000 translators. Good price. Best quality. All Languages. Sell my Grandma. etc etc....



= Commodity
(price as the differentiator)

3 choices to sustain profits

- Reduce costs/lean on suppliers (*been done to death already*)
- Buy profitable or sell unprofitable businesses/brands/products (*some opportunity in our space but hard to value and limited possibilities*)
- Create long-term value for customers who'll pay you (*the only sustainable future*)

Your marketing should show how your service creates a competitive advantage for your customer.

Finding Value

Customers don't care about you... they care about them. Finding value in large accounts is a complex, expensive affair... **but worth it.**

The ability to keep major customers has a direct influence over a company's ability to survive a recession.

Let's explore the tool kit you need....

Your Value Toolbox

Get this
right
before
wasting
money on
a CRM.

Account Development Plan



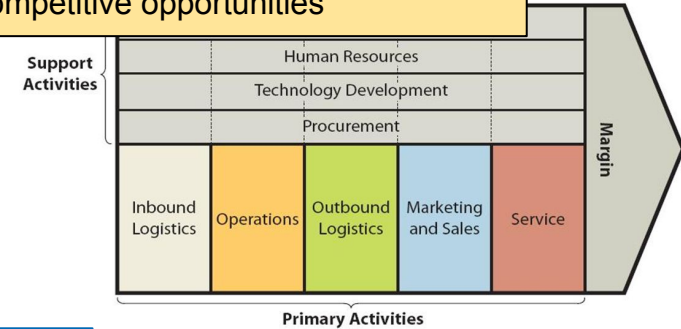
* when analysing your customer's industries add Government support in as a 6th force.

P	E	S	T	E	L
Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> Government policy Political stability or instability overseas Foreign trade policy Tax policy Labor laws Terrorism and military considerations Environmental laws Funding grants and initiatives Trade restrictions Fiscal policy 	<ul style="list-style-type: none"> Economic Growth Interest Rates Exchange rates Inflation Disposable income of consumers Disposable 	<ul style="list-style-type: none"> Population growth Age distribution Health consciousness Career attitudes Customer buying trends Cultural trends Demographics 	<ul style="list-style-type: none"> Producing goods and services Emerging technologies Technological maturity Distributing goods and services Target Market 	<ul style="list-style-type: none"> The decline of raw materials Pollution and green house gas emissions Promoting positive business ethics and sustainability Reduction of their footprint, and environmental on physical location (and accessibility) 	<ul style="list-style-type: none"> Health & Safety Equal Opportunities Advertising Standards Consumer Rights and laws Product Labeling Product Safety Safety Standards Labor Laws Future Legislation Competitive Legislation
PEST or STEP or PESTEL...					
capabilities		Potential Return on Investment (ROI)			

Use these tools from the customer's point of view.

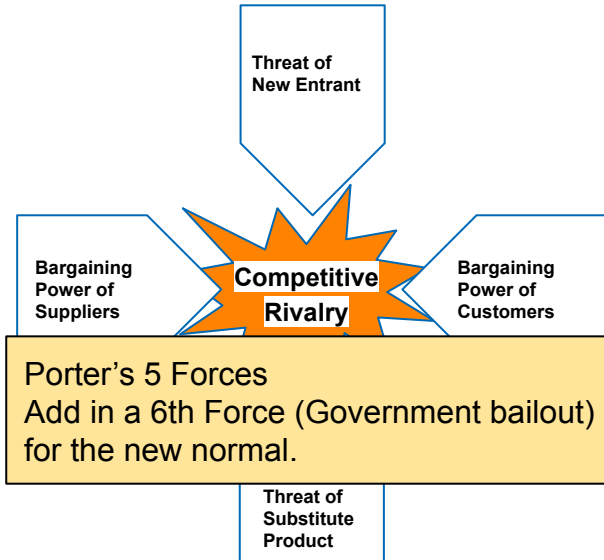


Value Chain Analysis.
Examine business activities and find competitive opportunities



SWOT analysis is a **Stupid Waste of Time** but a 9 Box SWOT is very useful.

OBJECTIVES	Strengths	Weaknesses
Opportunities	Quick Wins	Invest
Threats	Diffuse	Defend



Financial Analysis/Ratios

- Quick ratio/acid test, Working Capital
- Return on Assets, RO CE, ROE, Profitability
- Debtor days, Creditor days
- Debt to equity, Interest coverage

Ask your accountant to prepare these.

Navigating all this

Manage Risk. Learn what will kill your business... understand that cash flow is different to profit is VERY different to revenue. Be careful who you are giving credit to (do your due diligence on any large orders).

Communicate Clearly. Business leaders must communicate clearly with teams and wider stakeholders. Watch how your teams perform - leaders will emerge.

Focus. Procrastination is the enemy. Use a tool such as the Eisenhower Matrix to help prioritise.

Leadership. If you have to reduce headcount don't do something stupid like go on social media and brag about your new motorbike.

Mental Health. Look after your team, yourself and your stakeholders. Not everything that can be counted counts, and not everything that counts can be counted... pre and post Covid19 business metrics will need to be different.

Reasons to be Cheerful

- Covid19 is a global problem, it requires a global solution. We're good at managing those.
- We've all be working from home for years, its new to some industries and not possible for others.
- LSPs are scalable (up and down). Some will go, some will be born, some new services will appear. LSPs can switch verticals relatively easily.
- Markets are always cyclical (but watch out for Government interference). Survive the downturn and be able to take advantage of the uptick.
- They'll be heros and villians in this crisis - choose your own adventure & have a long memory.
- Use any downtime to invest in technology and processes and build value in your businesses/brands for the future.

My sincere thanks

Please look after yourself and stay safe.



Richard Brooks



uk.linkedin.com/in/richardbrooks



twitter.com/@RichardMBrooks



Hire me to talk to your team, book time here

<https://richard-brooks.com/contact/>

Richard-Brooks.com

+44 (0)7792 252998

Richard.Brooks@k-international.com

