BEST PRACTICES FOR DEVELOPING LONG-TERM RELATIONSHIPS: BALL-FOSTER'S APPROACH

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Ball-Foster's Glass Container Group for years has had a strategy of selling the expertise of their people and company to the prospect's buying team. For the most part this has been successful. Their selling strategies today have evolved into selling organization-to-organization, not seller-to-buyer. Ball-Foster's goal is to sell trust and expertise to potential customers. Ball-Foster's focus is to sell their people and company first, products and services second, and finally to negotiate a price that is fair to both parties. Prospects that ask Ball-Foster to quote prices first, before any relationships are started, are quickly removed from Ball's prospect list.

INTRODUCTION

The notion of selling beyond price and persistence has been around for many years (Reichard 1985). Companies have been building relationship strategies that attempt to insulate them from price competition. A sound relationship with a buyer also gives the salesperson a chance to fix a problem when one arises. If a salesperson has not developed a sound partnership with their buyers, one mistake can cause a buyer to bolt. Salespeople are being taught never to talk price with buyers before the buyers have been sold on the salesperson and the company.

The biggest change in the last fifteen years in the glass packaging selling strategy is best found in a quote by Cliff Reichard, former Vice President of Commercial Sales in the packaging industry. "You must sell a buyer on the company and on the salesperson before any sales can be made" (Reichard 1985, 127). John Haack, Senior Vice President of Sales and Marketing of Ball-Foster, says a couple of words needs to be changed in the Reichard quote to reflect Ball-Foster's position today. "Ball-Foster must sell a buyer and the management team on their company and the expertise as well as its sales organization before any sales can be made" (Haack 2000). That is, the salesperson(s) must introduce the Ball-Foster Corporation to the buyer but the relationship must involve the buyer and seller company's management team as early in the process as possible. Ball-Foster has seen a change in the companies they call on as many of their customers and prospects have downsized their procurement groups. The buyers typically have more on their plates than what they can handle. Ball-Foster's strategy has been to demonstrate to the buyer they are a key player in the glass packaging industry and ask for a commitment from the buyer to get their key management team involved early. The ultimate goal is to get a prospect's management team to visit Ball-Foster at their headquarters in Muncie, Indiana.

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Liu and Leach (2000, 43) state "the willingness of an industrial buyer to develop highly cooperative relations with a salesperson may depend on how capable the buyer believes the salesperson to be, whether or not the buyer feels the salesperson can be trusted. As such, salespeople who are perceived as trustworthy and experts are likely to be highly valued by industrial customers."

Ball-Foster believes in this approach, but takes it one step further. They believe in using a sophisticated relationship selling strategy to move the selling process past the buyer to organization-to-organization. The purpose of this paper is to review the areas of trust and expertise and their value in relationship building. Then best practices of relationship building and the experiences of Ball-Foster will be addressed.

What is Trust?

Trust reflects the extent of one party's confidence that it can rely on another's integrity (Boone and Kurtz 1999, 339). John Haack states "it is important to understand that trust means different things to different buyers." According to John Newman, Vice President of Integrated Supply Chains Segment at A.T. Kearney, trust is defined in many ways. Buyers define trust with such terms as openness, dependability, candor, honesty, confidence, security, reliability, fairness, and predictability as well as other things (Kilgus 1998). The Kilgus study addressed the trust issue of a company when customers define trust differently. One customer related trust to credibility and said, "What trust boils down to, in a nutshell, is credibility, and when you say you are going to do something, you do it, and the whole organization has to stand behind that decision." Another customer related trust to confidentiality and was afraid that the salespeople were "going around and telling account B what account A was doing" and identified this as a violation of trust. One company linked trust to openness in that "we have to share information that traditionally is not shared." One president told how his engineers were sharing with their suppliers manufacturing secrets that would have been grounds for dismissal just a few years earlier

A salesperson has to determine what trust means to each of his or her buyers. If it is confidentiality, then the salesperson must demonstrate how his or her company handles sensitive information. If credibility is the concern, then the salesperson must demonstrate over time that all promises will be kept. Therefore, trust is whatever it means to the buyer, and it is the salesperson's job through questioning to determine what trust attributes are critical to relationship building for a specific buyer (Ingram et al. 2001).

"The essence of trust is that the industrial buyers believe that they can rely on what salespeople and their companies say or promise to do in a situation where the buyer is dependent upon their honesty and reliability" (Swan and Nolan 1985). One of the keys to a long-term relationship with any client is to create a basis of trust between the supplier organization and the client organization (Dwyer, Schurr and Oh 1987). Earning the buyer's trust is a prerequisite for success in selling industrial goods (Hawes 1994; Swan etal 1999; Smith and Barclay 1997).

Thus, gaining trust is imperative in order to be selected as a reliable supplier. Long-term sales success in any industry will generally be built on the concept of referral, and trust plays an important role. Clients obviously seek supplier organizations they can trust. The problem is, depending on the industry and the situation, that they may have had bad experiences that have lowered their hopes of ever finding a trustworthy partner. It is easy for a supplier organization to lose the trust of a buyer (even when it is an innocent misunderstanding of a missed delivery date). Consultative salespeople are in a unique position to capitalize on building credibility with customers who place a high value on trust. Because customers are looking for a trustworthy partner with whom to do business but may have difficulty trusting most suppliers, this equates to an opportunity for the trust building supplier (Ingram et al. 2001).

According to Haack, the "trust" described here extends beyond the typical transaction-oriented trust schema. Issues—such as, Will the product arrive as promised? Will the right product actually be in stock and be shipped on time? Will the invoice contain the agreed-on price? Can the salesperson be found if something goes wrong?—are only initial concerns. In relationship selling, trust is based on a larger set of factors due to the expanded intimacy and longer-term nature of the relationship. The intimacy of this relationship will result in the sharing of information by both parties that could be damaging should either side leak it or use it against the partner.

Trust answers the questions:

1. Do you know what you are talking about?—competence; expertise
2. Will you recommend what is best for me?—customer orientation

3. Are you truthful?—honesty; candor
4. Can you and your company back up your promises?—dependability
5. Will you safeguard confidential information that I share with you?—customer orientation; dependability (Peterson 1997).

"Trust" is an integral part of the relationship between customers and suppliers and results in increased long-term revenues and profits.

Expertise

Many organizations have recently been downsized, often dramatically cutting the number of purchasing personnel and support resources. As a result, buyers are having to do more with less and, as such, are thirsty for expertise, be it current insights into their own operations, financial situation, industry trends, or tactical skills in effectively identifying emerging cost cutting and revenue opportunities in their business. Of course, expertise will be even more critical with certain buyers who are technical, detail-driven, and/or just uninformed in a certain area.

Today's buyers will respond positively to any attempts to assist them in their efforts to reach bottom-line objectives, be it revenue growth, profitability, or financial or strategic objectives. Thus, "expertise" will take on an even more important role in the customer's assessments of the seller's credibility. For some buyers, especially those with economic or financial responsibilities (e.g., CFO, treasurer, owner-manager), a representative's ability to "contribute" to the bottom-line will dominate the perception of a seller's credibility. This is a very important consideration for salespeople, given their pivotal strategy of penetrating accounts at the economic buyer level. Salespeople are seeking to convince clients that they are (1) actively dedicated to the task of positively influencing their bottom-line objectives, and (2) capable of providing assistance, counsel, and advice that will positively affect the ability to reach objectives. This is easier said than done because salespeople frequently do not understand the long-term financial objectives of their client.

Buyers today want recommendations and solutions, not just options. Salespeople must be prepared to help their clients meet their goals by adding value. Buyers are continually asking themselves: Does the salesperson's organization have the ability, knowledge, and resources to meet his or her prospective customers' expectations? Salespeople are selling not only their knowledge but also the entire organization and the support that they bring to the buyer. Does the salesperson and their organization display a technical command of products and applications (i.e., is he or she accurate, complete, objective)?

Expertise also deals with the salesperson's and organization's skill, knowledge, time, and resources to do what is promised and what the buyer wants. Small customers must think that they are being treated as well as larger customers and have access to the same resources.

A sales organization must exhibit knowledge generally exceeding that of their customer, not just in terms of the products and services they are selling but in terms of the full scope of the customer's financial and business operations (e.g., products, programs, competitors, customers, vendors). They must bring skills to the table, be it discovery, problem solving, program and systems development, financial management, or planning. These skills must complement those of the customer and offer insight into the best practices in the customer's industry. It is not enough to be an expert. This expertise must translate into observable results and *contributions* for the buyer (Peterson 1997).

BALL-FOSTER GLASS

Ball-Foster is a subsidiary of Saint-Gobain, a company established in France in 1665. Saint-Gobain has had over 335 years of uninterrupted experience in manufacturing. Their core products are glass (46% of sales), housing (39%), and high performance materials (15%). Net income is over one billion dollars on sales approaching twenty billion. Saint-Gobain is the number one glass manufacturer in the world. Ball-Foster Glass introduced Saint-Gobain into the glass container U.S. market in 1995 after their buyout. Ball-Foster is the second largest producer of glass containers in North American. Ball-Foster's products include bottles and jars for the food and beverage industries (see Table 1). Customers include Anheiser-Busch, Coca-Cola, Pepsi, Kraft, and many others. (See Table 2 for a summary of Ball Foster's North American operation.)

TABLE 1
Ball-Foster Glass Percent Share of U.S. Glass Container Market

Carbonated Beverage	65%
Foods	48%
Liquor	44%
Wines	55%
Overall Share	31%
Beer	22%

Ranks as second largest U.S. glass producer

TABLE 2
Ball-Foster Glass Sales—Production Capacity

$1.5 billion in sales
11 billion units produced
6,200 employees
18 plants
42 furnaces
31 % of North American production

The Ball-Foster Selling Philosophy

The way Ball-Foster operates demonstrates how long-term customer relationships are being developed by many marketing organizations today.

The biggest difference between 1985 and 2000 is that the company's focus has shifted from selling only to the prospect's purchasing department to selling to the entire organization. The objective of getting prospects to visit the home office remains, but in 1985, the prospect's purchasing departments visited, now the entire management team is encouraged to visit (see Figure 1).

This takes a lot of time, effort, and resources. Tackling a multi-million dollar international account can take many months of meetings to set up this important visit (see Table 3). During the first few months, Ball-Foster has to demonstrate it is a key player in the glass packaging industry. Ball-Foster believes demonstrating expertise and trust in everything that they do is critical to their sales successes. The primary goal during initial meetings with a prospect is to sell Ball-Foster people first and the company second. Until Ball-Foster gets a prospect to one of its plants, it is almost impossible to sell products, service, and price (see Table 4). One of the key lessons Ball-Foster's national account managers have learned about prospects that want a price quote right away is that Ball-Foster has little to no chance to gain their business. These types of buyers are considered transactional buyers and typically buy on low price. It has been Ball-Foster's experience that if they quote early, the prospect will take the quote to their present supplier and simply ask them to match the price. Ball-Foster understands the dilemma a prospect is in when Ball-Foster attempts to gain their business. The prospect does not know Ball-Foster personnel or their capabilities, and they see a large cash outlay needed in switching costs. That is why Ball-Foster must sell its people and company first. This requires a visit from prospective customers.

Ball-Foster still operates with the philosophy that no one call convinces a buyer to buy. Industrial sales result from the cumulative effort of many calls. Ball-Foster's best chance to demonstrate trust and expertise is during a visit to their headquarters. This is the main goal of all Ball-Foster sales calls. Provide enough information to move the sales process along and work toward a headquarters visit.

The Process to Ensure a Visit to Headquarters

Ball-Foster does not minimize the importance of all the sales calls that take place before a headquarters visit. Initial discussions between national account managers and a prospect's corporate purchasing department can take months. Conversations involving the familiarization of Ball-Foster and objectives of the customer in regard to purchasing supply can take several calls. Ball-Foster is careful

FIGURE 1

1985 Sales Strategy		2000 Sales Strategy	
Selling Function	**Buying Function**	**OrganizationalFunction**	**Organizational Function**
Salesperson.............	Purchasing Manager	National Account Manager...........	Corporate Purchasing
Support Team	Purchasing Group	Support Team	Support Team
President/CEO		President/CEO.........................	President
VP Sales		Senior VP of Operations.............	VP Operations
Production		Senior VP of Sales and Marketing....	Senior VP of Supply Chain Management
		VP Sales................................	VP Purchasing
		Senior Managers	Senior Managers
		Quality .... Purchasing............................... Marketing................................ Logistics................................. IT..	Quality Purchasing Marketing Logistics IT

.....Relationship Contact

to find a good fit between Ball-Foster's strengths and their customer's needs. Ball-Foster wants to show their prospect their commitment to the relationship by introducing the respective firm's management team to the Ball-Foster Glass management team. Issues such as quality and service may be approached. This is a good time to offer some insight into design, shapes, geographical coverage, and carton and bulk packaging. Other competitive advantages Ball-Foster might address are their parent company's global standing, and their long-term commitment to glass. The visit finishes with a review of potential such as their technology advantages in high volume and speed capabilities. Four to six months into this process it is the responsibility of the National Account Manager (NAM) and Vice-President of Sales to pave the way for senior management to visit the prospect's headquarters for a major presentation. Again, Ball-Foster wants to show commitment to their prospect and that they are serious about moving the relationship forward. Ball-Foster's group may consist of the NAM, Senior VP of Sales and Marketing, and any other member of the management team. Before the visit, Ball-Foster confirms the attendance of the prospect's senior managers at the presentation. Ball-Foster wants the highest-ranking audience possible. At a minimum, the areas of quality, purchasing, operations, marketing, logistics, and supplier relations are encouraged to attend.

During Ball-Foster's initial major presentation they want their audience to come away with a sense that Ball-Foster has financial security and will continue to be around a long time to take care of their needs. A 335-year history helps. They must also demonstrate they are a leader in the prospect's market segment. Testimonials from many of Ball-Foster's single source customers go a long way to bring about credibility. What they want to accomplish at the end of this visit is that Ball-Foster is credible and the prospect feels compelled to investigate Ball-Foster further.

TABLE 3
Events Leading to a Multi Million-dollar Long-term Supply Agreement

April 1997	Initial discussion between National Account Manager and Corporate Purchasing. Conversation involved familiarization of Ball-Foster and strategic objectives of the customer in regard to packaging supply.
April to August 1997	Conversations familiarizing the customer with Ball-Foster's strengths continued with support of the VP Food Category Manager of Ball-Foster.
August 1997	Major presentation by National Account Manager, VP Food Category Manager, and the Senior VP Sales & Marketing to the customer's senior managers in the areas of quality, purchasing, marketing, logistics, and supplier relations.
August to November 1997	Frequent conversations and visits reviewing details of potential supply.
November 1997	Senior mangers of both companies met at Ball-Foster corporate office for introductions, overview, and discussion of potential supply. This was the first face-to-face visit between President/CEO of Ball-Foster with the customer's key players.
December 2, 1997	Visited the principal Ball-Foster supply facility by members of corporate sales, purchasing, quality, and logistics of both companies
December 9, 1997	Followed up the corporate visit with another supply review of the potential supply plant, involving all the key managers of the respective producing and receiving plants to discuss quality, logistics, and demand planning issues. This meeting involved key plant personnel from both companies with participation from several corporate managers.
December 10, 1997	The same group as above visited the Ball-Foster corporate office for a presentation on Ball-Foster. This allowed Ball-Foster to expose their entire senior management group to the operational group of the prospective customer.
December 31,1997	Ball-Foster receives "Letter of Intent" for supply.

TABLE 4
Ball-Foster Selling Strategy

Ball Sells	
People:	we have the expertise to get the job done we have competent people in all our key areas
Company:	Saint-Gobain ownership—we're a global player we have a long-term commitment to glass
Products:	18 plants 42 furnaces major producer of bottles and jars innovator in glass packaging
Service:	highly committed to service quality control technical expertise
Price:	negotiate a price that is fair to both parties

The next few weeks require many visits by the National Account Manager who reviews the details of the potential supply. The primary goal during this timeframe is to secure a visit from the prospect's senior managers. This may be the first face-to-face visit between key senior managers (e.g., President/CEO) of Ball-Foster with the prospective customer.

If Ball-Foster's sales team has done their jobs well, the prospective customer will want to visit Muncie. The purchasing managers who attend the presentation will encourage their senior managers to make the trip. Sometimes smaller groups will come first and, based on favorable reports, higher-ranking officers come later. Ball-Foster picks the prospect up in their corporate jet for a trip to Muncie, Indiana.

Upon arrival, the guests are housed in the corporate guesthouse, a mansion built by one of the founding

Ball Brothers. The first evening is spent having cocktails and dinner in the mansion. Ball-Foster's entire senior staff attends as Ball wants to demonstrate a corporate commitment to their prospect.

The next day the guests visit the corporate headquarters. Ball-Foster's staff shares with the prospect their strategic plans and their ideas for the future. During the visit the Ball-Foster story is told again for those who have not heard it. Every member of Ball's sales team (including the President/CEO) has a major role in the presentation. The goal is to show and demonstrate during this exchange that Ball-Foster has the ability to take care of their volume. The visit generally ends with further discussions relating to issues prompted by our presentations and other items of mutual interest.

The trip to headquarters not only gives Ball-Foster the opportunity to sell other decision makers in the company on doing business with them, it also lets them make the purchasing contacts look good. These are the people who recommended the visit to others, and they should be supported.

If only purchasing personnel were included on this trip, they would not be the appropriate group to initiate a change in suppliers. Switching costs are high and senior management must be convinced that these costs are recoverable and there are competitive advantages in doing business with a new company. Ball-Foster believes that this group can go back to their home office and do the internal sell of why they should change their supplier to Ball-Foster.

By this point, Ball-Foster hopes to have accomplished the following:

1. Ball-Foster has demonstrated that they value the account's business enough to make sure every call was well planned and meaningful.
2. Ball-Foster has taken an organized and businesslike approach.
3. The sales team has indicated that they can handle details by presenting the complete story of the company.
4. Sales calls introduced Ball-Foster as an exciting company with vast and diverse areas of expertise.
5. The sales team has shown that the company is creative, imaginative, innovative, and solid—desirable traits in a supplier.
6. The sales team has communicated that Ball-Foster is a company that an account can trust—one that will do a high quality job.
7. The sales team has made the initial contact look good in the eyes of his or her superiors.
8. The sales team has communicated to the original prospect that he or she needs Ball-Foster's combined talents and skills to continue to look good in the future.
9. The prospect's senior management team has become more involved in their company's planning process and they can appreciate the planning Ball-Foster has done to secure its business.
10. The sales team has demonstrated expertise in the prospect's product category and they view

Ball-Foster as a Leader in Their Respective Markets.

The major difference between traditional relationship selling and Ball-Foster's approach is the earlier relationship focus was on buyer-seller and Ball-Foster now focuses their relationships on organization to organization. Ball-Foster expects their IT people to know their customer's IT people and so on down the line. If relationships are built on this level, a lot more sharing of information takes place and it is also hard to end the relationship.

After the case has been made regarding the quality of Ball-Foster's people and company, the next stage is to get the prospect to visit one of Ball's production sites. This generally takes place within four weeks of the senior management teams getting together. With eighteen plants in North America, it is fairly easy to get prospects in for a plant visit. The request for senior management to attend must be made, such as personnel in corporate sales, purchasing, quality and logistics of both companies. Ball-Foster wants to demonstrate how clean their facilities are, how sophisticated their equipment is, and continues to create a desire by the prospective customer to do business with Ball-Foster.

Following up the corporate and plant visits there is another supply review from the potential supply plant. This involves all the key managers of the respective producing and receiving plants to discuss quality, logistics, and demand planning issues. This meeting involves plant personnel from both companies with participation from several corporate managers.

A day later, the same group of plant personnel visits the Ball-Foster corporate office for a presentation on the company. This allows Ball-Foster to expose their entire senior management group to the operational group of the prospective customer.

By the end of the month Ball-Foster receives a "Letter of Intent" for supply. The entire process can take more than eight months to complete and more than 25 official contacts with the prospect. This does not include the countless telephone calls that are made to set up meetings and plan details.

Strategic Implications

Ball-Foster's sales management team contends that the days are over in industrial sales when big ticket items can be sold strictly to the purchasing department. They are convinced that over thirty years of experience has proven that selling organization to organization (i.e., senior management to senior management) is much more effective. The days of selling price as the primary competitive advantage is over. Companies today must sell their people and company first, products and services second, and negotiate a reasonable price last. Starting with price gives the prospect the opportunity to use the quote to get a lower price from their existing supplier. When switching costs are high, the supplier organization must give the buyer compelling reasons to switch. Being able to help buyers adapt to technology change or sharing ideas that reduce costs are examples of compelling reasons to switch that Ball-Foster uses. Ball-Foster also notes that helping customers and prospects solve problems builds loyalty. Finally, Ball-Foster believes the team approach increases awareness of other functional areas in their company, which demonstrates to the prospect potential added value and expertise. Visits to headquarters and plant visits offer credibility that cannot be demonstrated with brochures and proposals.

CONCLUSION

Ball-Foster understands the importance of the team approach to selling. Their goal is to move past the purchasing function and sell organization to organization. In the glass packaging industry, they must sell technical expertise and service quality. It is difficult for a purchasing manager to assess this. A buyer's quality and production teams must be involved to be able to differentiate on these variables. Ball-Foster's selling philosophy is to sell their people and company first. They attempt to show they have the expertise to get the job done with competent people in all functional areas. A visit to headquarters is a must to demonstrate Saint-Gobain and Ball-Foster have a long-term commitment to glass packaging. Next, Ball-Foster concentrates on products and services that match up to the customer's needs. A plant visit helps sell the prospective business. Once they have had the headquarter visit and plant(s) visit, they should have a number of disciples (i.e., operations, procurement, senior management) that will go back to their company and sell their group on the value of switching suppliers. Purchasing alone has difficulty in making this sale. Finally, once a desire has been created to do business with Ball-Foster, they work to negotiate a price both sides feel is fair. If Ball-Foster has done their job of building credibility and trust and even when their negotiated offer is marginally less attractive, there is a still a good chance their negotiation teams will find a way to work out the differences. This is a must since Ball-Foster rarely offers the lowest terms. Ball-Foster must give the prospect a compelling reason to do business with them. Ball-Foster's selling philosophy is the entire team must be involved to bring in new business. The National Account Manager starts the process, and the entire supply team ends it with an order!

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