



TEXAS A&M
UNIVERSITY



THOMAS & JOAN READ CENTER FOR
DISTRIBUTION RESEARCH & EDUCATION
TEXAS A&M ENGINEERING EXPERIMENT STATION

Optimizing Value-Added Services

An Assessment for the Design and Execution of a Solution Led Distributor



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GLOBAL SUPPLY CHAIN
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Overview & Need

Value-added services are becoming increasingly important to firms. Most companies offer a wide variety of such services, but these services are usually treated as standard offerings which are increasingly being commoditized. The distributor must continue to innovate; this process can involve new services or improved versions of existing ones. Service innovation requires deep understanding of customer needs and perception of distributor value. To be effective, the distributor must improve their value proposition to the degree that the customer recognizes value and is willing to directly provide compensation for service.

To date, however, service cost and profit margins have traditionally been included in the same (unchanged) gross margin. The process of getting paid for such services can include fees, increased business volume, and/or identifiable increases in margins. Clearly, value propositions are not understood by either the customer or, in many cases, the distributors' sales and marketing teams. Breaking this barrier requires changing old habits and, more importantly, developing more powerful value propositions that are convincing both inside and outside the firm.

Distributors should begin with an assessment of their value-added services and the processes used to improve, optimize costs, create value propositions, and develop sales and marketing processes. Texas A&M's Thomas and Joan Read Center for Distribution Research and Education has developed a process for assessing, developing, innovating, and executing value-added service best practices.

Our research team will assess the distributors' value-added services and processes for innovation and benchmark those processes against best practices. Following the assessment process, our distribution experts and will conduct a facilitated education session for the firm's specialists to understand and enhance your value-added development processes.

Assessment Process

The research team will conduct a two day workshop to process-map and analyze the firm's value-added processes existing, new, and planned. The workshop will follow the Valued-Added Services Framework developed by the Read Center via consortium research with cutting-edge distribution firms. The process begins with the classification of services into key customer need areas based on common distributor core competencies. Services are then subjected to an analysis beginning with the understanding of customer needs and process customization for the market. The analysis continues with an assessment of the distributor's capabilities to deliver and sell the value-added service. Customer relationship development processes are examined along with measurements for efficiency. Finally, innovation is addressed in order to ensure continuous competitive advantage. Compensation and market opportunities are assessed as well. The end result is an assessment of the efficiency, profitability, competitive advantage, and sustainability of the firm's value-added services.

Value-Added Services Facilitation Program

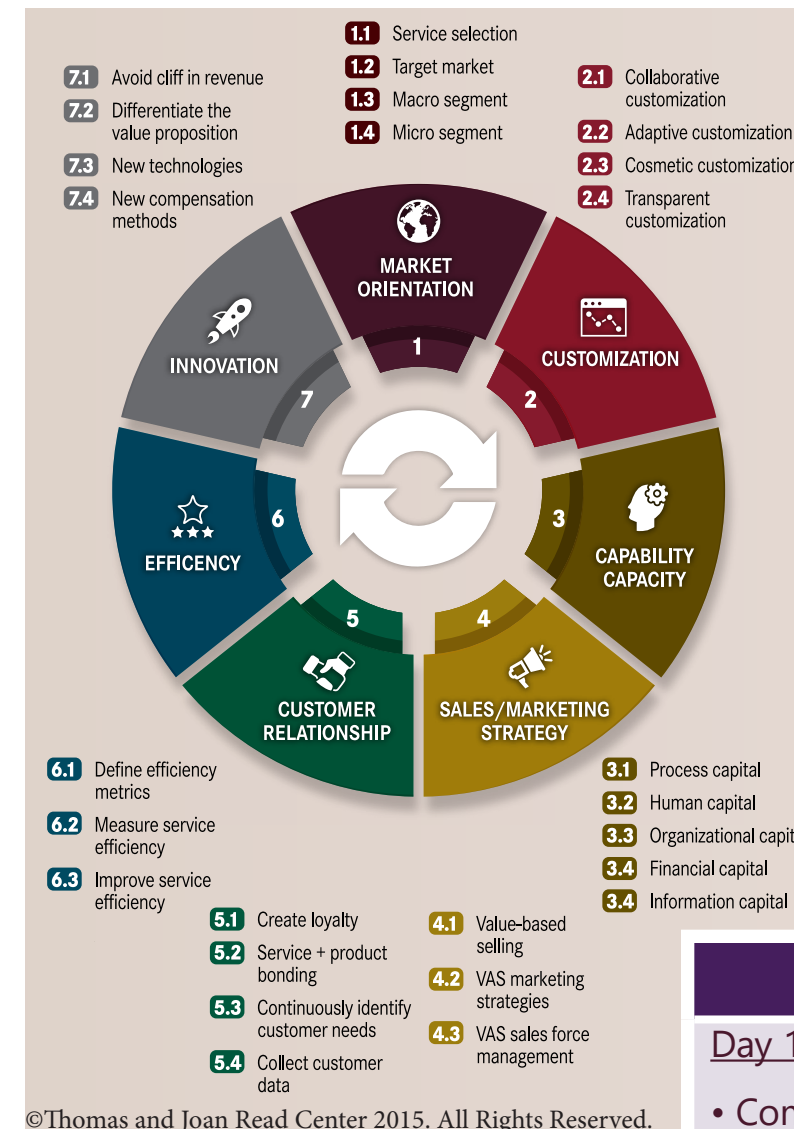
Upon completion of the assessment process, the research team will deliver the results in a day-long facilitated education program. The program will explain the findings and recommendations for improved processes in designing, delivering, and sustaining profitable/competitive value-added services. Those in attendance will ideally include leaders in sales and operations. The research team will lead discussions on strategy development for optimizing, improving, selling, and marketing the firm's service offerings both existing and planned.

Exercises will include both the development of new services through the Framework and the optimization of existing ones to achieve more profitable compensation models.

Value-Added Service Categories



Value-Added Services Framework



Workshop Agenda

Day 1 Activities:

- Company Assessment Report
- Process of identifying, designing, and creating new services
- Service Categories:
 - Traditional
 - Supportive
- Establishing Metrics and Monetizing the service
- Market Opportunities and ROI Analysis

Methodology



Benefits

- Gain competitive advantage.
 - Improve Profitability
 - Maximize Asset Efficiency
 - Develop New Capabilities

Research Questions

- Where do your business processes stand against best practices?
- What is the potential profitability a distributor can achieve through Value-Added Service?
- How are the processes linked to shareholder value?
- What are the best practices and how to implement them across your firm?

Our Capabilities

- Applied Research and Proven Methods
- Actionable Results
- Better Value for Investment
- Real-World Implementation benchmarks
- Detailed Road-Map to implement best practices

Current Publications



All publications are published through Texas A&M University's partnership with the NAW Institute for Distribution Excellence. The following publications can be purchased here: <https://www.naw.org/naw-institute-for-distribution-excellence/#CRDBP>



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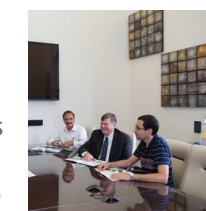
Program duration is

1-5 Days



10+

unique topics that will boost your firm's bottom line.



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For more information, please contact Patrick Dolan at readcenterinfo@tamu.edu.



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