

Getting From

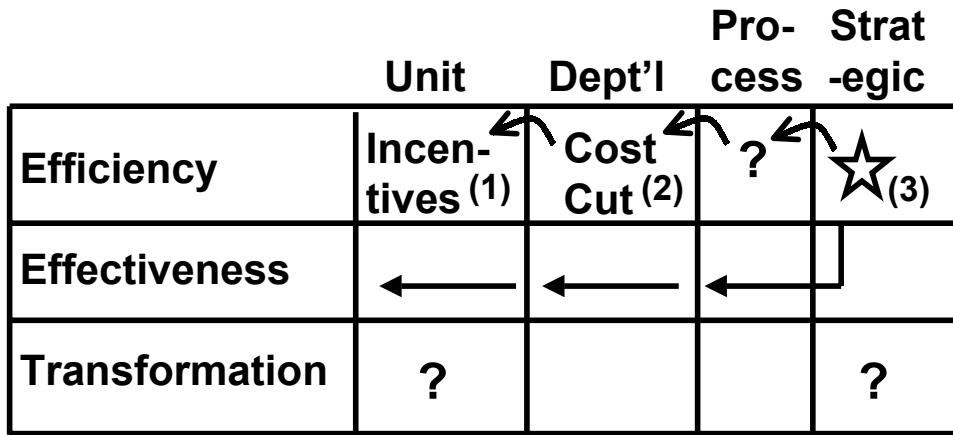
“Surviving” to

“High Performance”

In eight slides

PRODUCTIVITY LEVELS

MCG



04-16-03 #20 Slide # 2

Don't pursue individual or departmental efficiency first. Get strategic, customer profitability plays defined. Then, improve inter-departmental service processes and the personal efficiencies will follow.

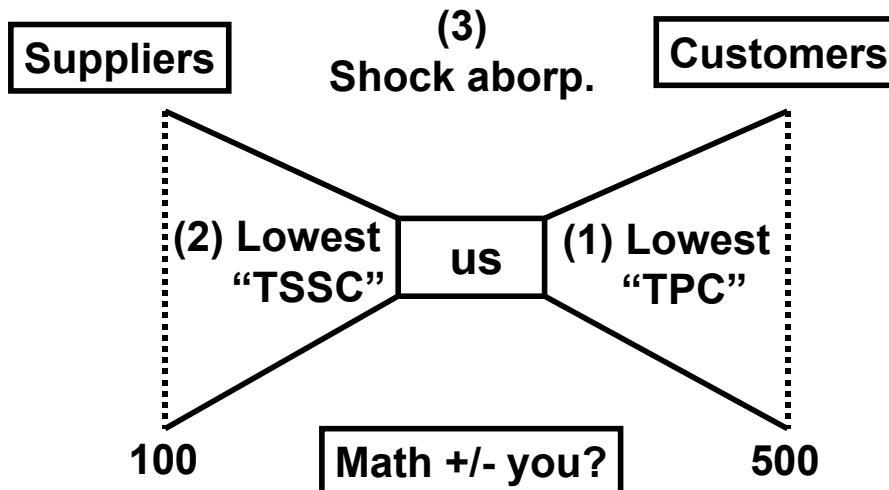
STRATEGIC PBIT/CUSTOMER STEPS:

- 1. Read articles at www.merrifield.com
numbered: 2.15, 2.3, 2.19, 2.19 Case Study**
- 2. Rank accounts to find:**
 - Top 40% → approx. 150% PBIT
 - Bottom 60% → -50%
- 3. Follow the plays described in articles**
- 4. Define your “strategy maps” for # 1 niche**

PBIT - profit before interest & taxes 04-16-03 #20 Slide # 3

“Summary Maps” that will work for distributors selling 80% (+) or more of “old products to old customers” follow in slides # 3 - 6.

COMMON STRATEGY MAPS (1)*



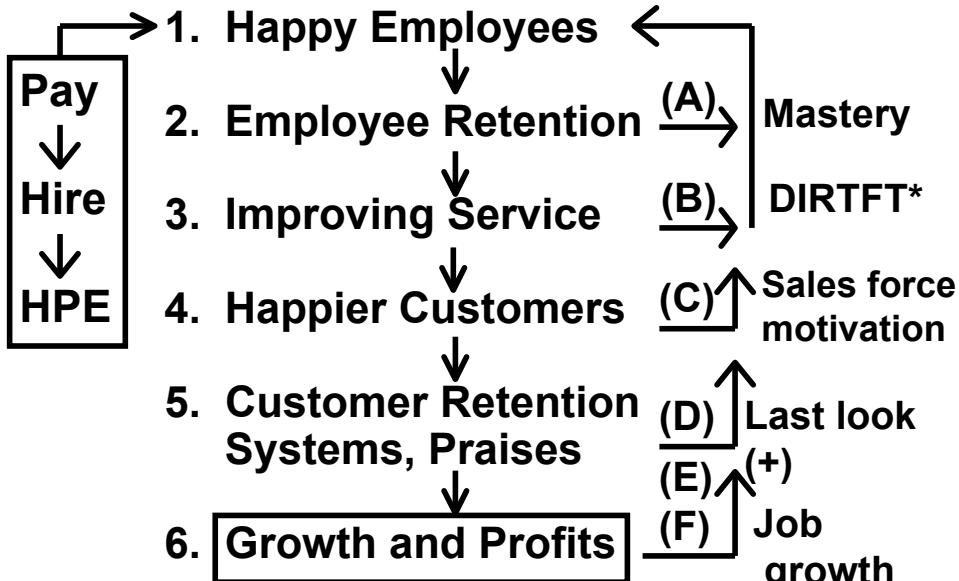
TPC - total procurement cost
TSSC - total sales/service cost
Video Module # 4.11

04-16-03 #20 Slide # 4

Distributors achieve best TPC for their customers and lowest TSSC for themselves when :

- 1) They have high average order sizes. . .
- 2) with more line items per transaction due to. . .
- 3) organized, disciplined replenishment systems involving. . .
- 4) many of the same items sold to similar customers.

COMMON STRATEGY MAPS (2)



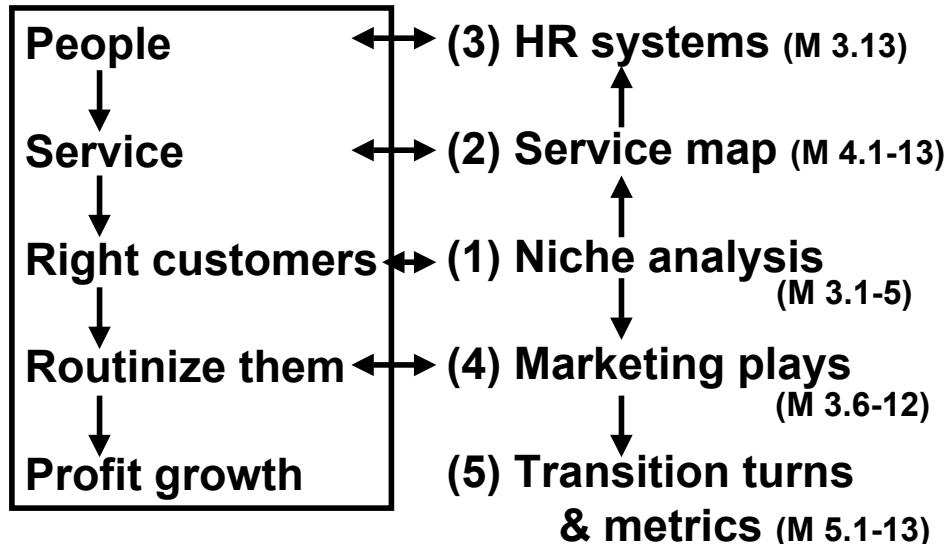
*DIRTFT = do it right the first time

*Video module #3.12

04-16-03 #20 Slide # 5

Retaining best employees to achieve best service levels aimed at the best customers is a generic winning strategy for all replenishment selling distributors. This master-strategy map has at least 5 sub-strategy maps that support the master. (see next slide)

“SERVICE RETENTION SUB-MAPS” // MCG



04-16-03 #20 Slide # 6

To support service-customer retention, we will need sub-strategies for:

- 1) Targeting & pursuing one niche of customers at a time? (slide 2)
- 2) Defining, achieving & selling “service” for the #1 niche. (Modules 4.1 - 4.3 in the video “High Performance Ideas for All”. See merrifield.com for details.)
- 3) Getting, hiring, keeping great people to generate great service. (slide 8)
- 4) Selling, installing & maintaining buy-sell systems. (Module 4.10 - 4.13)
- 5) Managing changes successfully. (Module 5.1 - 5.13)

STRATEGY MAP LEVELS



Service Retention Economics

Main

#2: Achieving Perfect Service
(Section 4)

Sub-Maps

→ Define: “Big 8” (M 4.1)

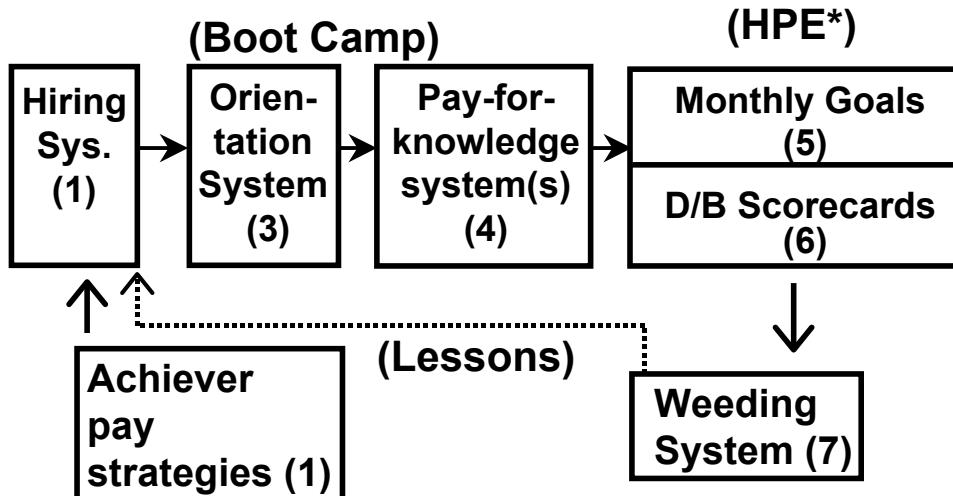
Strategy
Block

→ Heroic recoveries (M 4.8) Element

04-16-03 #20 Slide # 7

Strategy maps can be broken down into 4 hierarchical levels for purposes of fast learning & doing “elements” in alignment with higher levels of thinking. “Heroic recoveries” (video Module 4.8) are vital, but only 1 of 8 basic service elements which is part of the entire “service excellence” sub-strategy aimed at 1 niche of customers at a time in the master strategy map.

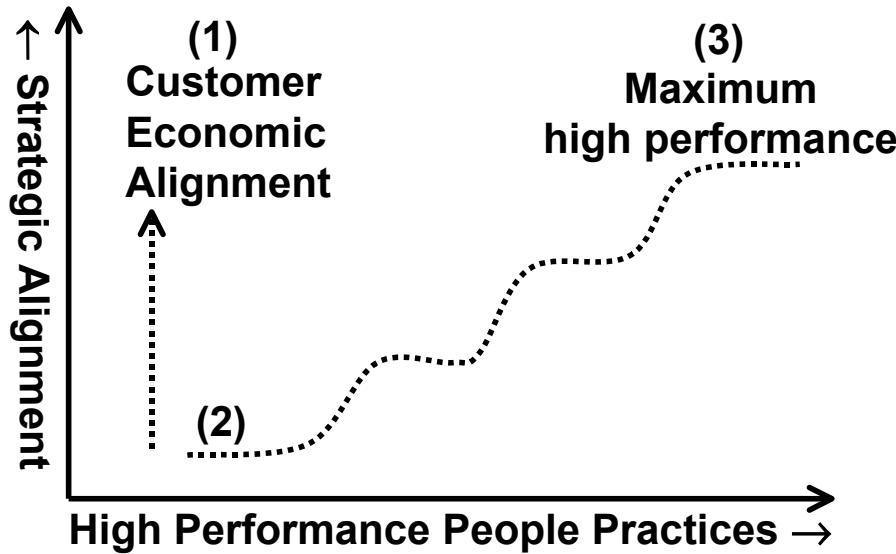
UPGRADE ALL PERSONNEL SYSTEMS



*HPE - high performance environment; D/B - database

04-16-03 #20 Slide # 8

The how-to's of all 8 of the "systems" in this slide are covered in 6 hours of an audio taped, all-day seminar entitled "Hiring, Training, Motivating & Keeping the Best Employees." This tape set is available from MCG for \$95. Most of these systems are touched upon in different video modules in our "High Performance. . ." video.



04-16-03 #20 Slide # 9

Strategic alignment issues are easiest & guide all other moves.

1. Define for all employees:
 - a) The #1 niche of customer (slide 2)
 - b) The 5 most profitable (+) 5 most important accounts in the niche.
 - c) Measure GP\$/employee as an index for future economics for all (Module 2.1 - 2.12)
 - d) Measure PBIT/customer (for each strata - A, B, C, D - pursued)
 - e) Define & post the “Big 8 of service excellence” for all to improve & maintain.
2. All the high performance people ideas in both the video & audio (x axis) will fall into place.