

LQ'S EXECUTIVE INTERVIEW SERIES: DEFINING LEADERSHIP IN LOGISTICS AND TRANSPORTATION IN NORTH AMERICA

A Conversation with Keith Matthews,

Executive Vice President and Co-Chairman, Kelron Logistics

LQ's Top North American 3PL Executive Interview Questions have been prepared by members of LQ's Board: *Bruce Danielson*, Executive Communications Manager, UPS; *David Faoro*, Director Supply Chain, The International Group; *Thomas Goldsby, Ph.D.*, University of Kentucky; *John Langley Jr., Ph.D.*, Georgia Institute of Technology; *Diane Mollenkopf, Ph.D.*, University of Tennessee; *Walter Zinn, Ph.D.*, Fisher College of Business, The Ohio State University



LQ: Higher energy prices are driving a customer shift to nearsourcing closer to end markets as well as an increase in inventory levels. Has your company's strategy shifted to deal with these trends? (*Bruce Danielson*)

Keith Matthews: In the automotive industry this scenario has already become apparent, but we haven't seen any significant changes yet. Our company strategy will shift to deal with these trends as they arise.

LQ: As the breadth of services offered by the 3PL sector continues to widen, one expectation from the customer base is the respective sales organizations have the ability to knowledgeably discuss and review these new services with clients. The needed focus would seem to be shifting from a transactional selling approach to more of a consultative approach. What steps are you taking to develop this consultative approach with clients and potential clients? (*David Faoro*)

Keith Matthews: I have spent a lot of time redefining our sales force and its approach using strategies designed by the Huthwaite Institute. Sales is made up of three primary components: transactional, consultative, and enterprise, and we've taken significant steps to align these selling approaches with buyer orientations. Buyer orientation is intrinsic or extrinsic. Some buyers are still operating in an intrinsic value orientation mode; i.e., they are more interested in the price element of the service than how and what the service can do to add value to their business. Salespeople who know how to adapt to the various buying orientations in each of the various selling modes are the key. The selling modes are not hierarchical and this is where many people make the mistake and abandon one of the modes thinking they're moving up the food chain, when either mode can be very profitable. We have hired more people with consultative selling skills. We've also put in place a new corporate sales effectiveness manager, and their primary responsibility is to ensure that our sales force is being effective in the respective selling modes and that our salespeople have all of the right skills to adapt and thrive in every selling circumstance.

LQ: 3PLs have different approaches to serving their customer base, ranging from "one-stop shopping" to multiple touch points where the customer may have to deal with multiple persons or locations. Which approach offers the best level of service for your customers? (*David Faoro*)

Keith Matthews: It depends on the revenue stream. In transac-

tional selling, I will usually offer a single point of contact because the customer will want a hassle-free experience. In consultative or enterprise selling, I move away from that traditional customer-business relationship to an extended or synergistic relationship. Typically, larger-scale opportunities such as supply chain management projects will require multiple touch points that require an extended or synergistic relationship.

LQ: How far can a 3PL go within a client organization to drive business process improvement and change? (*David Faoro*)

Keith Matthews: 3PLs can go far, but there has to be a willingness on behalf of the customer to accept the 3PL as a driver of improvement and change.

LQ: What do you feel are the greatest areas of market opportunity for 3PLs? (*John Langley Jr.*)

Keith Matthews: Currently, I feel the greatest opportunities for 3PLs lie in less-than-truckload shipments using optimization tools where we can optimize a customer's single network or combining multiple customer networks to reduce costs; uncontrolled inbound transportation, which has been neglected because everyone has been focused on outbound transportation and technologies is another significant opportunity.

LQ: If you could ask your customers to change just one thing, what would it be? (*John Langley Jr.*)

Keith Matthews: I want them to put all the cards on the table and truly be more collaborative.

LQ: Are your customers concerned about their carbon footprint, and how are you helping them with carbon management initiatives in the supply chain? (*Diane Mollenkopf*)

Keith Matthews: "Carbon footprint" is the buzz-word at conferences, but it doesn't necessarily drive every customer's decisions as they are still ultimately concerned with tangible bottom line benefits. However, helping our customers reduce the number of trucks they require does, in turn, reduce their carbon footprint tremendously. By taking advantage of our optimization tools, the customer has a significant opportunity to reduce their carbon footprint and keep costs down at the same time.

LQ: What opportunities exist in the 3PL industry for fresh university graduates? What skills, talents and characteristics are most desired from your university hires? (*Diane Mollenkopf*)

Keith Matthews: Ideally, I want graduates who major in supply chain management and minor in sales. We are always looking for young up-and-comers who have skills in operations, sales and administration, with good supply chain backgrounds.

LQ: To what extent are your customers reassessing their networks? (*Walter Zinn*)

Keith Matthews: Some customers are rationalizing right now. We're seeing closures and reduction of distribution centres. Also, those customers who don't have the money to acquire technology are requesting more of our services as a result.