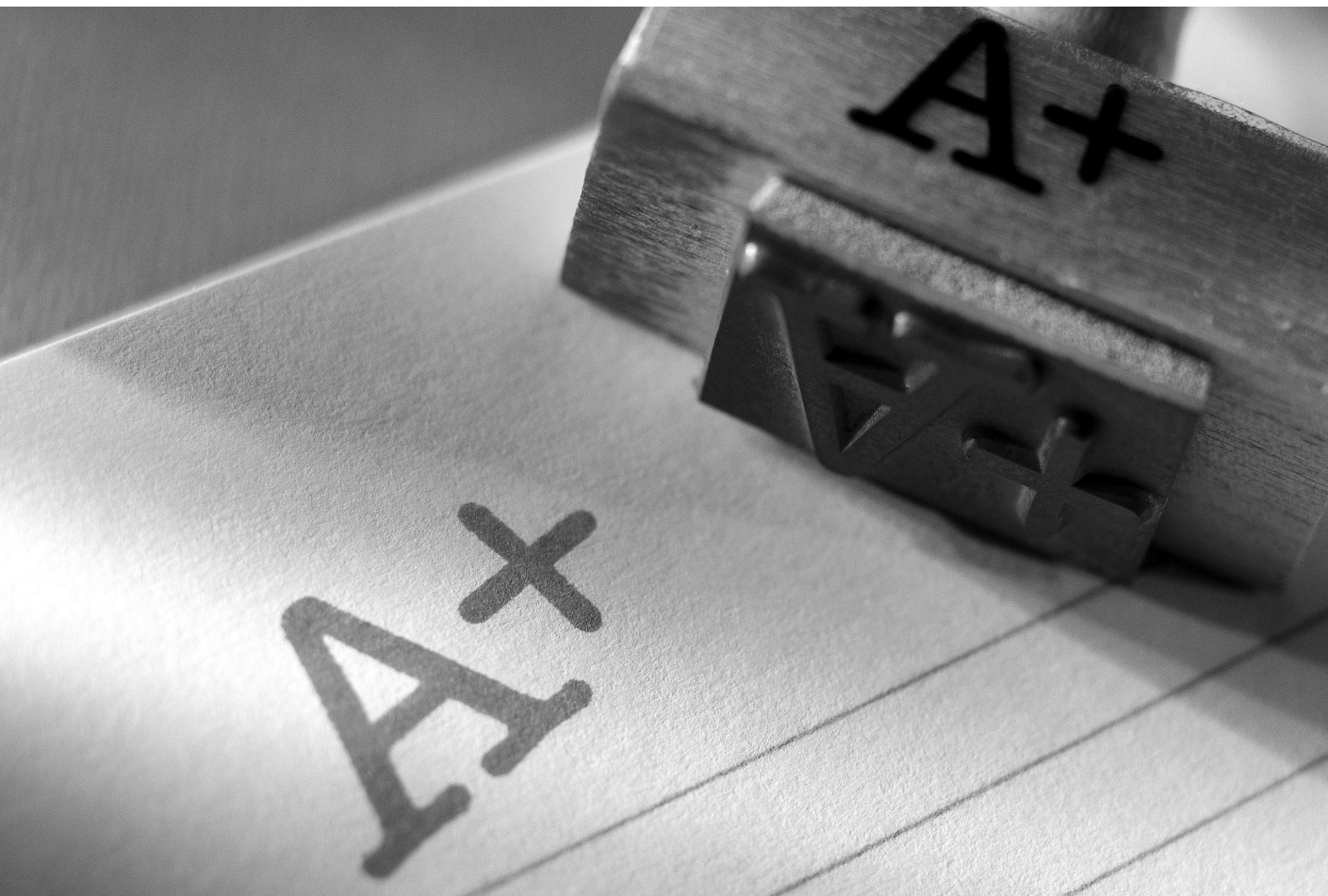


SalesUp! – A pragmatic approach to mobilize corporate sales

## > Sales performance





A study by Roland Berger confirms that sales performance is a key success factor for companies of all sizes. In sales, firms used to focus on cutting costs to improve their operating profit. More recently, companies are increasingly improving the effectiveness of their sales activities to enhance earnings. However, especially now that we are seeing the early signs of economic recovery, companies need to develop a holistic understanding of sales efficiency and concentrate their efforts here. **Ralph Büchele**, Senior Consultant at Roland Berger Strategy Consultants, explains how you can use SalesUp!, an approach that is both holistic and pragmatic, to bring a lasting improvement to your sales performance.

#### **Sales performance – A top issue for management**

Almost 80 percent of the German companies surveyed in a recent Roland Berger study consider good sales performance to be a major success factor in international competition. And there has been a dramatic paradigm shift: after years of nothing but cost cutting in sales, performance and sales efficiency are now once again at the forefront of managers' efforts. The study found that boosting a company's sales performance can cut costs by around 15 percent and raise sales by up to 10 percent.

The focus here is on the short to medium term and on quick successes: higher sales and better margins with lower selling costs. The pragmatic and practical approach of Roland Berger's SalesUp! tool can help achieve this.


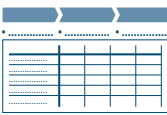
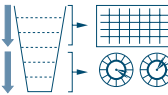
## SalesUp! – Three key levers to make sales activities more professional

SalesUp! is the fruit of many years of project experience. It aims to increase sales within a few months. Companies achieve this primarily by paying more attention to the needs of those of their customers that have high sales potential and by bundling their activities into clearly defined action plans. Systematically monitoring the sales targets and actions helps ensure success.

SalesUp! is based on three levers:

- > Making the market more transparent
- > Optimizing your market activities
- > Introducing a sales monitoring system

### SalesUp! levers

Levers	Project objectives/results
<p><b>1 Making the market more transparent</b></p> 	<ul style="list-style-type: none"> <li>&gt; Structured customer database</li> <li>&gt; Overview of customer value and specific customer needs</li> <li>&gt; Defined customer segments for different levels of intensity in customer marketing</li> <li>&gt; Prioritized list of high-potential customers</li> </ul>
<p><b>2 Optimizing your market activities</b></p> 	<ul style="list-style-type: none"> <li>&gt; Targeted customer-specific action plans – not too much, not too little</li> <li>&gt; Creative activities that address valuable customers on a personal level and create lasting customer loyalty</li> <li>&gt; Up to 15% higher sales to high-potential customers</li> <li>&gt; Activities to develop or expand the sales pipeline</li> </ul>
<p><b>3 Introducing a sales monitoring system</b></p> 	<ul style="list-style-type: none"> <li>&gt; Clear data on each sales agent's individual target achievements</li> <li>&gt; Continuous performance monitoring at the company, sales agent and customer level</li> <li>&gt; Coordinated reporting structure and standard reporting process</li> </ul>

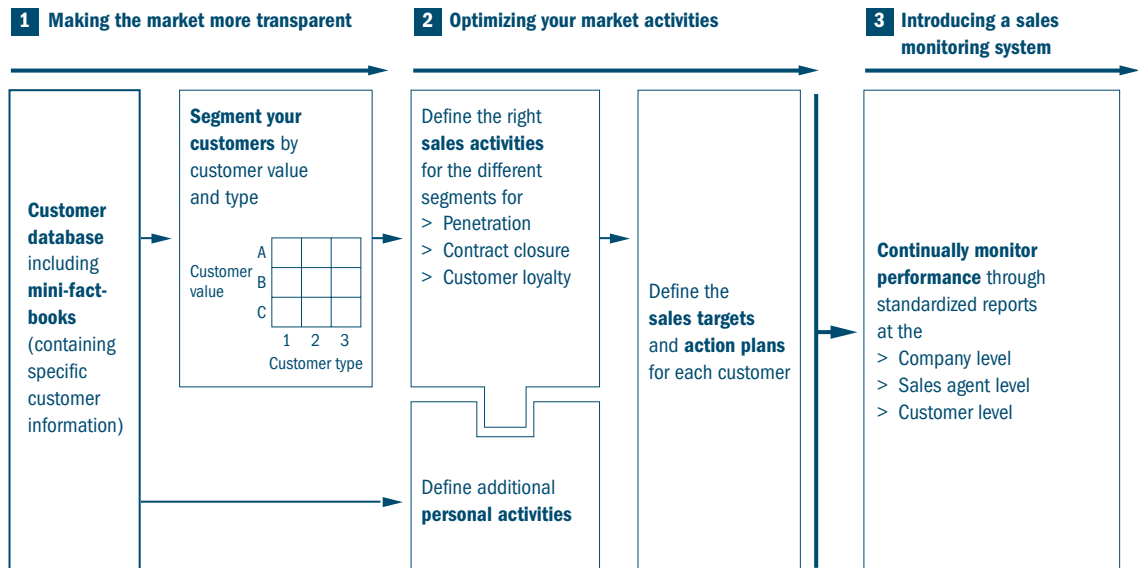
Source: Roland Berger Strategy Consultants

How do the three levers work? Ultimately, the market must be transparent to enable you to pick out customers with high sales potential and to have a clear understanding of their needs. What's more, customer-specific marketing means thinking creatively about how to address your customers on a personal level and keep them loyal to your company for as long as possible.

In addition to this, you need to steer your available resources toward the truly profitable customers. And finally, a functioning system of sales monitoring enables you to keep a constant eye on the effectiveness of the actions you take.

The three levers build on each other.

**SalesUp! – What it involves**

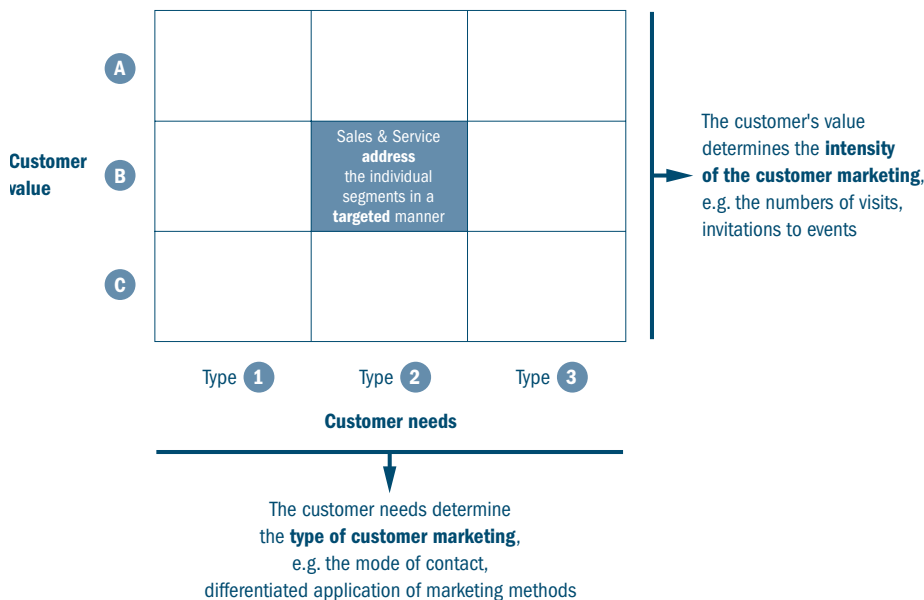


Source: Roland Berger Strategy Consultants

### a) Making the market more transparent

By dividing your customer base into structured segments, you create the transparency you need to be able to market your products efficiently. Two areas require meticulous analysis here – customer value as a factor in the intensity of your customer marketing, and customer needs as a measure of the type of customer marketing that is required.

#### Customer segmentation (outline)



Source: Roland Berger Strategy Consultants

You can determine the **customer value** by looking at each customer's creditworthiness, public impact and potential. For instance, customers have a particularly high public impact if they are opinion leaders in a region or an industry, or if they are suitable as reference customers. The customer's potential can be derived from their expected purchasing volume and their specific procurement cycles in the coming years, for example.

Segmenting your business by **customer needs** firstly reflects the technical and commercial requirements on the buyer's side. Secondly, you need to take account of whether this customer has one person making all the purchasing decisions or whether procurement questions are decided by a group. A technology-oriented manager, for instance, will focus on performance, a high level of process safety and short delivery times. A budget-oriented purchasing department, on the other hand, will pay most attention

to price and budget constraints and prefer attractive payment terms.

Compiling a "mini-factbook" for each customer has proven a useful method of preparing for customer segmentation. A mini-factbook should contain at least the customer's key data, the type and quality of customer contact, the customer's business history, their specific requirements and their potential.

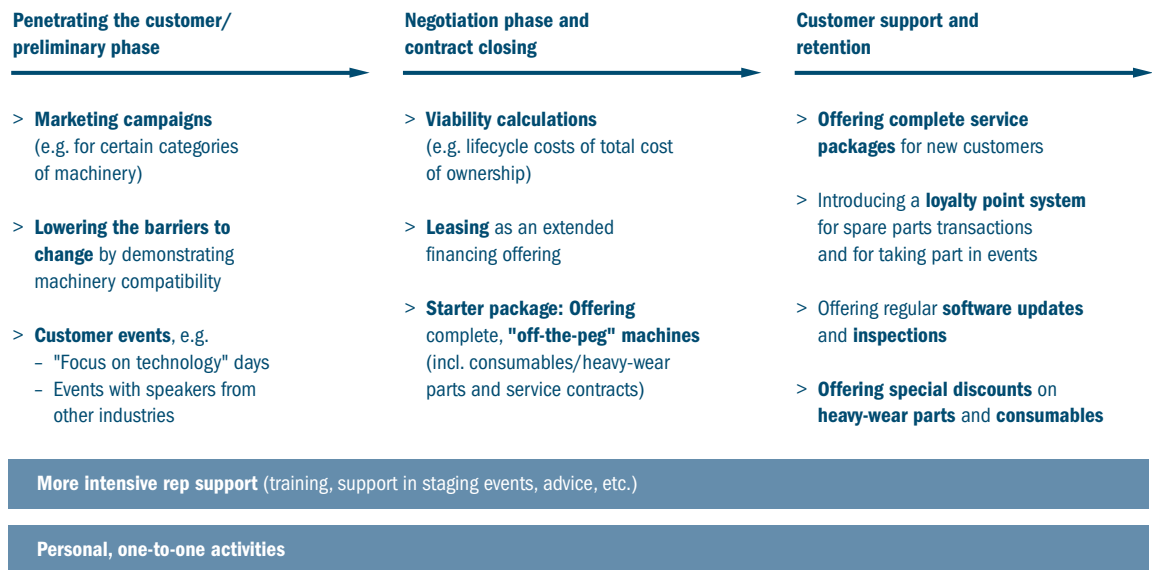
Once you have clustered your customers on the basis of a uniform set of criteria, you can segment them by value and by type. Project experience has shown that small groups of three to four sales agents produce the most creative results. Workshops are a very useful way of working on this step, giving the team the chance to exchange thoughts and bounce ideas around.

**b) Optimizing your market activities**

You are in a position to define the right sales approaches for each customer once you have completed the segmentation. Naturally, most of the sales activities will not be completely new, but executing them in a targeted manner, planning their application precisely and creatively adapting them to the customer's specific situation are the finer points that all too often get lost in the heat of the moment. Which also means that valuable resources get misdirected.

Roland Berger has a "tool kit" of potential sales activities that have been tried and tested in numerous projects. These activities can be customized to suit the precise situation of different clients, customer segments and stages in the sales pipeline – from customer penetration to customer retention.

**Selected activities for mechanical engineering firms**



Source: Roland Berger Strategy Consultants

From customer events (such as road shows) and customer-specific viability calculations (such as total cost of ownership) through to loyalty point systems – the tool kit offers a broad range of potential sales activities. The selection is complemented by a number of (one-to-one) activities customized for your customers' decision makers. This might include flowers for their birthday or a small gift to celebrate the birth of a child.

The key to success is of course the precise planning of all activities for each customer. The recommended activities may differ considerably depending on the particular customer and their current needs. For example, mechanical engineering firms should organize onsite product demonstrations and agree to let the customer use equipment for a test run only if the following conditions are met:

- > The customer has a keen interest in the technical side and a focus on performance
- > The customer is very valuable and requires large volumes
- > Business relations with this customer have been rudimentary to date

Your sales agents' activity plans for each customer must include details of the individual steps to be taken, clear responsibilities and due dates, as well as the applicable sales target. It is also advisable to continuously document, and thereby monitor, the status of the activities.

Working in small groups in a workshop setting has proven to be the most efficient way of deciding on and compiling the customer-specific activity plans, too. We have defined a standardized procedure for the team to follow during the workshops.

### c) Introducing a sales monitoring system

If you don't measure it, you can't improve it. True to this motto, the SalesUp! program incorporates a set of monitoring tools. Sales monitoring is based on the activity plans for each customer and sales agent and their respective sales targets. A three-level reporting tool containing a variety of qualitative and quantitative indicators has proven useful in practical application.

**Level one, the sales agent's perspective:** The sales agent monitors the activity status using each customer's activity plans and status reports, which are continuously updated. The figures for sales and forecast project volume are identified or estimated on the basis of the sales pipeline.

**Level two, the sales manager's perspective:** The main figures for each sales agent (number of activities planned and executed, planned and realized sales volume, etc.) are recorded, aggregated and reported monthly. The sales manager can use this information as a basis for regular status meetings and to take corrective action when necessary.

**Level three, the company's perspective:** The overall success of the SalesUp! program can be seen in monthly or quarterly reports. Each report contains both quantitative business indicators (such as sales, customer numbers, average hit rate, number of activities planned and executed) and a qualitative assessment of the sales performance. The results can then be discussed by top management and sales managers.

Ideally, the specific monitoring activities for SalesUp! should be integrated in your existing (sales) reports. In the transition phase, software tools specially developed for the project can be used, too. The standardized and pragmatic approach of SalesUp! means that these tools are quickly developed and are based on a simple structure.

The different monitoring reports should be established at the beginning of the SalesUp! activities and must be the same for all sales agents.

**Success factors – customer benefit, standardization, motivation**

Each SalesUp program lives and dies by three success factors:

**Customer benefit:** As with any consulting project, customer benefit is of the essence. All factbooks and activity plans should therefore be compiled early and discussed regularly within the company.

**Standardization:** Standardized and tried-and-tested methods help avoid the need to develop time-consuming new elements and keep the setup costs down to a minimum.

**Motivation:** Only a motivated and fully integrated sales team will be able to achieve the targets of a SalesUp! project. It is essential to make the operational advantages of the program clear to the team, to create an incentive system and to regularly communicate successes within the company.

Your courage and efforts will then be rewarded – with higher sales, a stronger position on the market and a formidable sales team.