

Identifying the key
players in dmU and
the benefits they are
after



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As the head of the finance office, working in a not-for profit organization, in this case, Loughborough University, Mr. Reason's main task was to control the budget, especially when purchasing expensive capital assets. Since the university is publicly owned, like most institutions, its buying practices are carefully defined by law. More importantly, Because of the highly stretched finance resources in higher education, Mr. Reason's top concern had been given to managing the funds in a conservative manner. Hence, the benefit he was after was to get the most from the resources, which means, in this case, purchasing the "right" track at lower price, reducing the risk and level of extra work and money, such as repairing expenditure, paid in the future.

As an indicator of the exercise of power," Gordon Walker needed to achieve a perfect balance between different internal demands from the university with its tight "realistic" budget. Since the track project had been approved, therefore, in essence, the benefits he was after was consistent with Mr Reason's. That is to buy the good track (which means the track to be installed would be durable and cost-effective to manage) at lower price.

Richard Ellison, played the role as the user. He represents the university's athletes and students who actually use the new track facility. Therefore, his aim is to seek the best or at least good track facility, which have high quality, keep up with the current state-of-the-art developments in track. With better sports facilities, Loughborough University can attract more students, including better athletes; consequently, LU might maintain its sporting success on current status.

Professor Derwyn Jone, played the role as a critical influencer. He was mainly in charge of sports related to technical aspects. Obviously, what he concerned most was the quality, service and delivery, so called buying risk.

Paul Marray, being responsible to Gordon Walker, he had been devolved most responsibility for the job of acting as the university's agent when replacing its existing running track. Therefore, Paul not only was a buyer but also greatly influenced the whole buying procedure. To this end he needed to protect the university's interests by making his own justification which came to a recommendation to the senior management committee when his own justification which came to a recommendation to the senior management committee when they making a final decision. This means he would be keen to making right choice, so he would like to choose the most suitable and reliable company to install the high- quality running track. In addition, he was doing a part-time MBA and was thinking of using the case as the focus of his final year project. From his point view, he would like to be clear on seeing how complex decisions-making are. He would like to use this chance as a good learning experience.

Janet, the secretary of Professor Jones, along with Irene, who was the secretary of Mr. Reason, played the role as gatekeepers in this case. Only by contacting them first could the suppliers meet the person they were responsible to, which were the influencer -Professor Jones and the decider - Mr. Reason. The information of each suppliers flowed to the decider and influencer were under their control. It means that they were the accessible channels to the DMU members. Having no key responsibility in the final

decision-making, they worked only after the benefit of helping the person they were responsible to work effectively.

Vice chancellor, whoever he was, played a role as a 'mysteries' decider since he had never been marketed. As a crucial member of the Facility Development Committee, what he was concerned was to achieve and maintain sound sports fame in an increasingly competitive market for students. So, what he chased after was getting the good sports facility, keeping the expenditure under the budget.

After identifying the key players in LU's buying decision, let's try to answer the question: Sports-Trax failed to win the bid, why? And how things could have been improved in a better appreciation of the DMU? The failure, as we see it, comes from two main reasons: the development of buyer-seller relationship, here we named it as "Approach strategy", has not been done well; the other reason is, apparently, they fail to set the right pricing and negotiating strategy. We will divide our analysis into these two parts accordingly.

The development of buyer-seller relationships in Sport-Trax case

It has frequently been noted that buyer-seller relationship is a crucial characteristic of business marketing. "Business marketing is not simply about making sales, it is the task of establishing, developing and managing a portfolio of customer relationships". [David Ford, Uni of Bath]

In this case, one critical cause of the failure is that the development of buyer-seller relationship ("Approach strategy"), has not been implemented

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correctly and effectively. It has been strongly identified by the final result, which is they had lost the bid by such a small amount in offer.

First of all, for Sport-Trax, a definite objective of “ Approach strategy” is in great demand. Sport-Trax’s sales tend to split about sixty-forty between the public and private sector. Public sector sales occupy over half of its total market share, and Loughborough University is on the top in sports field, therefore whether or not achieving this bid will have critical impact on over half of its market. Sport-Trax should place serious focus on this bid. So the objective of Approach strategy is to win the support from most core players of DMU to achieve the deal by multiple approaches with less consideration of profits.

Secondly, we need to analyze the interaction between relevant players of the DMU in order to set the visiting module and focus on. View figure 1.

(Figure 1)Internal Interaction

Through analysis above we are able to find ways to develop buyer-seller relations in detail.

Buyer-seller relations can be examined with reference to the interaction approach. When a company evaluates a potential new supplier, the evaluation will be conditioned mainly by three factors: experience, uncertainty and distance (including social distance, cultural distance, technological distance, time distance, geographical distance).

Experience indicates the existing and previous relationships between buyer and seller. Uncertainty means that the buyer will face uncertainty about the <https://assignbuster.com/identifying-the-key-players-in-dmu-and-the-benefits-they-are-after/>

potential costs and benefits. The last but not the least is distance which is perceived to exist between buyer and seller. So how to reduce these distances and uncertainty by means of experience is the key point of “Approach strategy”. We are going to provide suggestions to Sport-Trax related to approach strategy respectively by factors above.

1: Approaching Gordon from the aspect of social distance

Social distance will be a lack of knowledge between buyer and seller companies as well as an absence of personal relationships between the individuals involved. [Understanding business marketing and purchasing David Ford]

In this case, a wonderful point that can be getting in is the private relationship between Gordon and Taylor at past. The relationship at this level would largely shorten the social distance if it has been enhanced strongly and extended to the level of relationship between seller and buyer. Taylor certainly noticed this and tried to take advantage of it. But the problem is that he discarded this chance after realizing the devolving from Gordon to Paul. Actually, Gordon has the real power to decide. Firstly, he is the boss of Paul; Paul has to require final opinion from him. Secondly, only he has the right to negotiate the budget with bursar. Of course, it is hard for sales to understand fully internal information, but at least Taylor should do like this:

First of all, Taylor should make the best impression by a perfect image on the first visit to Gordon, the most important player at that stage in this case, but not “he seems to be wearing better than me”, because “corporate decision-makers remain human after they enter the office, they respond to “
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image”; they buy from companies to which they feel “close”; they favor suppliers who show them respect and personal consideration. [Marketing management 7th ed Philip Kotler]

Next, Taylor should keep in touch with him, but not in work. While, a fine private friendship should be kept going well. Taylor can invite Gordon to certain social occasions several days after the first contact on work, chatting more things related to private life out of work, less enquiries probing internal information and boasting of Sport-Trap at intervals. This is a kind of potential power, which would influence Gordon positively; undoubtedly, Gordon’s attitude will lead Paul.

2: Approaching Professor Jones from the aspect of technological distance

Technological distance is the differences between the two parties’ product and process technologies. It is likely to be great in evaluations for the purchase of products. [Understanding business marketing and purchasing David Ford]

From the case we know that almost all tenders will be able to meet the minimum technical standards requested, so the issue was focusing on the service and TOD (time of delivery). Apparently, Taylor has realized the situation as well and he tried to sell their benefits from this aspect.

Comparatively speaking, what he did is not bad and I guess probably Jones was the only person who supported him to some extent in the DMU, but unfortunately, he is not the decider. But I still have two points to argue:

On one hand, Taylor failed to answer promptly when Jones asked some very insightful questions about technical things on the first visit. It will affect the first visitation of professional people directly. In such critical situation, I suggest a cooperate-visit, which made by sales manager and engineer mutually in order to reduce the technological distance instantly.

On the other hand, when Jones asked about how quickly they could install. I think Taylor had not satisfied Jones properly. At least Sport-Trax has not achieved any competitive advantage in terms of TOD and lost the last opportunity for gaining exclusive support from Jones.

3: Approaching Paul from social distance and personal interests

Paul is particularly involving in the preparatory stages of setting the specifications and managing the actual installation. His supports would influence the final decision to a large degree. Further more, he is interested in using the purchase of the running track as the focus of his final year project of his MBA courses. This is just a critical breach that can be broke through by matching his interests.

Organizational buyers, however, also have personal goals that may influence their buying behavior. Most organizational buyers seek the psychological satisfaction that comes with promotion and financial rewards. [Marketing 3rd European Edition Dib sinking pride Ferrell]

So first, Taylor should show the great interests in Paul's personal interests, discussing with Paul in terms of issues that have been taken cared actively, such as providing some materials in running tracks business in context after

knowing about his interests at the first time, giving some marketing information related to relationship marketing and supply chain after the second time contacting, etc.

Secondly, in the process of discussing about academic marketing issues, Taylor should probe his psychological activity with respect to what kind of role he is trying to play in realistic. At the same time, try to lead him to give positive influences on the committee.

Through above side effects, it would not only match Paul's favor, but most important, offer him a kind of psychological satisfaction that show him respect and personal consideration.

4: Approaching Mr. Reason by eliminating uncertainty

Uncertainty can be placed on many aspects between seller and buyer, such as price, service etc. Therefore in the process of dealing with Mr. Reason, how to make him trust the structure of the cost of project is the key issue. We will discuss this problem in great details in the second part.

5: The passage of time of selling process

Additionally, we have some questions on the time-span of selling process.

Firstly, in the case, Taylor paid the first visit to Jones 6 days after the acceptance of invitation of bid. In our opinion, that is too long to express the quick responds that are quite appreciated by most buyers. Even though he has to wait for the arrangement by secretary, but at this period of time, Taylor should choose other core persons to visit, such as Paul or Gordon.

Secondly, the time of visiting Paul is too late. 16 days just after a pity phone call. And Paul is the leader of this project, he should be known as early as possible. Thirdly, after visiting to Paul, Taylor spend two weeks (17 days) on his holidays without any contact keeping and even let nobody take over and trial. Clearly, this is a big mistake, which would give his competitors a big chance at that interval.