

Streamlining your Commercial Capability

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As a consultancy we get many requests for advice on how to grow. One of the first elements we assess is the sales and service teams. What we are looking for is; 1) intimacy with the customers, 2) a selling model that works, and 3) the right resourcing of the customer roles (sales, marketing, and service). Each of these factors will have a high level of influence on growth, regardless of market conditions. We also find that the assessment of your commercial capability must be done in the proper sequence to harvest the benefits at the lowest cost. If done out of sequence, changes in each of these areas can cost the company money.

Let us share with you an illustration. One of our clients began the process of upgrading its commercial capabilities by simply hiring a new sales team. In the process, a significantly higher cost base was incurred without an increase in sales. The reason was that the new sales people were forced into the same selling model as the old sales team. Additionally competitors had moved to a more consultative selling model. As a result, the company only managed to reduce its margins.

As we engaged the client organization, it became clear that even the new, highly paid sales team had become discouraged, having moved from industries where they were successful and now experiencing lackluster performance. In solving this problem we started with the customer and worked our way back into the organization. The result was a retrained, reoriented, and more successful sales team, which had 50% higher closure rates and more satisfied customers. Our outside-in design approach was developed out of this experience, and has become a successful proven process for redesigning commercial capabilities. Here's why.

Customer Intimacy

Our customers are our livelihood. We must be relentless in our pursuit of the customer's perspective. That knowledge must guide the design of our customer organizations. Gone are the days of peddling products and selling the lowest cost through purchasing departments. Now, most customers demand value and have a clearer idea of what constitutes value for them. Our customer-facing functions must embrace and understand that. We must also design into them the ability to leverage that knowledge daily. A key question we should ask is; "what functional resources deliver the most value to our customers?"

Selling Model

Next we must link our customer knowledge to a selling process. This involves sharing the right information, knowing the customer's language, and demonstrating the operational benefits of their products and services. This model must be repeatable and have measureable steps. The organization must move in a synchronized way around the model, with clarity about both the roles and outputs we expect. Repeatability and accountability must be instilled in the culture of the organization to ensure that the model is executed with discipline. A key question we should ask is; "how do we work together to bring the customer to "yes"?"

Resource Levels

This final area can only be set as we clarify the organization's approach to customer intimacy and an effective selling model. This sets the resource levels in much the same way that product lines set manpower levels to manufacture a product. Unless we set the right resource levels, we will not have the lowest cost and highest efficiency. There is nothing worse for an organization than failing to meet the commitments we make to our customers. A key question we should ask is; "how much of each functional resource do I need to sustain and grow?"

Results

When done right, the process of streamlining your commercial capabilities will improve customer satisfaction levels. Think of this process as a tune-up for your organization much like a tune-up for your car engine. It sets the right level of resources (fuel) to drive the right levels of growth (horsepower) given the operational capabilities of the organization (displacement) and the available market space (air). If this process becomes an annual tune-up, we will align our organizations better and improve both sales and margins.