



Get on a path to a **Solution Provider** now... or regret it later.

In today's volatile market, relying on price competition is no longer enough for commodity suppliers to survive. **Shifting to a Solution Provider model is not just a strategy, but a necessity to stay competitive and add value for customers.**

Ready to embrace the challenge? Let's dive into it!



Why would you do that?

With unpredictable markets, rising operational costs, and aggressive pricing from competitors in low-cost countries, the pressure on European and American companies to stay competitive has never been greater. This strain is passed down the supply chain, eventually impacting commodity suppliers as well.

So, when your sales teams express concerns about high prices - as they often do - it might be time to rethink the approach and move away from price competition altogether.

If competing on price is no longer viable, commodity suppliers must add more value to their offerings to stay competitive or even to survive.

While adding value and charging a premium is a well-established strategy higher up the supply chain, it remains underdeveloped among commodity suppliers.

Transitioning to a Solution Provider appears to be the most viable, if not the only, option. Although the definition of a Solution Provider seems straightforward, our discussions with both internal (customers) and external (their customers) stakeholders during the implementation of this strategy revealed differences in priorities and interpretations. These differences depend primarily on each party's position within the supply chain, highlighting the complexity of the transformation process.

Do you recognize the challenge?

Commodity suppliers face several key challenges in today's market, particularly as global competition intensifies, and market conditions evolve. These challenges mean that commodity suppliers need to be more innovative, efficient, and customer-focused than ever before to remain competitive.

01

PRICE COMPETITION

Suppliers from low-cost regions frequently offer much cheaper products, creating significant pressure to lower prices. Moreover, commodity prices are highly volatile, influenced by factors like geopolitical events, supply chain disruptions, and sudden changes in demand - a pattern that has been especially evident since the onset of the COVID-19 pandemic.

02

OPERATIONAL COSTS & EFFICIENCY

Rising costs for labor, energy, transportation, and raw materials have been putting pressure on commodity suppliers' margins. Balancing profitability while managing these increasing expenses is an ongoing challenge.

03

SUSTAINABILITY & ENVIRONMENTAL FOOTPRINT

Governments are enforcing stricter environmental and sustainability regulations, raising operational costs. At the same time, buyers - especially in Western markets - are demanding sustainable sourcing and ethical practices. Suppliers must meet these expectations while still staying competitive on price.

04

SUPPLY CHAIN DISRUPTIONS

COVID-19, geopolitical tensions, and logistical bottlenecks have exposed the fragility of global supply chains. Suppliers often face difficulties in sourcing materials or shipping products reliably, resulting in delays, higher costs, and customer dissatisfaction.

05

EVOLVING CUSTOMER EXPECTATIONS

Customers are increasingly seeking more customized solutions and flexibility, even from standard commodity suppliers. They expect more than just products; they want suppliers to help them stay competitive by addressing their own customers' challenges.

Competing solely on price is no longer sustainable for many suppliers. If this applies to you, it's time to break free from the cycle of price pressure by adding value to your offerings. However, while adding value is crucial, the real challenge lies in convincing customers to pay a premium for something that was once seen as a basic commodity.

Before taking any action, ask yourself: Does what I've read so far align with the challenges my organization is facing? If not, save your time and stop here. But if it does, let me summarize the key points for you.

Should you embark on the path to becoming a Solution Provider?

That depends on whether your current business model is sustainable in today's market. If you find yourself facing intense price competition, increasing demands from customers for more tailored solutions, or struggling to differentiate your offerings, then you already have the answer.

It's important to recognize that there is no one-size-fits-all formula for transitioning into a Solution Provider. In some cases, simply enhancing the product offering or adding services may be enough, while in others, more significant changes to the business model or overall strategy may be necessary.

Transitioning to a Solution Provider role can be challenging, time-consuming, and costly, leading some to question whether it's truly worth the investment.

However, our discussions with clients suggest that it's not just an option but a necessity. To help you assess whether this path is worth pursuing, let's briefly explore the process - at least the preparation phase - so you can decide if it warrants further effort and investigation.

While every transformation strategy must be customized to fit the unique needs of each industry and company, there are key universal components to consider during the process.

We've summarized these into 5 steps and 25 essential questions.



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STEP 01

FIND OUT MORE ABOUT YOUR CURRENT AND POTENTIAL CUSTOMERS' NEEDS.

To successfully design a Solution Provider transformation, a deep understanding of your customers is essential.

You may have conducted similar exercises before and feel confident in what you know. However, whether or not you decide to move forward with the next steps, gaining more in-depth knowledge about your existing and potential customers is almost never a waste of time or resources.

KEY QUESTIONS TO BE ASKED:

1. *What do I know about my customers - their situation and the challenges they are facing?*
2. *What are the main issues that keep them awake at night?*
3. *How are their customers performing?*
4. *What are the key challenges faced by their customers?*
5. *Is there a way we can support our customers in helping their customers?*

STEP 02

KNOW HOW YOUR CURRENT AND POTENTIAL CUSTOMERS PURCHASE YOUR PRODUCTS.

You likely have a good understanding of how the purchasing process works - but do you really?

In the highly competitive environment that most commodity suppliers face, the details are critical. A deeper understanding of the process allows you to gain a competitive edge by reacting more effectively. Regardless of whether you decide to transform your organization into a Solution Provider, this knowledge will help you sell more effectively.

KEY QUESTIONS TO BE ASKED:

1. *What does the purchasing process look like?*
2. *Who are the stakeholders - both decision-makers and influencers?*
3. *What are the specific needs of each stakeholder?*
4. *What are they truly seeking when they purchase my product?*
5. *How do they make decisions - what factors do they consider, and how important are these factors?*

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STEP 03

UNDERSTAND HOW OTHERS ARE DEALING WITH CHALLENGES SIMILAR TO YOURS.

If you're facing certain challenges, rest assured you're not alone.

Most of your competitors are likely dealing with the same issues, as you're all operating in the same market. It's crucial to understand how they are addressing these challenges and where they stand on their journey to becoming Solution Providers. They might not have started yet, or they could be well ahead. The companies you're competing with today may not be your direct competitors once the transformation to a Solution Provider is complete.

KEY QUESTIONS TO BE ASKED:

1. *Who are our current competitors?*
2. *Who will our competitors be after the transformation?*
3. *What makes our competitors successful, and where do they fall short?*
4. *How far along are they in their transition to becoming a Solution Provider?*
5. *What differentiates them from the rest of the competitive landscape?*

STEP 04

FIND OUT WHAT YOU ALREADY KNOW.

The knowledge within your company is often much greater than you might realize.

While top management views this knowledge from their perspective, they don't know everything. A significant portion of internal knowledge is spread across various positions and departments that have direct, ongoing interactions with customers and the market. This isn't just limited to sales and marketing - it extends to production, R&D, supply chain, and even legal functions. Therefore, gathering this information shouldn't be restricted to casual conversations with the sales team. It requires a formal internal audit, focusing on the market, customers, and their needs.

KEY QUESTIONS TO BE ASKED:

1. *Is the feedback we receive from the market consistent with our internal knowledge and perceptions?*
2. *Where are the gaps or discrepancies between these two perspectives?*
3. *Who are the key stakeholders we interact with on the customer side?*
4. *Do we have sufficient connections and exposure beyond the procurement team?*
5. *How easily could we be replaced by cheaper (or better) suppliers?*

Should you embark on the path to becoming a Solution Provider?

STEP 05

DIG DEEPER, TALK
HONESTLY.

If you think you're the only one - or one of just a few - pushing for change and a Solution Provider transformation, I have good news: you probably aren't.

Despite differences in how a Solution Provider is defined or how to tackle the current challenging market conditions, there is likely a wealth of knowledge across your organization about what needs to change and how to do it. Your task is to create a safe environment where your colleagues can openly share this knowledge - without judgment, names, or dismissing ideas.

KEY QUESTIONS TO BE ASKED:

1. *What is working well in our organization, and what isn't?*
2. *If you could change anything in the organization, what would your top priorities be?*
3. *What does being a Solution Provider mean to you?*
4. *Do you believe our customers and potential customers want us to become a Solution Provider? Why?*
5. *In your opinion, what steps do we need to take to become a Solution Provider?*

What are the next steps?

Whether you decide to pursue the path of becoming a Solution Provider with internal or external support, you likely already have an opinion on whether this is the right direction for your organization.

Even if, for reasons such as lack of support, shared vision, or resources, the answer is "no" or "not now," following the process we've outlined will still bring valuable insights.

It's important to understand that before evolving into a Solution Provider, your organization must first excel as a Supplier.

Most of your customers will likely prioritize consistent product performance, supply security, and other fundamental factors, even before discussing price. While price is important, it's not the only decision-making factor, even in commodity-based, transactional relationships.

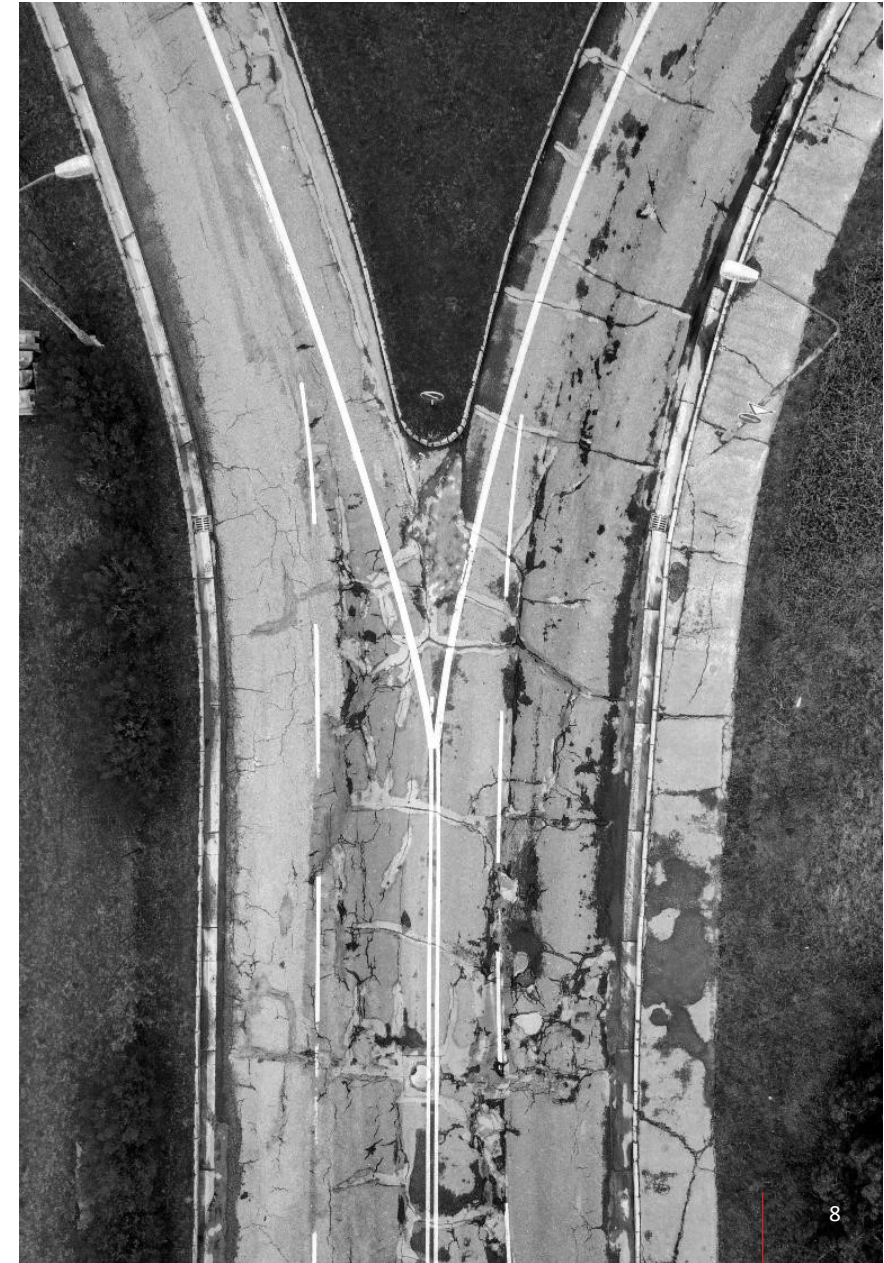
We are not proceeding with a Solution Provider initiative

If you feel confident in the work done to reach this decision, it's perfectly fine. Let's focus on using both internal and external feedback to improve processes within the current setup. This approach will yield tangible results and improvements, potentially paving the way for a Solution Provider transformation in the future when circumstances are more favorable.

We are ready to proceed

It seems you share our perspective on the importance of this transformation, and you're prepared to dedicate more resources to achieve it.

Let's summarize what you already know.



What are the next steps?

I know:

- My customers and potential customers:** I understand their markets, their customers, their needs, and the challenges they face. I know how they purchase my product, who the key stakeholders are, what their needs are, and how they make supplier selection decisions.
- My current and future competitors:** I'm aware of their strengths and weaknesses, how to mitigate their strengths and capitalize on their weaknesses. I understand their unique selling points, the reasons behind their successes or failures, where they are on their path to becoming Solution Providers, and how they are perceived by the market.
- My organization:** I have a clear understanding of what is working well and what needs improvement. I know how to build on our strengths and address areas that require enhancement - from various perspectives and levels within the organization. I also understand how we define a Solution Provider, the overall view on the transformation, and the potential complexity, depth, and resources required for this journey.

In other words, you are very well equipped for the next steps.

Next steps:

- 1. Align internally on the Solution Provider definition.** The first step is ensuring that the entire organization is aligned on the **definition of a Solution Provider**. It's vital that everyone, from leadership to frontline teams, has a **shared understanding of what this transformation means for the business**. The definition should be clear, simple, and effectively communicated across all levels. Keep in mind that different interpretations may arise. My advice: focus on the definition provided by your current and desired customers, rather than internal stakeholders, as their perspective is what ultimately matters.
- 2. Prepare a roadmap.** Once alignment is achieved, the next step is to **develop a comprehensive roadmap**. This roadmap should outline the key milestones, required resources, and specific actions to move the transformation forward. Prioritize by identifying the most critical process improvements, and if needed, map current processes to uncover bottlenecks. The roadmap should also include clear timelines, assigned responsibilities, and measurable goals to track progress. This **document will act as a strategic guide**, helping to navigate the transformation efficiently and **ensuring everyone knows their role** in the process.
- 3. Execute with regular monitoring.** Execution is **where the plan becomes action**. Regular check-ins and feedback loops are essential to ensure the transformation stays on course and adapts to any challenges that arise. These check-ins should be structured, allowing teams to provide updates, address obstacles, and adjust strategies as needed. Incorporating a system of continuous improvement ensures that the transformation is dynamic, responsive, and aligned with both internal objectives and evolving customer needs. **Staying flexible and open to adjustments is key to successful execution.**

Wrapping up

Based on the discussion with our clients and the number of Solution Provider projects we have executed in the past few years, **the need to transition into a Solution Provider is undeniable.**

The focus should be on something other than whether to embrace this transformation, but rather on how to execute it effectively.

Given that this shift represents a strategic change, it must be data-driven. Creating a strategic plan to evolve into a Solution Provider should draw insights from customers, potential customers, and competition. Contrasting external market perspectives with internal employee viewpoints can also identify additional opportunities for quick wins. This alignment can enhance awareness of unmet needs and address any barriers to market communication and customer service efficiency.

If the challenge of transitioning from a commodity supplier to a Solution Provider resonates with you, reach out to me. Let's discuss how our market intelligence and advisory solutions can assist you in becoming a trusted, long-term partner for your customers.

Contact the author of this article:



STATHIS KARAPLIOS | MANAGING PARTNER



Stathis brings significant experience in similar projects and experience leading complex teams in strategic and operational support. He is a highly accomplished professional who serves as a managing partner of EMBS Group and as the healthcare practice leader. With over 20 years of experience working internationally, Stathis brings a deep understanding of global business dynamics and practices and a strong track record of success. His ability to navigate strategic challenges makes him an invaluable asset to our organization and clients.

