

## Why Can't Companies Sell More?

Professors Lynette Ryals and Richard Wilding

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### **Toby Thompson**

Hello, my name is Toby Thompson. I am here today with Lynette Ryals, Professor of Strategic Sales and Account Management and Richard Wilding, Professor of Supply Chain Risk Management.

Guys, we are talking about why can't companies sell more? An interesting title, as an example, I like celebrity chef programmes – I listen to them, watch them and then go out and try and buy the content, the ingredients they recommend on the programme. Get to the shop they are not on the shelves; I want them, why aren't they selling it to me?

Lynette, what is the problem? What does that show is the problem?

### **Lynette Ryals**

This is I think a really interesting issue. What we have seen happening in marketing and sales over the past ten years or twenty years, is an enormous increase in professionalism, much improved planning. Very much better marketing and sales campaigns that are really very, very effective in stimulating demand for certain types of products or ingredients in the example that you were describing. But then, as you say, consumers are getting to stores or to the shops and finding stock outs – the absence of product. So from the marketing and sales perspective in a traditional company, I would lay the blame squarely on the operations and supply chain side, because what has been happening in operations and supply chain management has been a big focus on lean manufacturing, on low cost manufacturing locations and there has been a strong preference for producing standard products and these aren't necessarily the things that the customers want to buy.

### **Toby Thompson**

So Richard, Lynette is saying it's not marketing's fault, its supply chain's fault – it's your fault. How do you come back to that?

### **Richard Wilding**

Well, it's true to say that yes, everybody wants an easy life, and an easy life for sales and marketing what they like doing is thinking oh, we will just create new products, new types of things, new campaigns etc, etc because that is what they are paid to do. The supply chain people of course, what we are wanting to do, is to really make a very efficient supply chain so therefore what you would like to do is to have one product and one way of doing everything and that would sort things out. But of course that creates quite a big conflict in terms of what is happening.

One of the big issues though for a supply chain person is in order to be able to manage the supply chain effectively you need adequate information and the big issue is that generally, sales and marketing will not pass adequate information down to the supply chain people and professionals. They have these great

plans, these big marketing campaigns, generally the supply chain people are the last people to hear about it. And if you are doing a promotion in a supermarket, for example, you can get uplifts in demand of say 400, 500% during a promotional period. And a supply chain often is not geared to cope with that amount of uplift in demand.

**Toby Thompson**

Lynette, that seems so fundamental: That there is no communication between two sides of the same company? That seems so basic to get that right.

**Lynette Ryals**

You would think so, but in fact when you look at a lot of companies they are very much organised internally along what we call silo lines – the silo mentality – so that marketing and sales is treated as a completely separate function, separate department from operations and supply chain management. And marketing and sales are seen as the customer facing, the outward focused part of the business. Whereas, supply chain management and operations management has traditionally been very inwardly focused, or backward focused – back along the supply chain – and the two halves, one is facing forward, the other is facing backwards. And in a lot of businesses they just don't connect up.

**Toby Thompson**

You can't help but think that's a very stereotypical view of marketing; marketing front facing, supply chain rear facing. Surely in this day and age, surely Richard, there is a way around this.

**Richard Wilding**

Well there is. What ends up having to happen is effective collaboration within the organisation and also across the supply chain. So if you are thinking about moving produce into say a supermarket, it's not just the supermarket's responsibility, it's all their supply partners as well. This could be the people who are driving the lorries, it could be the people who are managing the warehouse, it could be also the suppliers – so that could be farms and so on and so forth. And really what has to happen is a coordinated approach amongst all the people within the supply chain in order to do that.

Marketing and sales of course, what they need to be able to do as well is coordinate to some degree and make sure that information about their plans is passed down the supply chain in a very adequate and good manner.

**Toby Thompson**

So is it traditionally the marketers weren't really interested in what Richard is saying; that that is what you do, and I will get on with doing what I do? Is there some sort of contamination there which you would never want to cross?

**Lynette Ryals**

I think that is a very uncomfortable question for a marketer because I think we would have to admit that yes, sometimes we have been guilty of that and of thinking well we don't want to

get our hands dirty and really it's the job of supply chain to provide the products so that when we go out there and do our wonderful sales pitch there they are, they are available for us to sell.

But I think there is now a growing recognition that we can't go on in that way. It's an inefficient way of operating and we are seeing a lot of companies who have got really quite high stock levels – so they have got a lot of stock sitting in their warehouses – but it's not the things that customers want to buy; they are not actually getting that out onto the street and meeting the demand that they have got. And I think what we have got to do is we need to overcome this problem by some better, well not just information links actually, but some better internal links between the different traditional silos. We have got to break down that silo mentality.

**Toby Thompson**

So I guess as a consumer, which I am in this instance, I want or I am suddenly interested in supply chain. I want there to be my product, my ingredient on the shelves. So it seems that you are more important slightly than the marketers – is there a tension there?

**Richard Wilding**

I like to think that I am more important than the marketers, but of course that isn't quite the case. The supply chain function also – its six to one and half of dozen to the other in terms of who you can blame because supply chain generally has been very much focused on the optimisation of processes and that is very important because that enables us to keep the price down of many products, which also then enables the marketing people to create more value in the marketplace – so that is possible.

But often what people will do is they will try and optimise what is going on within the supply chain and we often talk about time which adds value, but how do they – often supply chain people sit there calculating value adding time, but actually they don't talk to the marketing people about what actually adds value. So they are just guessing; and of course when they are guessing its generally deep down what they want to achieve which is standard products, standard ways of working and so on and so forth.

Now all that is starting to change. Many of the companies that Lynette and myself are starting to work with are really having to now work together. So even in profession development, for example, we will have marketing people and supply chain people sitting in the same room

**Toby Thompson**

So collaboration is key it would seem, Lynette?

**Lynette Ryals**

Yes. Definitely; and I think that we have picked up on two areas of collaboration here. One of them is the internal collaboration and that picks up on things like the information flows from sales and marketing through to supply chain. Also, I think, planning. So supply chain planning no longer can be done in a vacuum – it's got to be integrated with the marketing planning of the organisation. So I think that collaboration inside the organisation is important.

I also think that companies need to be get better at collaborating externally; and this brings in not just supply chain management, but also key account management. So this is about how companies collaborate with their suppliers and then the key account management side is how the suppliers collaborate with their customers. And what we have seen is that there is growing evidence that the companies who are good at this are actually making more money.

So there are efficiency gains and it is much more about just creating the demand that you can fulfil and focusing on the profitable demand.

**Toby Thompson**

So it's wrong to think about demand generation on side and demand fulfilment on the other; and two separate things – its integrated? Your research seems to show some of that. I recommend some of the papers that you see on the web. Thank you for your time, an interesting debate.

If you have any comments on this debate, do please leave them on the comments box below this window. Thank you very much.

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