

Q&A: Laura Blackmer

Konica Minolta executive addresses dealer questions

Compiled by: Brent Hoskins, Office Technology Magazine

On June 28, Office Technology magazine interviewed Laura Blackmer, president of dealer sales for Konica Minolta Business Solutions U.S.A. Inc. (Konica Minolta). The questions she addressed were requested from and submitted by Konica Minolta-authorized BTA member dealers.

Blackmer is responsible for the sales and management of Konica Minolta's dealer network. She joined the company's executive team in December 2017. She previously served in management and executive positions at Hewlett-Packard Co., Intermecc Corp. and Sharp Electronics Corp.

Below are some of the dealer questions submitted to Office Technology and Blackmer's responses.

Dealer: We have heard that Konica Minolta peripherals are available for the most part, but that the main units are not. That is causing dealers concern, tying up their capital when paying for peripherals that they can't deliver, because the main units are not available. When will your inventory levels be more consistent?

Blackmer: The products have been coming in a few [shipping] containers at a time; it's sort of like Christmas morning — "What's in this container? Well, today it's a container of finishers." Next week it's a container of paper cabinets. So, it's very much a unique system in that we are shipping out as soon as we get product, which is very different from having three-and-a-half to four months' worth of inventory and shipping what dealers order. The whole thing is kind of upside down. As it happens, this week we're shipping more main units. We also opened containers that had a lot of mono, which has been a big need.

So, if you define "consistency" as sort of the concept of, "I've written you an order for five main machines with five finishers and five paper cabinets to ship complete," those



days are gone — at least for the near future; when I say near future, I'm talking six to 12 months out. I think we're very much going to be in a pattern of most of what comes in is presold. It's a matter of what shows up off the boat. There's very little I'm shipping from inventory, except for toner, and some supply of finishers and paper cabinets. However, when we receive the main units, they are not sitting on the floor long enough to gather any dust.

Dealer: Many Konica Minolta dealers are tired of waiting for equipment, parts and toners. Will Konica Minolta be adding manufacturing locations and/or bringing manufacturing/supply/parts back to the United States?

Blackmer: I get this question pretty much daily. I don't think any of us will see a manufacturing facility in the United States soon, even in the midterm. I just don't see it. It's not just labor cost. Just building a manufacturing facility is millions, if not billions, of dollars.

What I am pleased about is we are taking a serious look at how to make sure we don't end up in this position again, such as creating double sourcing for parts and supplies. Even if Plan B sourcing is more expensive, it still may be a good answer for us to make sure we have the right kinds of relationships with our suppliers.

When the whole tariff situation started, we did move a significant amount of manufacturing out of China to Malaysia. The challenge is the parts that we use — a lot of competitors use some of the same parts — are all out of China, and we don't control that because we're sourcing from third parties. So, some of it is: What do we control versus what don't we control? We are doing some manufacturing now in Mexico ... We've been continually looking for ways to reduce our dependency on China, just because it's become such an unstable place.

More importantly, from a manufacturing perspective, we're continuing to look at such questions as: What can we do to reduce our dependency? What can we do to have a Plan B if something becomes in short supply? How are we building our Plan B, our Plan C? What kind of relationships are we building with secondary and tertiary providers?

Dealer: Will Konica Minolta be as strong or stronger coming out of this mess?

Blackmer: I think we are already stronger. I can speak specifically to Konica Minolta (U.S.). We are absolutely a tighter organization. Our ability to create profit is much, much better. Our whole P&L is much tighter. We reduced expenses; we increased margin. More drops to the bottom line than it did before.

Despite all indications that this is a declining business, our demand remains very strong. So, the good news is, we've tightened up our business. I think we're better at doing business than we were two or three years ago. We didn't want to go out and lay off 50% of our workforce. We had to figure out how to be more efficient, better and make some wiser decisions. All of that happened in the last two years. Some of it was very visible; some of it has not been very visible, but, ultimately, we are a stronger company for it.

Even more importantly, I think our relationships are better. Believe it or not, despite everything that has happened and some of the most difficult conversations I've had, our relationships with our dealers are stronger. I think we now understand their businesses better. I think they understand our business better. I feel like we're on the same page in a different way than we were two years ago.

Our combined empathy is much higher. I mean, I've tried to get much more involved in helping our dealers navigate with their customers. For example, if I see an email or hear about a conversation where a customer blames the dealer, I will jump into that conversation in a heartbeat and say, "No, this is where the arrows go." We're a much better partner than we might have been two years ago. The other thing that I sort of joke about is, I don't ask for orders anymore. Instead, I'm trying to find ways to fill the orders we've got. I think that changes the relationship.

Dealer: The combination of hardware supply-chain issues and the toner shortage has tested the loyalty of Konica Minolta dealers. What does Konica Minolta plan to do in order to regain their trust and re-earn their business?

... We do not take dealer loyalty for granted. We know we must earn it and, frankly, I hope it's a way of business that we never lose sight of.

Blackmer: I talk about this with my team all the time; it's kind of a mantra we have right now, internally, which is called "hearts and minds." So, whenever I say, "Hey, that's for hearts and minds," people get it right away. They know what I'm talking about, and it usually means we need to do something that we might not have normally done. I think, honestly, we do not take dealer loyalty for granted. We know we must earn it and,

frankly, I hope it's a way of doing business that we never lose sight of. That is, we must earn that loyalty every single day.

In a lot of the conversations I have with dealers, I'll say: "Look, here's what I can ship. You tell me, what's the most important thing you need right now from me?" So, part of it is not just assuming what we should do, but asking what we should do. We spend a lot of time asking. I also think that our new Rev'd Up program has reinforced that to some degree, where we're saying: "Look, we know that for you to diversify your business, you must invest. Well, we're going to help you with that investment. We're not just assuming you'll do it because it's the right thing to do." So, we're taking a different view of how we approach our dealers. Instead of, "Here's our program, enjoy it," it's more like, "What do you need from us to do what you're trying to do?" I now see us much more as a company that truly is interested in how to make the dealers successful.

Dealer: What is your opinion of selling more through e-commerce, rather than through an outside sales force?

Blackmer: I think we look less at how we want to sell the product and more at how people want to buy the product. So, I still believe, very strongly, that the magic of this business is the local resource. Local dealers are involved in the community. People who live and work in that community want to buy from people they know. That's one way people want to buy.

There is also this other growing dynamic. People want to go online. I'm guilty of this. If I can buy something without having to talk to somebody, I'm happy. People want to go online, they want to do their research, they want to compare pricing, and they want to buy. So, we're trying to find ways that we can meet buyers where they want to be met, which is usually on the web. It's usually with all kinds of good, balanced information that they can access without being harassed, giving them multiple means to purchase that product. We're not doing a full e-commerce strategy at this point, but we are starting to populate our website. We just did a whole redesign that launched a couple of weeks ago that

meets the needs of buyers that want to get a lot of information before they ever speak to somebody.

On the direct side, we've been building out an inside sales force that could potentially reach out and talk to, or at least respond to, people who say: "You know what, I do need to talk to somebody." We're also looking to our dealers to say: "We want to pull you into this conversation when it makes sense." So,

you've got a prospective buyer who is on the site, poking around, reading white papers and doing configs online. At some point, when they're ready to buy something, we want to make sure we're ready for them. So, it's less about pushing the product to an e-commerce site as it is about making sure that the people who come looking for information find what they need in the easiest way possible. I feel like we are providing them with information that helps them make better buying decisions. However, I still believe, very strongly, that most people, especially when buying a significant A3 product, are going to need to talk to somebody local and see someone.

Dealer: What will Konica Minolta's R&D investment be for A3 products in the future?

Blackmer: I don't have a number. I do know that we are continuing to invest, but it's interesting, as we're also doing a fair amount of investment in the solutions that surround A3. We launched our Dispatcher Phoenix Workflow Solutions products a couple of years ago. We've been migrating all of those to the cloud. We're creating very strong workflow products. So, I think our investment is not so much, "How much faster can we make the product?" or "How much more paper can we push through the product?" Instead, it is: "How can we make sure this product meets the needs of the customers and how they're using it?" This makes the investment very strong.

A lot of what we're doing is trying to build resilience into our products so that we can navigate the next time, because there will be a next time — there will be some bizarre supply chain shortage. How can we make these products easier to make; more capable of being swapped? For example, "OK, I'm not going to use the XYZ board. I'm going to use the ABC board, because that is what's available." So, we're thinking more about how are we able to endure future crises. How do we create workflow and security and all those things that are now so critical in a hybrid environment? How do we meet the customers where they are? So, that kind of investment is ongoing, but, again, I don't have dollar numbers.

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The other big area of investment for us is around production and industrial products; we're creating all these phenomenal partnerships with companies like MGI and it's not just that we are offering their products. We are developing the printheads that go into their products. So, we have a very symbiotic relationship between us and these partners. You can't really separate us anymore. So, there is lots of investment going into that.

Dealer: What are your thoughts on the new Konica Minolta dealer performance program, Rev'd Up? How does it work?

Blackmer: What I tell people is this program is really designed to help dealers invest in their diversification strategies. The two areas where we can really help dealers is in production and industrial print, and in what we call digital transformation (DX), which is solutions, managed voice, physical security and managed IT. What we've done is basically say: "If you decide that one of these areas is an area you want to be in and grow, we will help you invest in that, and there will be rewards [and incentives] for that." So, we gave that "investment" up front and said, "You know what, here's your investment," and invested ahead of revenue. My goal is to help dealers shorten the time to break even, and then have a stronger ROI when they decide to invest in one of these categories.

I also recognize that not every dealer wants to do that, but they do want to grow, and so it has kind of this dual approach in that Konica Minolta will reward a dealer for diversification, but will also reward the dealer for growth. So, there are three categories — total revenue, DX revenue and production revenue. If you grow in any one of those, you can basically move up the ladder and increase your benefits. What's phenomenal is that it doesn't matter how big you are. We're not rewarding you for size. We're rewarding you for growth. So that's a big differentiator. We don't care how big your dealership is — if you commit and want to invest in your business, we're right there.

Sometimes it's difficult, especially in a declining market in an environment where you think: "What am I going to do to grow?" "Well, let's talk about that. Here are your options." We're getting better at that. We're getting better at giving dealers a much better road map, saying: "Look, we're not just expecting you to figure it out. We've got ways to do that. We've seen successes. We know what to avoid." ■

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