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# VALUE PROPOSITION

## Taking Your Logistics Service Business to the Next Level



**LOG.LEO**

by  
Tom Craig  
[www.ltdmgmt.com](http://www.ltdmgmt.com)



# FIRST

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How many of you have a **clear**  
Value Proposition?



# UAE

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“Gulf region’s top logistics hub”  
World Bank



# Market Landscape

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- Provide commodity logistics service (3PL, warehouse, transport, forwarder)
- Price dominates getting business
- Much customer turnover
- Many competitors
- All offer similar service as you



# Market

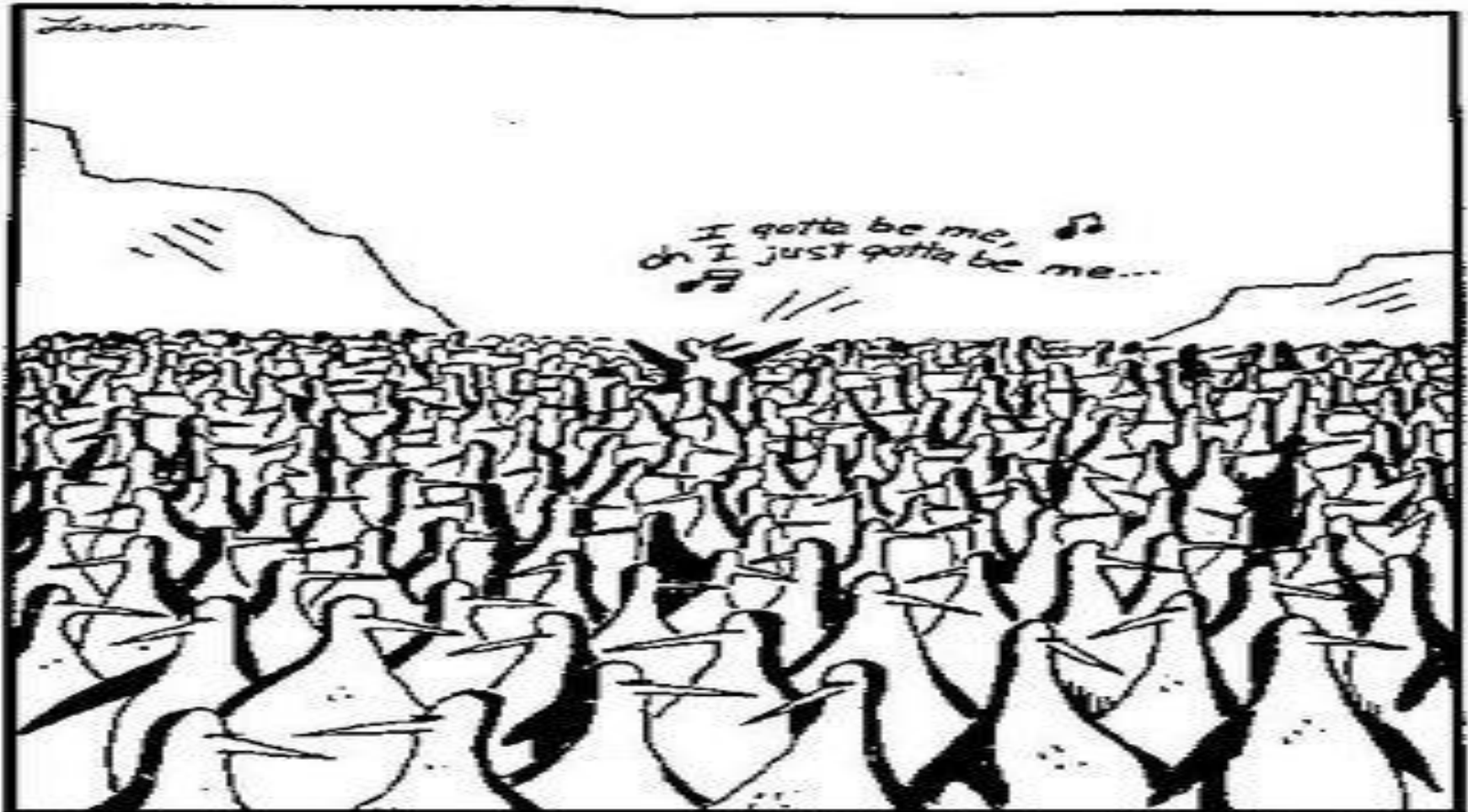
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- Fight to retain customers from competitors offering cheaper price
- Fight squeeze on profit margins
- Fight to create a market / brand identity



# You and the Competition

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# Your Profit Margin?

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# Is This Your Sales / Marketing Strategy?

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- Same approach as always
- OR—“The definition of insanity is doing the same thing over and over and expecting a different result.” Albert Einstein



# DISCUSSION

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- Why you want one
- What Value Proposition is
- How you do it
- Questions
- Issues



# First

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- Value proposition--not for everyone here
- Not a quick fix for your problems
- Way to separate yourself from your competition
- Way to change the dynamics of your business



# Why you want a Value Proposition

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- Move past the price issue
- More sales / better sales
- Expand market reach
- Increased customer retention
- Higher profit margins



# Why

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- Separate yourself from the competition
- Define who you are
- Define why a customer should select you



# Why

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- Increase your importance to customer
- Make it painful to remove you (switching pain)
- Create de facto outsourcing



# Value Proposition

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- How to frame your business
- Address a customer need / problem
- Why a customer should use you – has real value to customer
- Hint—it is not about lowest price



# Value Proposition

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- Differentiate you in the marketplace
- Way to position and define your business
- Take more control of your business



# What It Is

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- Sales **AND** operations approach
- In addition to core business
- About what customers need / customer centric



# It is

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- Supply chain and/or company issue to customer
- Goes beyond the standard “win-win” of trading a low price for volume/business
- Goes beyond narrow logistics service and your 4 walls



# Is

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- For potential customers AND for present customers
- Taking your business to a new level
- Way to create new capability in addition to core service
- Creating competitive advantage (do not worry about “copy cats”)



# Is

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- Results focused—for customers
- Definable / measurable / quantifiable—  
even better



# It is not

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- Something that defines or is about the basic service you provide
- Tag line / advertising slogan / mission statement / vision
- About freight
- About pallets



# Is Not

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- “Daily special”
- Flogging asset utilization
- Value-added service (aka, giving away something for nothing)



# Note

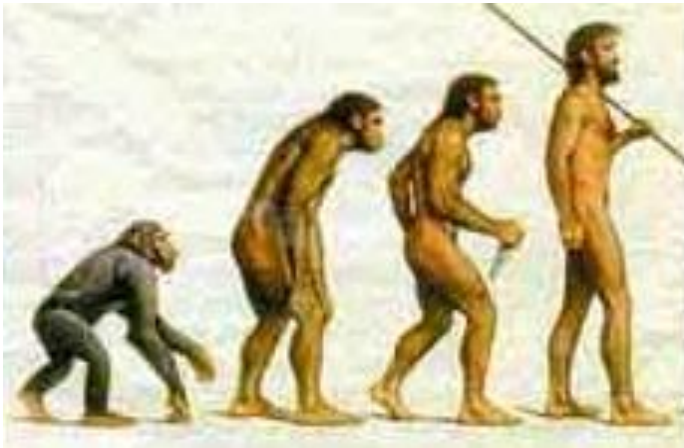
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- Single / same VP unlikely to appeal to all customers / prospects
- Match to customers



# I am talking

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Evolution  
Not  
Revolution

In Addition  
To Core  
Business



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# ALSO

There is not “THE” one V.P.

Just like there is not “THE”  
supply chain program



# Ask this

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- Can you sustain your low price?
- Can you be the lowest price provider?
- If NO, then why are you playing that game?
- If NO, why do you not have a Value Proposition to better position yourself?



# V.P. Examples--Is

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- Increase inventory turns by 25%
- Increase market share 2 points
- Lean solution to remove 20% waste from your supply chain



# Examples

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- Improve your global supply chain performance by 15%
- Sigma 6 kitting and assembly will improve your quality by 10%



# Opportunity Potential

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- Many rush orders / much expediting / much fire fighting!!!
- Freight can be a problem
- Freight can be a symptom of a problem!!!
- Inventory can be a problem
- Inventory can be a symptom of a problem!!!



# Example

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- Too much working capital tied up in inventory!!!
- Real need is not “visibility” to what you store or transport
- Real need is something bigger and how you fit into it



# Examples--Is Not

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- Low freight rates
- May not even involve costs
- Nice looking pallets
- For every customer



# How You Do It

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- Listen—to what customers say
- Listen—to what customers do not say
- Identify customer pain issues / underlying problems / what is really important
- See the “big picture” and where and how you can fit into it



# How

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- Stay focused on VP and the customer
- Do not let day-to-day chaos make you lose sight of VP
- Partner if needed—especially if service/capability is beyond your scope



# How

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- Integrate with partner
- Realign responsibilities expressly for delivering VP results
- Collaborate and communicate well with customer
- Align operations to VP
- Integrate with customer



# How

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- Understand the competition and what they “offer” as a V.P.
- Do not be intimidated by competition (may be large firms) that do not have a V.P.



# Then

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- What can you do to help the customers?
- Not the usual things you say and do now
- Address real issue (again, it is not about you and your service; it is about the customer)



# Then

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- Do proposals, not just price quotes
  - ✓ Emphasize V.P. and state the benefits
- Be open to / propose new arrangements
  - such as JV



# KPIs

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- About the customer—not you
- Ties directly to V.P.
- Should reflect the KPIs of the customer or its supply chain group
- Not micro-managed/task/work level
- Not metrics for metrics sake



# Questions

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- Market positioning--where?
- Market size—how big?
- Cross multiple markets (reduces risk)?
- Competition?



# Questions

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- Change in strategic direction?
- Sales and marketing strategies?
- Operations strategy?
- Funding?



# Issues with V.P.

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- 1) Customer
- 2) Core Business
- 3) Delivering
- 4) Sustainability



# Customer

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- Some focus only on price
- Would not understand or appreciate a value proposition
- Would change service providers for a lower price
- HINT: V.P. is not for those customers



# Core Business—Stay the Course

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- Comfortable with what you do
- Even if it is a struggle
- “If we only.....”, then.....



# Delivering V.P.

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- Define it well within company
- Energize/motivate the company
- Internal organization—present vs ??
- Need for training
- Need for operational integration



# Delivering

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- See “bigger picture”
- Add skills / partner with others
- Change is not easy



# Sustaining It

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- Get employees committed to and involved with V.P.
- Recognize change management—an extensive topic
- Continuously improve performance
- Avoid backsliding



# Sustaining

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- V.P. can give the company and employees an identity
- Change can be built on that identity



# Value Proposition

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- Did not say it would be easy
- Did not say “you just....”
- Did say it can change the dynamics of your business
- Did say it will separate you from competition



# So? What will you do?

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- Continue the same old / same old
- --OR--
- How many of you want—
  - ✓ Greater customer retention
  - ✓ More sales
  - ✓ Higher profit margin



# Final Value Proposition Comment

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- It is not static
- Customers and markets and services change—only the rate of change is in question
- Your V.P. will and must change
- Look beyond your competition and your “comfort zone” for V.P. ideas



# ASK AGAIN

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How many of you have a **clear**  
Value Proposition?



# It may not be like this, BUT

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# OR your business like

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# **Related topics for V.P. --For another discussion--**

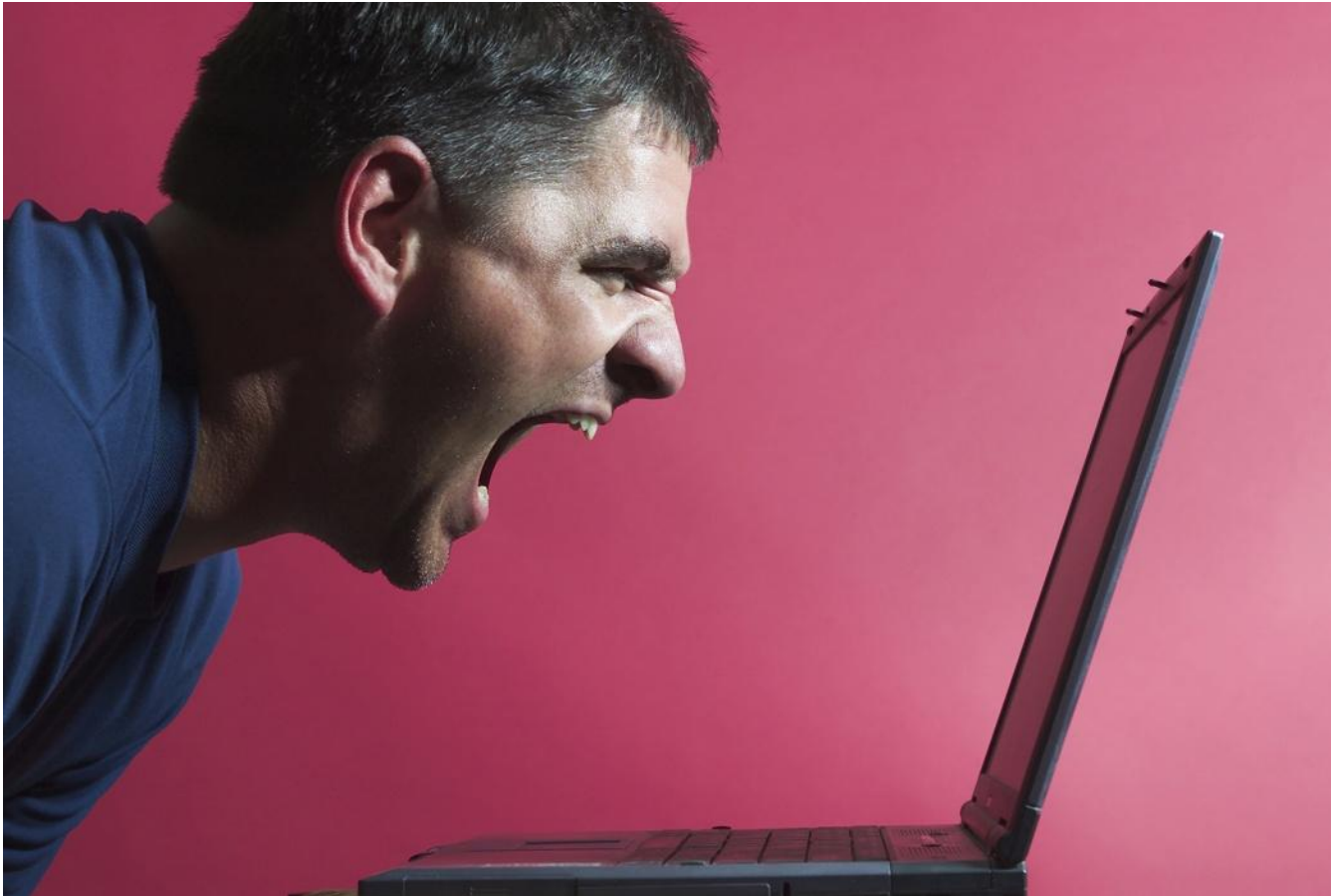
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- Branding
- Responding to competitors
- Gaining advantage over competitors
- Sustainable competitive advantage
- Making operational improvements last
- Business transformation



# Technology—IS NOT

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# Technology--IS



# Technology—for V.P.

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- Much more than “track and trace”
- Global
- End-to-end visibility
- Supply chain management



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**THE END**

**OR A NEW BEGINNING?**



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