



Thriving in a Hostile Environment

Beachgrass Consulting

Sales Systems

Business models are the way companies organize their production, supply chain, decision-making and sales to generate revenues and profit.

Large companies have put important efforts in re-engineering their production, supply chains and decision-making processes. However, surprisingly, **they have paid little attention to their sales systems**, most probably because it is the interface with customers who tend to be more elusive and less cooperative than suppliers or employees.

What is a sales system made of?

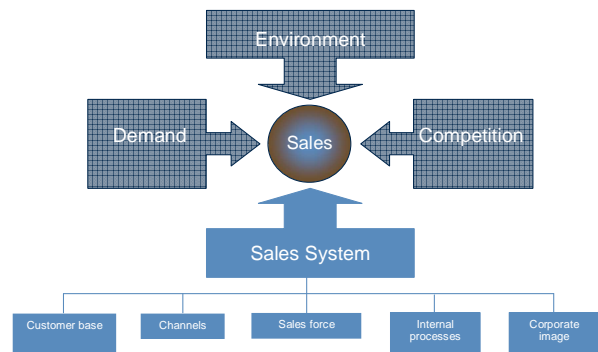
In our definition, it is the **collection of operations** that are in contact with customers: **direct sales force, distributors, logistics, support, order processing** and company public image, result of marketing efforts.

Companies seldom **view this collection as a whole** that must be consistent, though many understand they are intertwined. So when changes occur in one of the building blocks of their sales system, very few consider the implications for the other building blocks and how to plan them. For instance, consider the case of a company moving from a 100%-direct sales model to a distribution one. What type of skills should the sales force have? How should the order processing be adapted? What impact will this have on logistics? And this is in the case of a clear strategic move. It is even more difficult to recognize these impacts when the change occurs gradually, for instance when the company's products become market successes and come out of a niche, or their technology lead wears out. As an industry matures and competition intensifies, companies tend to hire less expensive salespeople, but often forget to change their order processing system and rules, generating many order entry errors and rework, increasing risks of late deliveries or wrong deliveries that infuriate customers. Or companies shrink

inventories to improve financial performance without adjusting their forecasting process, which often results in late deliveries. Or they want to leverage their sales through wholesalers, resellers or franchisees, but fail to adjust their terms and conditions and pricing process, to retrain their sales force, etc. After some time, a once-efficient sales system becomes a clunky mechanism, filled with tensions and producing unsatisfied customers.

Finally as industries mature, customer segments tend to emerge and fragment, each displaying different expectations, as detailed in G. Moore's "Inside the tornado". How do you adopt your sales system to meet these different expectations? Some customers may buy only on price, others expect a lot of support, and others seek long-term partnership. How will you price your products to satisfy all these customers, without giving away your support or expertise?

Broad experience, analysis and measurements of the various building blocks are needed to identify weak spots in the existing sales system, design and implement new procedures and measure their impact.



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