

# "Next Level" in Sales

**Attaining the next level of sales quality through targeted efficiency measures**

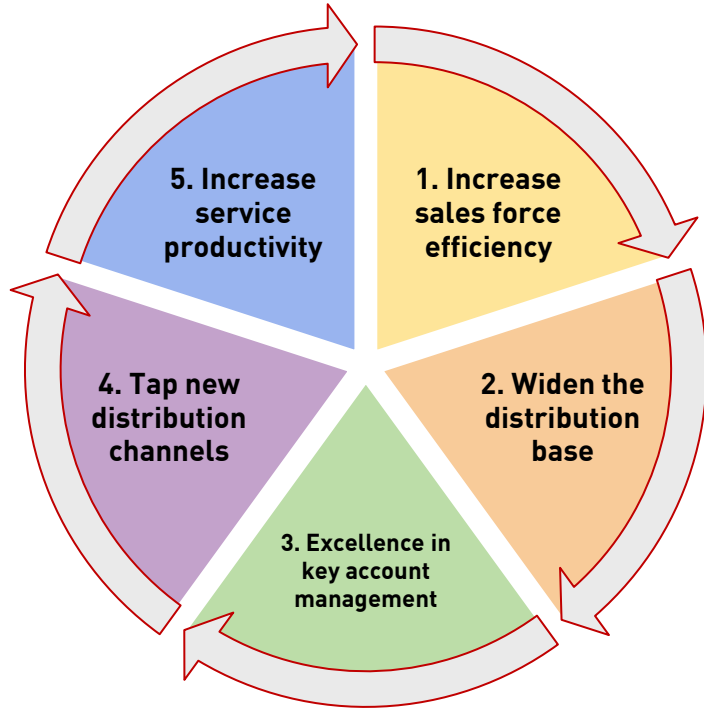
**Munich, August 2014**

- There are two good reasons for regularly assessing the efficiency potential of sales:
  - **Prominent importance:** In a situation of largely comparable products in stagnating markets, sales quality usually makes the difference between success or failure.
  - **High costs:** Accounting for somewhere between 3% and 8% of net revenues, sales is one of the most cost-intensive functions.
- Nonetheless, while efficiency programs are regularly conducted in procurement, production, administration and logistics, sales optimization is frequently avoided in most cases.
- The following factors in particular stand in the way of "professionalization pressure":
  - **Fear of lost sales / market share losses:** Not infrequently, the sales organization itself suggests that changes could have an adverse effect.
  - **Lack of instruments / tools:** Quantified input-output analysis, the intelligent use of benchmarks or the application of know-how from other sectors are more the exception than the rule in sales.
  - **Lack of an integrated approach:** There are many partial optimization approaches (e.g. for territory division / sales call planning, performance-oriented compensation, geo-marketing, etc.), but no consistent, seamless and holistic concept.

➔ For fear of doing the wrong thing, no action is taken at all, and promising opportunities are not seized!

# The "Next Level" approach brings market orientation and efficiency enhancement together

## Core functions to be investigated:

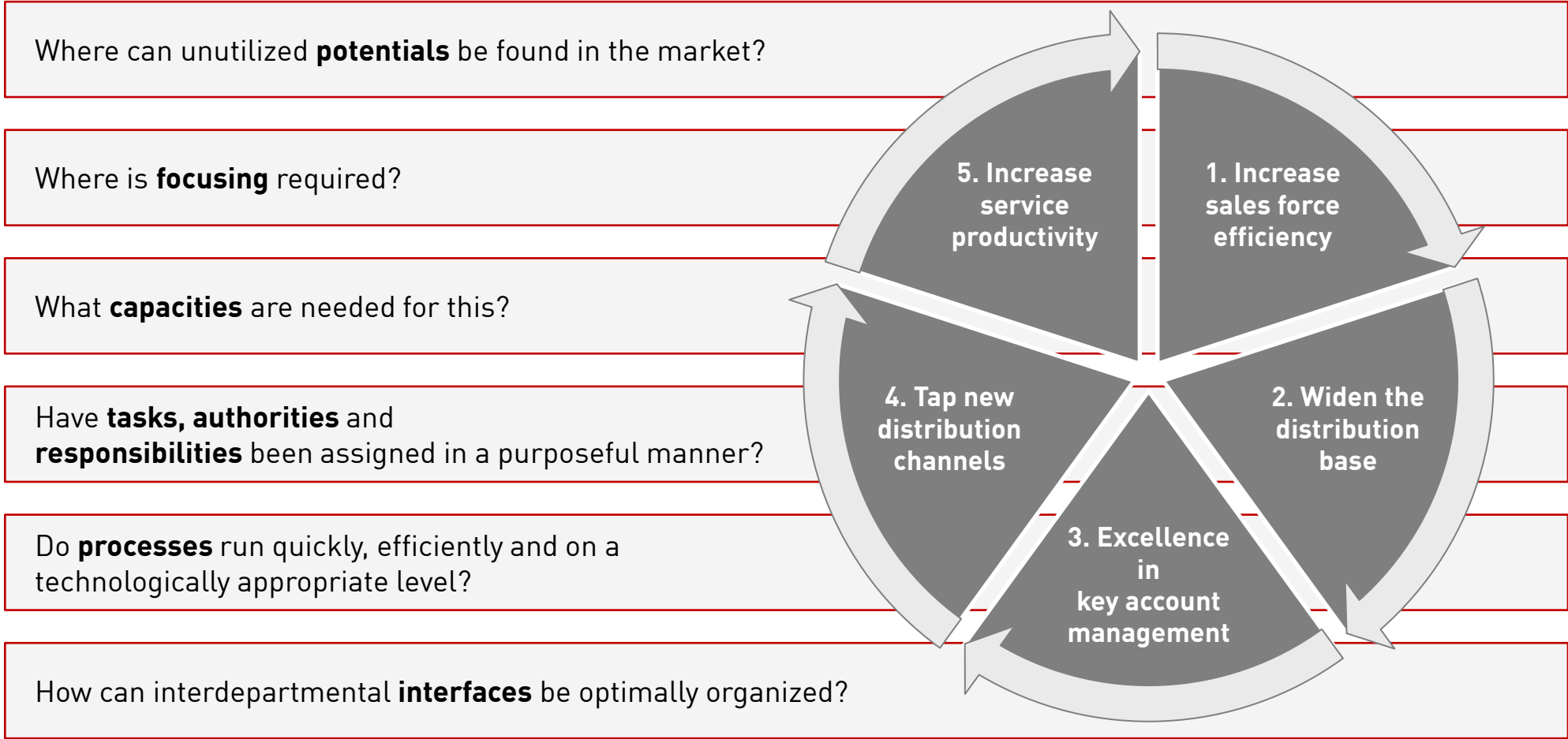


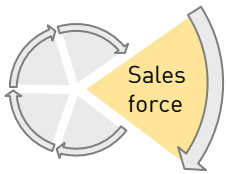
## What's new?

- 1. Integrated approach:** All central sales departments are covered – Coordinated comprehensive concept instead of partial optimization.
- 2. Outside-in view:** The starting point for all optimization measures is customer potential. Optimal focus on the customer is the "heart" of the next-level approach.
- 3. Consistent quantification:** Potentials and measures are quantified for all key action areas. There is no need to fly blind.
- 4. Strong implementation focus:** The most important thing is not the concept, but the success of implementation. Rigorous implementation planning and periodic success monitoring are critically important.

➔ Numerous projects have proven that "Doing more with less" is doable!

# The key underlying questions are the same in all parts of the sales organization

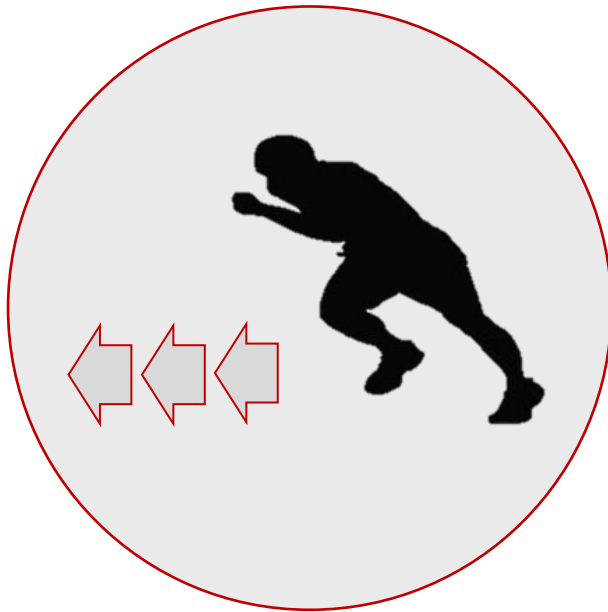




## Efficiently deployed, the sales force can be enormously effective



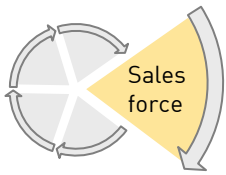
### Goal: Make optimal use of the sales force



### Key questions:

- Is the sales force capacity generally appropriate – or would an adjustment make sense?
- Does the customer classification scheme correctly reflect customer potential? Are sales call planning and territory division appropriate in this context?
- What sales force activities take up what amount of time? How can unproductive "time-guzzlers" be reduced?
- Do sales agents visit the "right" customers, meaning those with sales potential that are susceptible to influence?
- Can the "costly" sales force capacity be replaced with lower-cost forms in part?
- Can processes be designed more efficiently – by means of using tablet PCs, for example?
- Does the bonus system motivate sales agents to deliver top performance? Does it further the company's interests?

➔ As a general rule, the sales force harbors considerable optimization potential!



# Case Study 1: Making the sales force more effective

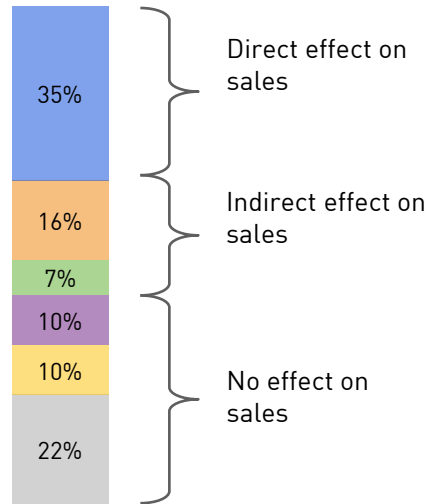


Leading brand in the market for garden / leisure supplies

## Initial situation:

### Sales force activity analysis

- Order-taking
- Stocking, replenishment of goods
- Sales call preparations
- Processing of returns
- After-sales/service



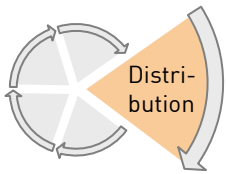
- High proportion of activities that have no effect on sales
- Sales call planning is not geared to customer potential (based purely on current sales numbers)
- Considerable time lost due to ID / service inquiries
- Lack of real-time data, outmoded IT
- Structural and procedural organization has not been changed for years
- Bonus system does not produce a genuine motivational effect

## Results:

- Redesign the customer classification scheme (introduce the perspective of potential)
- Revise the customer sales call plan on the basis of individual potential and susceptibility to influence
- Building on the foregoing steps, optimize sales agent territories (with due consideration given to place of residence, travel times, etc.)
- Outsource shelf maintenance activities to €450 workers (substantial cost savings)
- Introduce an improved "Tablet 2.0" solution
- Professionalize the incentive system

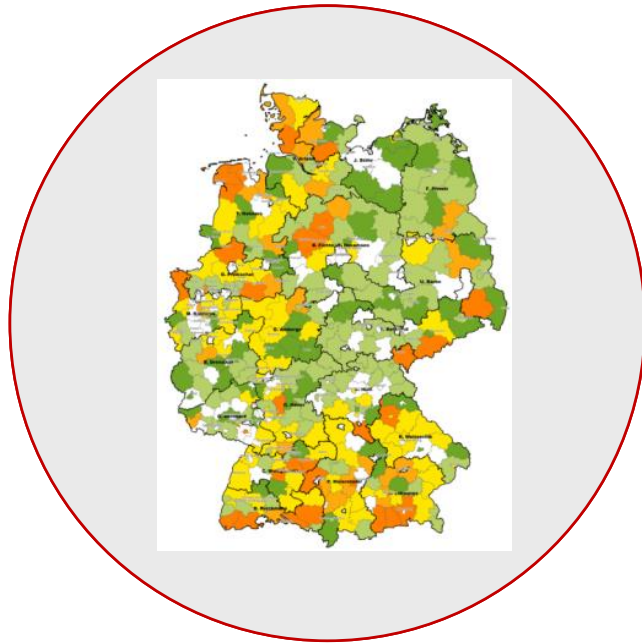


➔ 25% of sales agent time is freed up  
 ➔ More time for developing new customers



## Widened distribution base delivers substantial benefits

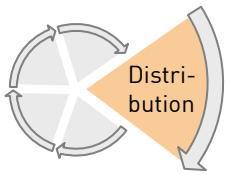
### Better distribution coverage



### Key questions:

- Where are there still “white spots” in the dealer network?
- Which dealers are relevant for the product assortment?
- Which competitors would need to be pushed out of those areas?
- To what extent are regional sales potentials (e.g., purchasing power, corporate customers) being fully exploited?
- Which dealers do we want to ...
  - Acquire?
  - Develop?
  - Stop?
  - Serve by other means (e.g., “virtually” through the ID)?
  - Give up?
- Based on the answers to the above questions, what dealer development plan should be devised and what resources will be required?

➔ Targeted program to further develop the company's own sales channels!

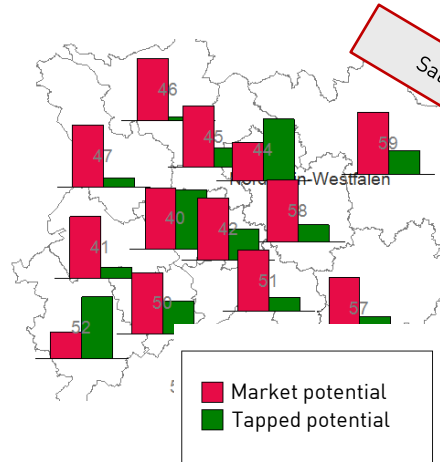


## Case Study 2: Making the dealer network more effective

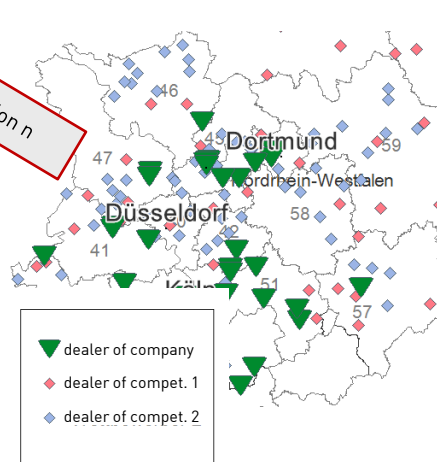
Leading tool and machinery manufacturer

### Initial situation:

#### Market potential



#### Competition situation



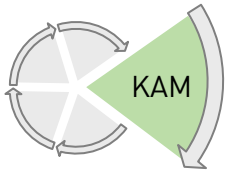
- Numerous “white spots” in the dealer network
- Regional purchasing power potential is being ignored in some cases
- Many dealers of competitors' products are not being addressed; hardly any systematic effort at new customer acquisition
- Considerable “listing gaps” among existing dealers
- Roughly 50% of dealers do not generate significant sales

### Results:

- Regional growth potential has been identified within the dealer network.
- Targeted dealers have been defined, specific measures to develop them have been devised.
- Effective immediately, internal and external benchmarks will be checked regularly as a means of success evaluation.
- A controlling-capable development plan has been formulated and is being implemented by sales agents.
- Sales management receives a monthly status report and takes region-specific measures.

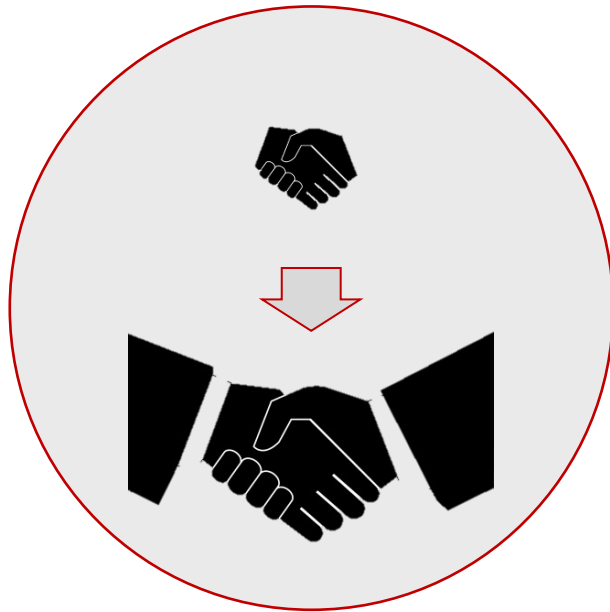
➔ 20% sales growth in the second year of implementation  
 ➔ Substantial increase in market share





## Excellence in Key Account Management (KAM)

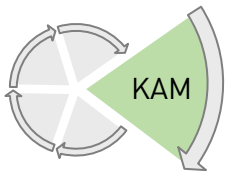
### Goal: Secure profitable growth



### Key questions:

- Where can growth opportunities still be found in the relevant key accounts?
- Are the various decider groups optimally addressed (e.g. purchasers, service managers, etc.)?
- Are new channels and sales forms adequately represented (e.g. e-commerce)?
- Is the interaction of KAM and sales force optimal?
- Does the capacity of key account managers match the potential of the respective customers?
- Is the growing internationalization of key accounts adequately reflected in the KAM organization?

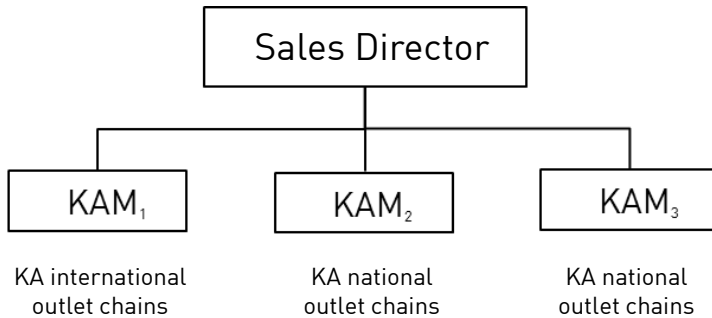
➔ The importance of KAM is growing generally, and this fact must also be reflected in the organization!



## Case Study 3: Strengthening Key Account Organization

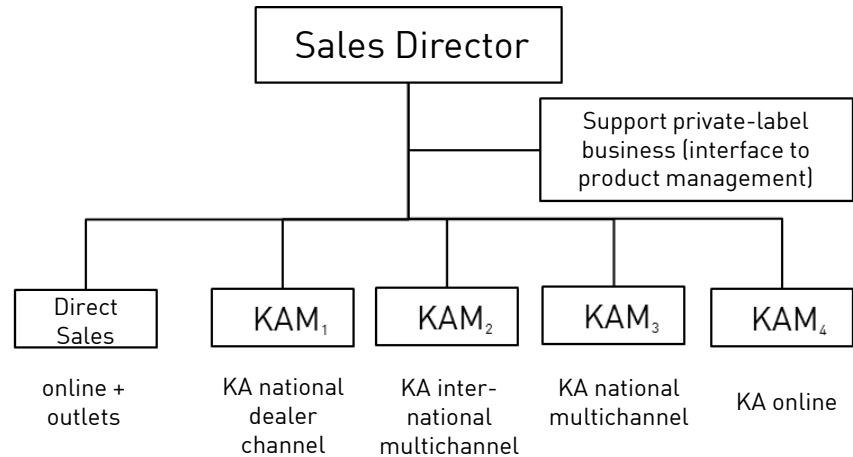
Well known manufacturer of brand-name consumer goods (non-food) **SSC**

### Initial situation:



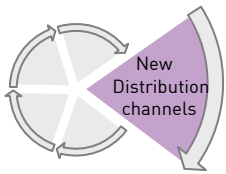
- Private-label business is not reflected in the KAM organization, and consequently it is not actively marketed.
- Cross-border key accounts are not served by a single office.
- Key Account Management does not possess the necessary know-how in the growing online business.
- The new flagship stores are managed by the Service Division, and not by the KAM organization.

### Results:



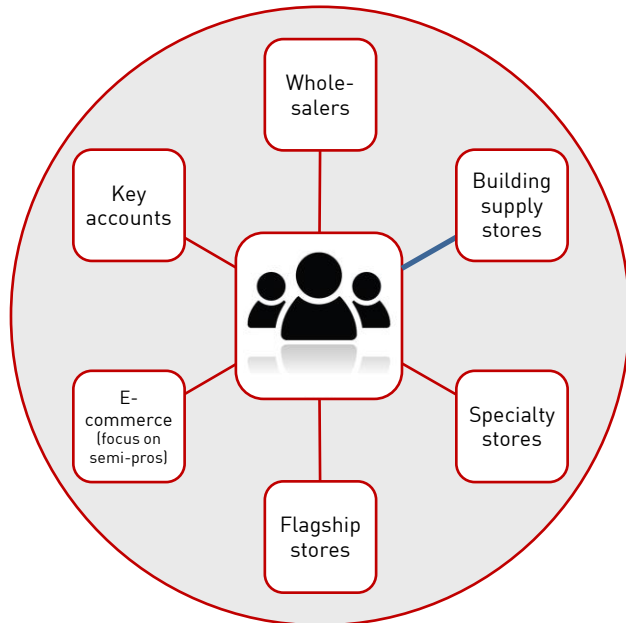
- The entire KAM organization is consistently aligned with the sales potentials in the areas of internationalization, private-label brands, e-commerce and flagship stores.

- ➔ Substantially greater market orientation in the KAM organization
- ➔ At the same time, reduction of conflict potential



## Secure future sales – also by taking heretofore untreaded paths!

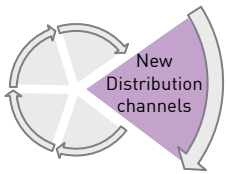
### Goal: Tap new ways to reach customers



### Key questions:

- Which established channels / customer groups are growing, and which are shrinking?
- Which new channels would be suited to our product assortment?
- What concrete sales and profit potential do the new channels offer?
- What role should the Internet play as a sales channel in the future?
- Would a "selective sales system" make sense, one that specifically promotes individual groups of dealers?
- What opportunities would be presented by direct sales, meaning distribution in the company's own flagship stores?

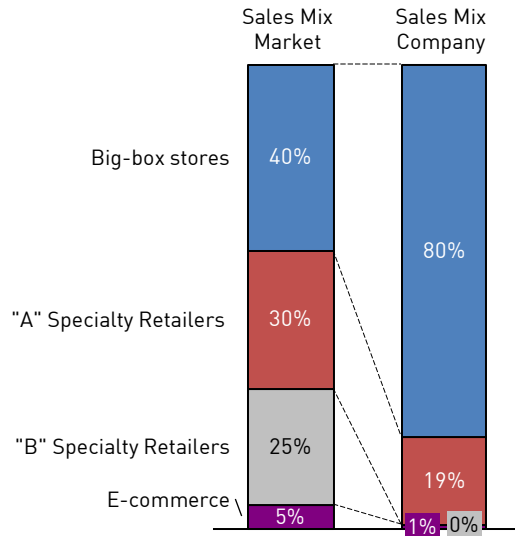
➔ Ways to reach customers are becoming more diverse, and therefore the sales map must be expanded!



## Case Study 4: More independent thanks to new sales channels

Market-leading building materials company (DIY)

### Initial situation:



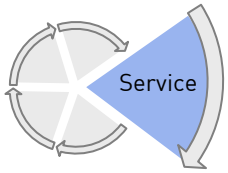
- Dominant position among big-box stores
- Considerable room for expansion in the segment of "A" specialty retailers
- To date, no delivery of "B" product assortment to specialty retailers
- In the segment of pure online players, competitors / private-label brands are much more widely distributed

### Results:

- Sales campaign aimed at "A" specialty retailers: Additional KAM capacities, shop-in-shop concepts, greater differentiation from big-box stores, etc.
- Development plan for "B" specialty retailers: Use of existing sales force capacities, focused product assortment, differentiated packaging, tailored POS solutions
- Formation of E-Commerce Unit in Marketing & Sales, establishment of own online shop
- Medium-term plan: Operation of own flagship stores

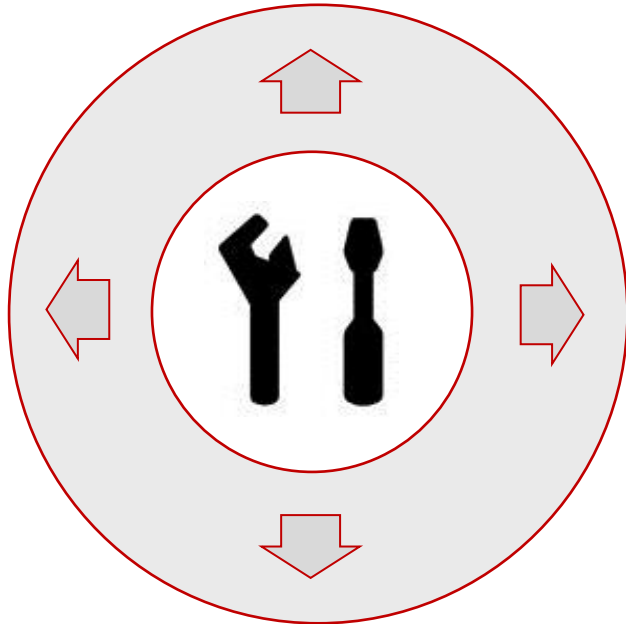


➔ Additional EBITDA ~15%  
 ➔ Significant jump in growth through 2016



## Increasing service productivity

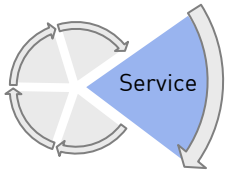
### Goal: Targeted expansion of service business



### Key questions:

- What further potential could we tap by increasing the breadth and depth of service operations?
- How can we quickly and consistently close gaps in the service network?
- How can we further professionalize and systematize key account management in service operations?
- How can we intensify the service level (reachability, response time) without losing sight of costs?
- How can we optimally employ the Internet to better support the service given to our business customers? (e.g., training programs, online help desk)
- How can core processes be further streamlined?

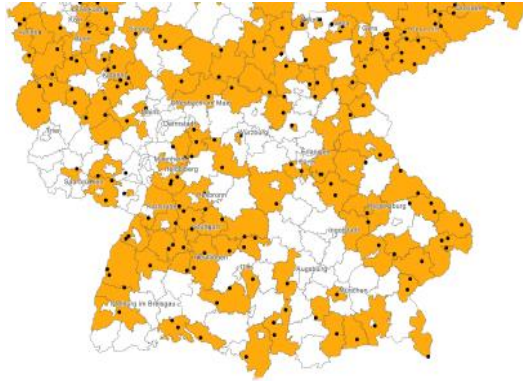
➔ An optimal service organization not only saves costs, but can also make money!



## Case Study 5: Establishment of an area-wide, decentralized service network

Re-introduction of a consumer brand in the forestry and gardening segment

### Initial situation:



Service Network South

- Limited reachability of service in season
- Lack of an area-wide, decentralized service network
- Remuneration system for service partners is not very attractive, and not very transparent either.
- No "hard" criteria for licensing service partners, resulting in quality problems

### Results:

- Introduction of cascade system to improve reachability: service requests accepted by a specialized central department, standard queries handled by an internal call center, specialized questions by second-level support
- Outside service providers engaged to handle standard questions in season
- Action plan developed to acquire additional service partners
- Redesign of service partner remuneration (incentives for speediness, quality and customer satisfaction)
- Transparent, quality-oriented criteria for licensing service partners

➔ Area-wide service network after 6 months  
 ➔ Considerably improved reachability of service personnel

## Conclusion: Better is always preferable to good enough!

- What it comes down to in the end is to help the client further professionalize an area of activity that is managed on the basis of intuition and gut instinct.
- This is done particularly by means of:
  - Systematic gathering of internal expertise
  - Incorporating an outside perspective with broad experience in sales
  - Rigorous focus on numbers, data and facts
- In our 15 years of consulting experience, we have not yet encountered a company, in which most of the measures described above could not be implemented with good to very good results.
- The special thing about "Next Level" projects is their great leverage effect: Every efficiency enhancement leads directly to sales and earnings growth, thanks to improved market cultivation.
- Alternatively, efficiency gains can be used to lower costs.
- Thus, few efficiency projects are more efficient than Next-Level projects. Project costs are usually recouped within 12 months after start of implementation.

➔ Sales optimization with "Next Level" pays for itself!

# Time plan: It takes about 3 months from kick-off until start of implementation



## Example of a typical project schedule:

Project step	Week:	01	02	03	04	05	06	07	08	09	10	11	12	Persons involved
1. Kick-off		▲ 1 day												Mgmt / Sales Mgmt, project team, SSC
2. Analysis phase (numbers, data, facts)		■												Project team, selected employees, SSC
3. Sales force accompaniment and interviews of key personnel (e.g., KAM, ID)					■									Selected employees, SSC
3. Formulation of action options						■								SSC
4. Evaluation and selection of sales priorities										▲ 1 day				Mgmt / Sales Mgmt, project team, SSC
5. Detailed formulation phase for efficiency measures											■			Project team, selected employees, SSC
6. Decision													▲ 1 day	Mgmt / Sales Mgmt, project team, SSC
7. Start of implementation													■	



### ... from "Next Level":

- Increased sales efficiency with optimal market and customer orientation
- Consistent orientation to internal and external change drivers
- Lean, expedient project design, so the organization does not "stand still"
- Project costs recouped in a short time

### ... from working with SSC:

- Proven success as a specialist for efficiency enhancement in sales
- Our consultants have many years of professional experience and sector knowledge
- Targeted knowledge and innovation transfers from other industry sectors
- Outside, impartial perspective unencumbered by any "interests" of our own
- Implementation-oriented concept development
- Operational project management competence to support implementation (if desired)



**Sven Suberg**

Master's Degree in Business Administration

Managing Director  
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**Brief CV:**

- More than fifteen years' managerial and consulting experience in the fields of strategy, marketing and sales
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**Alois Maichel**

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- 1 year interim commercial director (international trading company)
- 3 years commercial director (international hotel chain)
- 2 years project manager for marketing and communication (tourism association)



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