

Denise: "We thought that, you know, we put specs together, we went out, we got low-bid, we did it all right! What they don't understand is that they're doing it backwards. They're looking at the wrong thing, they're not looking at measurement."

Denise: "The time is now where people have to say I've got to be better at what I do, I can't do this over and over again. How do I cut? How do I cut costs?"

*Welcome to New Construction Strategies with Ted Garrison.*

Ted: "Welcome to the program, Denise, You know, Neogard, the world's largest producer of elastomeric coatings used in construction, has recognized the importance of selling value for a long time. Most business executives understand that true value comes from you when you deliver greater value to your customers. The challenge is getting the customer to understand the value compared to the price they're required to pay. Since Neogard has successfully navigated these waters, I've invited Neogard's national account manager, Denise Digruccio, to come on the program and explain how they've been so successful. With all that said Denise, how has Neogard been able to successfully convince clients to focus on best value instead of just price?"

Denise: "I think, Ted, the key to that...focusing on value instead of price, is really through education. When you speak with a client and you ask them, you know, bottom line, 'have you always been receiving what you thought you were going to expect?' and when they say 'no', and then we ask, 'has the delivery been effective, has it been efficient?', and they say 'no', we usually ask them if they've thought value and price are synonymous and so many times they say they are. So what we've done is we've been working with our clients, trying to let them understand that in order to receive value, you have to have a good manufacturer that provides value as well as a good contractor. So the contractor and the manufacturer both have to think in terms of the client and not of themselves. And when they do that, you minimize management and then you increase efficiency. "

Ted: "You know, one of the challenges for most manufacturers is the lack of direct communication between themselves and the end-user. So how has Neogard been able to bridge that communication gap?"

Denise: "That has not been an easy bridge, but we've done that very effectively, I think we have, by working with Dr. Dean Kashiwagi, through education. Dr. Kashiwagi, about seventeen years ago, started to research business models. And when he did that he realized that there was some underlying principles. And the principles were that people really did have a misconception about what value was and what manufacturers did. So we worked with Dr. Kashiwagi to try to help communicate to the client that what we're trying to do is create accountability. And we do that with ourselves by measuring ourselves with Dr. Kashiwagi. So we bring experts to the table from our manufacturing side, as far as our chemists, formulating our products. And then testing that product, to see how that product performed. We don't spend a great deal of money on marketing, but we do spend a great deal of money in our research and development, because we want to effectively minimize our risk, as well as the risk we bring to a client. So we measure ourselves constantly. We measure the performance of our product. And how does it perform in the field. And by doing that measurement, we've been able to help people understand, communication wise, the differences that exist out there."

Ted: "What do you see as the biggest challenge of selling based on value and how do you address that?"

Denise: "I think it's commodity. With most of the people we've seen in the construction market, it's been really upside down backwards because the construction industry model has been all wrong. They've been buying it as a commodity and not as best value. And when you do that, when you buy as a commodity, you bring risk to yourself because you're not looking at the beginning and the end. You're not differentiating how the products are different. You're just looking at getting the low bid. And the low bid is not necessarily the best product. And so what we've seen is that when we bring value, we bring value based upon the simple fact that our products are able to perform. And that's what brings value. Bringing value is bringing that performance line to the owner, letting them understand that this isn't just a marketing ploy, this is actual in the field, tested results that say this product will perform for you and will minimize your risk."

Ted: "You know, one of the challenges that a manufacturer has got to have is because you don't really install the product, you don't deal with the client directly, you have to work through a contractor. So how do you go about selecting contractors to represent you in the marketplace?"

Denise: "We have just recently instituted a program at Neogard which actually looks at the best interest of the client. And that is we actually have all of those that want to apply our product, and be an approved applicator, go through a complete system, through Dr. Kashiwagi and PBSRG. They look at the contractor to see and rate that contractor. Is that contractor really a performance contractor? Or is his just one going out and trying to do a commodity, is trying to sell product? If you really have the best interest of the client at heart we look at all the variables that we possibly can and if that independent third-party survey comes back to us and says this party will bring you risk, we don't approve them. So we're trying to minimize our risk as well as we're trying to minimize the client's risk, by having a third independent party review all of our approved applicators."

Ted: "This has been a very enlightening discussion; however we're almost out of time. So what final thoughts would you like to leave with our listeners?"

Denise: "I think the clients need to, as they go forward, they really need to look at manufacturers and ask the manufacturer, do you measure yourself? Because if you measure yourself, if you're not afraid to say, hey we've got a problem, hey we're not doing the best we can do, we need to be better. But you measure yourself on time, on budget, how the product is performing, and not just give a client marketing information. Because marketing, that's what it is, it gives you a warranty that mean nothing. It is all about the product's performance and who applies it. I would tell client, ask those important questions, regardless of who the manufacturer is, who the contractor is, because when a person is responsible to be accountable that makes them strong. And when the manufacturer and contractor are interested in quality control, they're also providing you quality. And with all that dominate information being shared, you're likely to get a good manufacturer and a good contractor in the end, and have a happy job."

Ted: "Denise I want to thank you for providing some valuable information. I'm sure our listeners will be able to put it to good use. Thanks Denise."

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