

# The Time is Now for Buyers and Suppliers to Close the Communications Gap

A recent report from the MAPI Foundation indicates that manufacturing production is expected to outpace GDP growth over the next few years, with output in the U.S. anticipated to advance by 2.6 percent this year and 3 percent moving into 2017.

By Tom Greco - VP, ThomasNet

It's positive long-term news as we move into the New Year. But, in order to best capture and capitalize on this potential growth, manufacturers need to ensure that they are poised to respond accordingly.

For example, it's critical that manufacturers are able to make the right connections. Buyers need fast access to new supply chain partners and suppliers must be fully available at their point of need. That's especially important now, as overseas competition makes it more difficult for American manufacturers to win new opportunities.

## Competing with Overseas Suppliers

To be sure, the movement to reshore American manufacturing remains strong. An October 2014 report from the Boston Consulting Group projected that by 2019, companies with annual sales of \$1 billion or more expected to make 47 percent of their products in the U.S., up from the 44 percent projected in 2013.

At the same time, American companies are still turning to overseas manufacturers that are able to employ lower-paid workers. With this in mind, U.S. suppliers need to be more attentive and responsive to their customers' needs so they don't risk them going elsewhere, including offshore.

## The Communications Gap

ThomasNet recently surveyed buyers of industrial and commercial products to take a closer look at the buyer and supplier relationship, and where there might be room for improvement. What we found is that a lack of responsiveness to requests for information (RFIs) is a surprisingly common thread. In fact, our survey respondents reported that 42 percent of the time, suppliers will take longer than two days to respond to RFIs. Yet, more than half of buyers (56%) surveyed only allow a 24-to 48-hour response window.

New business opportunities for suppliers are infrequent, as the instances of buyers looking for new partner suppliers are not as plentiful as many think. And our research shows that once a supplier misses that first opportunity to connect, they may never get a second chance. Nearly half of respondents said they would be unlikely to follow up with a supplier that didn't respond in a timely manner.

"Be efficient, thorough, and prompt with your replies if you are genuinely interested in the business," said one survey respondent from a large machined metal parts manufacturer. "A potential new client can very quickly turn into a customer who will take their business elsewhere if you do not respond with relevant, accurate information in a timely manner."

In addition, several other survey respondents found that overseas manufacturers are often more accessible and transparent with their communications. "Chinese suppliers are, overall, much more responsive than U.S. suppliers," said one.

With pressure from overseas suppliers and the Institute for Supply Management's (ISM) recent Manufacturing ISM® Report On Business® showing that economic activity in the manufacturing sector contracted in December for the second consecutive month, it's clear that the gap in communication between buyers and suppliers needs to be addressed – and quickly. But, suppliers aren't the only ones tasked with making those connections – buyers need to also make an effort to close that gap.

Ninety percent of our respondents said they use email to manage procurement proposals. But, we all know that the world of email delivery is imperfect, with messages from unfamiliar senders ending up in spam boxes. Buyers and suppliers alike shouldn't be afraid to pick up the phone to ensure that a timely connection is being made.

## Right Place, Right Time

For buyers, searching for and onboarding a new manufacturer can be time-consuming and costly. Because of this, they want to be able to leverage a proven supplier for as many products and services as possible. What this means is that when those rare opportunities to connect do arise, suppliers need to be available wherever and whenever the buyers are looking. Capturing one or two new orders from these serious buyers can make a big difference to suppliers' growth. But, they need to have the right information on hand to attract buyers and set the stage for a relationship that meets their needs.

For a long time, this has meant that suppliers need to have a presence online. But, having a digital presence is not enough to foster and maintain that relationship between buyers and suppliers. In addition to being online, businesses need to have the right content available that's going to make the difference between getting buyers engaged and not.

On ThomasNet.com, for example, critical content such as location, ownership or diversity status, quality certifications, downloadable 3D CAD models, capabilities, experience, and even video plant tours are key to capturing buyers' initial attention and driving them to create a short list with your business on it. As we know, buyers need to do their preliminary research to narrow down the companies they want to target before they send an RFI. That means companies need to have the content that buyers care about, that answers all of their questions, and have it be very visible from the start.

That approach was a successful for one manufacturer that was seeing changes in their industry and the direction their business was



going. Their customers were increasingly bringing more business in house and they had to be able to diversify to meet those needs. In getting improving their website and the content on ThomasNet.com, they were able to get their business back on course to the tune of a 25 percent increase in sales over last year.

"I would like their response to address in detail my request for information. I always have to go back for clarifications and it is a waste of time for me and makes me think the supplier has a hard time understanding what I need."

## A Two-Way Street

With the MAPI report indicating a positive growth trajectory for manufacturing, American companies need to be more vigilant than ever before to capitalize on the growth and avoid losing important opportunities – especially to the overseas markets.

Yet, at the same time, the responsibility isn't on suppliers' shoulders alone. Buyers need to also realize that closing the communications gap is a two-way street. A commitment from both buyers and suppliers to fostering stronger relationships will be critical to sparking manufacturing growth in the long run.

## About the Author

As Vice President, Tom Greco is responsible for the operation of all divisions of ThomasNet.com. He has been with ThomasNet through its evolution from a print directory to an information and technology company. Mr. Greco holds a MBA in finance from Baruch College and a BS in Accounting. For more information, please contact [trgeco@thomasnet.com](mailto:trgeco@thomasnet.com).



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