

Shows & Events : SUPERCMM2004

Tips from the 2004 Supplier Diversity Summit at SUPERCMM

by Mary L. Munger, president, Intersect Inc.



The purchasing power represented at the podium at lunch at the Supplier Diversity Summit at SUPERCMM 2004 in Chicago was enough to make any vendor's heart rate rise. Speakers included executives from Verizon Communications, 3M, Nortel Networks, Agilent, Motorola, Sprint, Solectron and BellSouth Corporation. Lunch featured one-on-one matchmaking meetings with representatives of these companies plus supply chain management or resource executives from Fujitsu and Tellabs. Participating executives offered tips for diversity suppliers that apply to all channel partners in communications, and it is worthwhile to analyze their presentations to consider the common threads that point to sales strategies.

Customer service and custom solutions

Even though companies had differing viewpoints on how best to offer customer care, four words that were frequently repeated were "customer service and custom solutions." George Dowell, senior vice president, sourcing, Verizon Communications, noted that his company's focus is to improve existing services and to offer more services to customers, while Keith Paglus, vice president, procurement, Sprint, praised customer-focused solutions. Both speakers stated that the goal of suppliers should be to move the resources of the carriers to the customers.

Christopher Tsai, executive director, policy and planning, BellSouth Corporation, noted that megatrends in the industry point the path to business development through customized products and customized services. Tsai cautioned that product introduction should reference capital recovery so there is a clear business case for channel partners or small businesses that wish to sell to the telecommunications industry giants.

The horizon is changing

Speakers noted a positive trend is streamlining products and services to make them customer and cost advantageous. A negative trend noted, however, is that small companies are losing their ability to make their case directly to the operating companies. John Haydon, vice president, global supply management, Nortel Networks, summarized this by noting that hardware manufacturing – being a parts supplier – is a niche less and less available to diversity suppliers due to volume purchasing and a desire to buy direct from a smaller number of manufacturers. Another common theme of all presenters was that merged operating companies are looking for single-source suppliers with one-stop capabilities. So how do channel partners listen to both the good and bad news and assimilate these potentially conflicting pieces of information into successful sales?

The answer lies in optimizing sourcing for custom solutions – and it may include switching the pitch from the operating companies to their suppliers. To move down in the supply chain to a new level – becoming an integrator, supplier or job shop for second- or third-tier providers to the operating companies or primary equipment manufacturers – may require some rethinking and reorganization after an analysis of core competencies. Larry Holmberg, senior vice president, sales, marketing and customer support, Agilent, noted stack and rack, cabling and customization of solutions as viable opportunities, while Douglas Britt, vice president, corporate account management, Solectron, pointed to staffing services and project management opportunities.

The alternative offered by Theresa Metty, senior vice president and chief procurement officer, Motorola, was for small businesses to act as integrators to configure, order and leverage Motorola's buying power for multi-use components for customer applications. Metty noted that bundled solutions and systems integration are excellent areas of focus. She added that Motorola University's Six Sigma course is a good introduction to Motorola's supplier requirements.

Targeting market opportunities

The forum at SUPERCMM was more than a venue for diversity suppliers to learn about their markets, it was a blueprint for change to compete successfully in a new world of fewer and larger buyers. Customized products or services suited to applications are not simply buzz words, they are definitions for success and survival.

In this new world of merged – and merging – buyers, survival skills of small businesses will also need to include increasing focus on contractual agreements and strategic partnering. Today's innovative solutions become tomorrow's performance standards; thus, it is important to know the timeline of added value that products and services offer and to protect them while there is a business case for channel partner participation.

The Supplier Diversity Summit presenters confirmed that viable business opportunities exist and are on a growth trend. Attendees were encouraged to apply the knowledge gained from this forum to current customer problems. The forum was advertised as an opportunity to "explore how to successfully navigate the telecom corporate supply chain." It delivered. The Supplier Diversity Summit is held annually at SUPERCOMM and is an excellent strategic development tool that is available simply by investing the time to attend. To learn more about the summit, please visit

http://www.supercomm2004.com/attendees/conferences/supplier_diversity.cfm

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