Managing Working Capital to Grow Businesses with Roy Owens

Introduction

[0:17] Jessica Ly: Welcome to Tech It Up with Jessica Ly.

I'm here with Roy Owens, who's the Sales Director at Kyriba.

Roy, welcome to the show.

[0:25] Roy Owens: Thank you, Jessica. Glad to be here.

[0:27] Jessica: I don't have that many conversations with people who deal with helping the SMB folks with financial challenges.

And so this area is really interesting for me to talk with you.

Section 1: Supporting SMBs Through Financial Challenges

[0:43] Jessica: I know during this COVID time, a lot of companies are suffering.

What are some of the challenges and the ways that they are trying to deal with the situation so that we can see them still be successful next year and not have to shut down completely?

[1:04] Roy: Yeah, it's a really good question.

And I think we've seen throughout this pandemic, over the past nine to 10 months, you know, in just about every country we've seen shutdowns where businesses were just shut down.

It certainly has impacted certain industries more than others.

Section 2: Supply Chain Finance & Early Payment

[1:24] Roy: What we're seeing in the market today, especially in the area that I focus on, is a move to assure that your supply partners, or your suppliers to your business, are still financially viable.

And one area that we've seen being used with good success is the concept of effecting early payment to your suppliers.

And to give you an example of that, typically between businesses, if you're a

buyer of a product or a service, you will have a certain amount of days before you need to pay that invoice once you receive it, once you receive the product or the service.

We have tools that larger companies are using today to facilitate early payment out to the suppliers, which obviously increases their cash flow, improves their cash position, so that they are going to be viable currently and hopefully in the future.

[2:26] Jessica: What you're saying is that they can pay early.

And I'm thinking of, say, restaurant businesses, those kinds of services where they are looking for consumers to come to their stores.

They are probably not having the revenue, so they don't have the cash to pay early. So how do they manage the situation?

[2:48] Roy: Yeah, there's a couple of different ways that we can effect, or help them effect, that early payment via technology. One of those is called supply chain finance.

In that example, our solution creates a partnership between the restaurant, in your example, the supplier who supplies products or services to the restaurant, and a third-party financial institution, typically a bank.

And the bank would actually fund the supplier on behalf of the buyer early, which does a couple of things.

One, like we talked about before, it allows the supplier to get paid quicker, getting that cash flow back into their business.

It also allows the buyer to extend the payment terms, whereby the buyer can hang on to the cash longer than they otherwise would have. So it's really a win-win for both parties.

[3:42] Jessica: I see. Okay, now I understand better. So you are helping them with the working capital, correct?

And in that example, the tool also allows, once the restaurant is back to a better financial position, then they can use their own cash as well.

[4:00] Roy: It really depends upon their current kind of financial condition.

As you know, many industries and companies have a cyclical nature to their cash flows.

So at times when they are net borrowers, they can allow their financial partner to facilitate that early payment of the invoice.

And at times when they're a net investor, they can use their own cash to facilitate early payment.

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Section 3: Sales Best Practices & Asking the Tough Questions

[4:25] Jessica: As a Sales Director with a team, tell us some of the sales best practices and tips that you try to coach your sales reps.

[4:37] Roy: Yeah.

I guess this is a topic that's kind of near and dear to my heart. You know, I've been in technology sales for about, I guess, 20 years.

And one thing that I've learned over the years, a couple of things. One is to keep it simple.

And I know that's probably used too often, but some of the things we focus on are really getting to the actual issues that we're trying to solve for our clients.

And the only way that you can really figure out what those issues are is by asking questions.

And a lot of times I'll see from newer members of our sales team, maybe people just getting out of college, maybe this is their first sales job or technology sales job.

I think many times, especially as salespeople, we hope we want to close every deal that we get involved with.

But what you eventually find out is sales is not a perfect game, right?

You're not going to close every deal that you get involved with. If you're closing 20 or 30% of them, it's kind of like baseball.

If you have a 200 or 300 batting average, you're probably doing pretty good.

The key is asking those questions early in the relationship, finding out if there's an opportunity to actually help the company that you're working with.

If there is, great, it could be a great fit. But if there's not, I think the best time to figure that out is pretty early in the relationship.

That way you're not wasting their time, you're not wasting your time. And the best way to do that is to really focus on asking those tough questions.

And I think, you know, generally we've all been in conversations where we have that feeling in our gut that there's a question we know we should ask and we just don't because we're afraid of the answer that we think we're going to get, right?

And that's actually the time that you need to ask that question. And I refer to it as a kind of a red light, yellow light, green light system.

When you get to that tough question and you feel that red light come up, it's time to stop and ask that tough question before moving on.

You know, even if it's a yellow light situation, like you think there's something coming up here that I probably don't want to hear because that means that I'm not going to close this deal.

That's when you need to slow down and really ask those questions.

Section 4: Building Business & Industry Knowledge in Sales

[7:12] Jessica: Well, I think you have to have confidence, and it does help if you are trained with the business content.

I think a lot of times salespeople are trained with the product content, so they get to know the product and the competitive landscape.

But there's a lot of industry trends, like big-picture conversations, like more of an executive-level conversation, that the salespeople would feel a lot more confident if they are, as an ongoing training process, fed that kind of industry knowledge about, say, the Gartner Magic Quadrant or any kind of industry reporting.

And I think that can help the sales reps a lot to have the confidence to ask those tough questions.

Section 5: Selling to CFOs & Treasurers

[8:00] Roy: You know, I think it is, and I think you're right. A lot of times in technology, we get stuck on all the features and functions and the fancy stuff that our technology does.

We like to go back and really look at the details of the business process. So my main conversations with companies happen at the CFO or the treasurer level.

And so we spend a lot of time training and thinking about and educating the teams on what does a treasurer think about, what does the CFO think about?

Do you have a working knowledge of the balance sheet and income statement?

You know, what are the typical key performance indicators that a CFO is looking at within the income statement and the balance sheet, and how do we affect those metrics or those objectives with our solution?

[8:57] Jessica: Now, when you are in this area talking with CFOs about finance and stuff, I'm wondering, there must be a lot of regulations and rules that are constantly changing. And so do you need to get certified and continue to go to kind of classes to get recertified?

[9:16] Roy: You know, there's really not. You know, our tools really don't, in the working capital space, impact a lot of regulatory areas.

You know, on the FX side and hedge accounting and things like that, it does get a bit more technical.

But in the world I live in within Kyriba, you know, there's not a lot of that involved.

Section 6: Value Engineering vs. Sales Engineering

[9:38] Jessica: Okay, when you work with CFOs, it's not just you.

You actually rely on having the engineering team behind you to help come up with solutions.

And you mentioned to me value engineering. Explain a bit more about that.

How is that different than, say, what most people might know of as sales engineering?

[10:04] Roy: This is value engineering? Sure. Well, I'll give you an example.

You know, 20 years ago when I began my career in technology and technology sales, managing sales teams, we had positions that were called solution engineers.

Their main role was to demonstrate the technology platform, whatever that might be.

They would also try to expand the conversation with the client in terms of how it was going to be used. And I think we've seen a shift over the years.

And certainly we've moved into an area that we now call value engineering, where before we ever do a demo of the product, we engage our value engineering team, and they're involved in helping us really uncover the true objectives of our client.

And then when we do a demo, we typically refer to them as vision demos.

We incorporate really the objectives they're trying to achieve, what they're trying to improve or solve within their company, and are able to have the demo make the most sense.

Section 7: Business Recovery & Preparing for Growth

[11:14] Jessica: Roy, I know it's a painful time for many businesses.

When do you see the change in growth for those companies that are hurting now?

[11:25] Roy: It is.

And, you know, we've seen that again over the past nine to 10 months through the pandemic.

I think we are starting to see people get back to work.

If you look at the employment numbers, certainly there are more people getting back to employment now.

You know, we now have a vaccine that's coming out, which I think will also

accelerate companies starting to get back to normal, especially, you know, it is somewhat industry dependent.

There are, you know, industries now that are doing very well because they are in areas that spending has increased.

You know, home improvement, as an example, is one of those.

But I think overall, you know, I've seen a number of different economic crises over the years.

It's the past 20 years, from the tech bubble to the financial crisis of 2008 and so on. And I guess we'll see.

Warren Buffett has said that, you know, during difficult times, that's the time to invest. And, you know, at many times, companies don't have the money to invest in difficult times.

I certainly understand that, but it's not always about investing money.

I think you have to look at all of your capital sources, whether that be human capital or financial capital or intellectual capital.

And if you organize yourself around the thought or the knowledge that eventually people will get back to work, companies will start to improve their condition.

If you organize early, then you're going to be able to capture that growth on the front end.

And I think it puts any company in a better position to understand that, you know, the times that we're in now are not going to continue.

Everything changes, and we will come out of this. And the companies that are planning for the emergence, if you will, I think will certainly have a head start.

[13:26] Jessica: I love your optimistic view, and hopefully by the summer we'll be in a much better position.

So thank you so much, Roy, for being on the show to talk about your working capital management services and talk about sales tips.

Appreciate you being on the show.

[13:44] Roy: Thank you for having me. It's good talking with you.

[13:47] Jessica: There you have it. Tech It Up with Jessica Ly and Roy Owens from Kyriba.

[END]