
FROM VENDOR TO TRUSTED ADVISOR IN JUST THREE YEARS: AN SKF SUCCESS STORY



At SAMA'S 51st Annual Conference, in May 2015, SKF was on hand to accept the 2015 SAMA Excellence Award™ for "Impacting customer metrics using a joint scorecard." What follows is a minimally edited version of SKF's award-winning submission. For more information on the SAMA Excellence Awards™, please visit www.strategicaccounts.org/About/SAMAE ExcellenceAwards.

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Background

Big picture, one of SKF's business challenges is to move from a component vendor to a trusted advisor. The following case study illustrates how the implementation of a set of joint scorecards, built on contractually agreed upon metrics, succeeded in launching SKF up the corporate relationship ladder at a strategic account, helping SKF to achieve trusted advisor status and effect sustainable, profitable growth moving forward.

Before launching this initiative, SKF was basically a bearings vendor inside a global steel and mining giant. Over time it had become clear that, without better understanding of the customer's business and strategic priorities, SKF would be condemned to failure going forward. An effective account planning process capable of building long-term customer relationships – while also meeting short-term revenue objectives – became an urgent need. To position SKF inside the customer and sell "high and wide" throughout the organization, we identified the need for a comprehensive and integrated work plan.

What follows is the story of how One SKF, a cross-divisional team comprising 38 SKF employees from 28 countries, designed a value-based frame agreement that delivered on its promise of a minimum 10 percent documented savings on the customer's total cost of ownership (TCO) and bottom line.

The journey

Over the years SKF has supplied the customer with industrial bearings and units, seals, power transmission products, mechatronics and services at all of its group plants around the world. As a result of winning this value-based contract, SKF is now a "Premium Preferred Supplier," of the customer, the highest level a supplier can reach. It means that SKF is its client's preferred option for all critical applications.

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As part of the value-based agreement, SKF has to deliver at least a 10 percent documented savings on the customer's total cost of ownership (TCO). Another goal is to improve the sustainability of operations using solutions from SKF's BeyondZero portfolio. These business goals are two examples of the set of metrics that were agreed upon for the contractual joint scorecard and are being delivered upon.

Last year and for the first time, SKF was nominated to receive the customer's TCO Savings Award. This prestigious award is a kind of corporate recognition for partners that made a valuable and consistent contribution for the customer's TCO savings program over a certain period of time. This year, SKF is looking forward to a second nomination from the customer's board.

How did we do it? Glad you asked.

The main success factor of this global business program was... teamwork. The initiative was spearheaded by One SKF, which orchestrated the overall relationship with the customer with the goal of building long-term value while also living up to short-term revenue objectives.

The second pillar of this implementation process is SKF's Documented Solution Program (DSP) success map, which is used by the core team members as an inspirational source for innovation and replication. The DSP is a mobile, interactive tool SKF uses to measure the monetary value of the savings that its customers can attain by using SKF's products and solutions.

Last but not least, the third key pillar of this initiative has been our effort to actively reduce the customer's environmental impact through SKF's BeyondZero portfolio.

The SKF BeyondZero strategy consists of two simultaneous goals: to reduce the negative environmental impact from our own operations and those of our suppliers, and to innovate and offer our customers new technologies, products and services with enhanced environmental performance characteristics.

On the environmental impact front, we've been quite successful. Between 2006 and 2012, a period during which our business grew by more than 20 percent, we were able to reduce our manufacturing operations' total energy requirements by 14 percent. Over the same time period we reduced the greenhouse gas emissions, specifically CO₂ from our own operations, by 16 percent.

On the innovation front, we also think we've been quite successful. In order to quantify, drive and communicate the positive side of SKF BeyondZero, we have developed the SKF BeyondZero portfolio, through which we offer products, services and solutions that bring significant environmental benefits to our customers. With the BeyondZero strategy we strive to act in a way that not only secures strong financial performance but also supports global environmental sustainability for both the customer and SKF.

The results

SKF succeeded in implementing a novel contract policy with the customer, built on a mutually agreed upon scorecard with direct impact on the customer's total cost of ownership and sustainability.

Within the scope of this multi-platform frame agreement contract, the implementation of the SKF Documented Solution Program has been a massive success.

The primary hallmarks of this

SKF background and key facts



The SKF Group is a leading global supplier of products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems. Services include technical support, maintenance services, condition monitoring, asset efficiency optimization and training.

SKF is present in nearly all industries, including cars and light trucks, aerospace, wind energy, railway, metal, machine tool, medical, and food and beverage.

In 2012, SKF recorded 663 invention disclosures and successfully applied for 421 first filing patent applications.

SKF groups its technologies into five platforms: bearings and units, seals, mechatronics, services and lubrication systems. By utilizing capabilities from all or some of our platforms, SKF develops tailor-made offers for each industry, helping customers improve performance, reduce energy use and lower total costs.

SKF Industrial Market, Regional Sales and Service is divided into seven geographic areas and offers a full range of products, solutions and services to both original equipment manufacturers (OEMs) and end users in different industries.

The business area is responsible for managing and working with SKF's industrial distributors. It serves the industrial aftermarket through a distribution network present in around 7,000 locations worldwide. Regional sales and service sets up and develops SKF Solution Factory facilities, which give customers access to engineering expertise covering SKF's five technology platforms. Each SKF Solution Factory delivers a wide range of services, from mechanical maintenance to asset management consulting.

