

August 2004 ISBM Educators' Consortium Meeting Summary

August 27, 2004 @ Penn State, State College, PA



Consortium Update

Ralph Oliva, ISBM Executive Director

- There aren't many in our practice, improving the sales and marketing competency in our firms. All we've got is one another for swapping important ideas.
- Our objectives:
 - Identify best practices in business marketing education – set the Stage for benchmarking
 - Gather insight from the community on what's working, "discoveries in process", etc
 - Assist one another in designing/critiquing/developing
 - Hear from resources pushing the envelope
 - Help in setting ISBM education agenda
 - Identify and explore ways to deal with key issues
- New sales courses we've started, working with Alfa Laval and Georgia State University's Center for Business and Industrial Marketing:
 - Key Account and CRM
 - Business Markets Sales Management
 - Selling Skills in Customer-Driven Markets
 - Value-Based Selling in Competitive markets
 - Selling With and Through Manufacturers Representatives
 - Selling With and Through Distributors
 - Phone Sales in Business Markets
 - High Level –Strategic Sales
- Recent developments:
 - ISBM Academic Meeting: more aggressive research/development
 - Two weeks ago, academic conference we staged at Harvard University.
 - 104 B-to-B educators and researchers
 - 30-50% of all the people doing practical B-to-B research in that room.
 - New CD-ROM course overviews available from Center for Global Studies (see "new tools," below)
 - New on-line course from Roger Best (see "new tools," below)

Member case overview:

“An Overview: Improving Sales Impact at Alfa Laval”

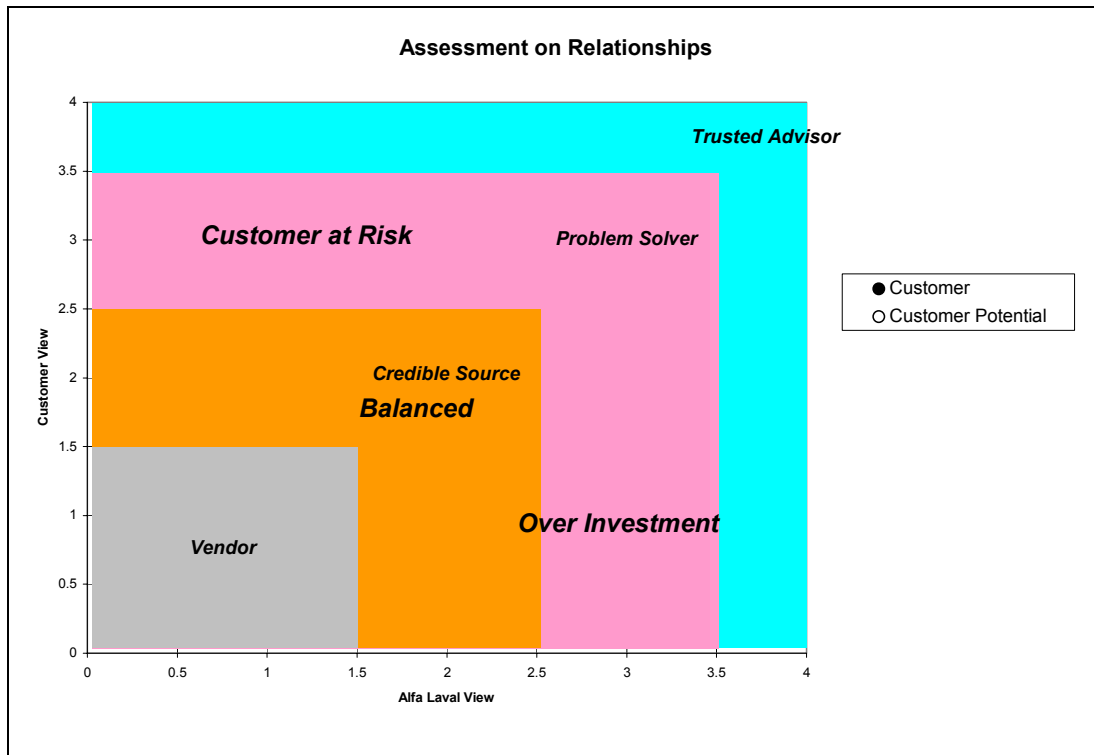
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Background

- A Sweden-based global provider of equipment to heat, cool, separate, and transport foods, chemicals, and drugs, Alfa Laval has sales companies in 50 countries and representation in 45 others.
 - 700 employees in U.S. sales company. Two separate sales forces for parts and equipment.
 - Largest sales volume of the company's 90 sales companies worldwide.
 - Highly engineered solutions help customers add value to their processes.
- Our 2-year-old selling strategy focuses on customer segments' well-defined needs.
 - Service agreements designed to customers' specific requirements.
 - Customers choose from a wide range of service solutions.
 - Global network of Service Centers provide parts and on-site service.
 - Our model for relationship assessment illustrates the appropriate selling role depending on customer (interview-determined) and company respective viewpoints (Exhibit 1).
 - We need to assess where our customers want us to be. The model, built into a 33-question spreadsheet questionnaire program, helps salespeople determine how much time they should spend with a given customer.
 - In the example of Exhibit 1, the customer does not want more than a vendor relationship with Alfa Laval. We would be wasting time to try and build a deeper relationship.
 - Some other customers, for example, want us as credible sources for innovation, but do not want us intimately involved with their R&D.
 - The challenge in value selling is knowing how much to invest in educating the customer. Sometime we have to educate them about their own applications.
 - Customer parts and service provides the revenue stream for 15-20 years after a customer buys equipment, selling a “no more gray hairs” service and teamwork promise is critical to our business.

Exhibit 1



Training

- We needed a cultural shift: value-oriented training linked to our mission statement, our “gearbox for growth” of segment-specific innovation customer service.
- Training has to account for the range of:
 - Functions (e.g. outside sales, channel managers, inside sales)
 - Markets (by industry)
 - Channels (reps, distributors)
- Training focuses on the value created by concept and technology selling.
 - Re-engineering our matured products to customer-specific solutions with high-value and little price sensitivity—an Alfa Laval strength.
 - Training people to document our expertise on a customer’s application, so that information can be passed on to others at Alfa Laval.
- We created five training modules ...
 1. Selling skills in customer-driven markets.
 2. Specialized skills for managing and selling through representatives.
 3. Specialized skills for transactional sales.
 4. High-level sales and sales management.
 5. Managing distribution channels
- ... designed for six target groups
 1. Inside sales
 2. Service/commissioning (field service people selling to current customers)
 3. Sales management — representatives (a group needing better value-selling skills)
 4. Sales management direct — key accounts

- 5. Sales management — distribution
- 6. Business development
- Training successes
 - Developed core training modules with ISBM for direct, indirect and sales support employees. We're finishing 1½ years of training next month.
 - Reinforced the importance of value selling, which is key to most Alfa Laval solutions for our customers.
 - Started to implement key tools to evaluate the Alfa Laval profile, whether customers view us as a key supplier or a vendor (value vs. price).
 - Feedback from the group involved in training was positive. Sales modules using actual Alfa Laval cases were developed with key input from sales managers and key sales employees.
 - Training success is part of employee performance reviews.

Q & A

Moderator Ralph Oliva: Alfa Laval had the courage to change its culture and instill value-based selling. We've found that developing training works best for us when working with member-company partners having specific needs, rather than develop programs off the shelf.

- We're learning how to have ISBM fill in the gaps around company training programs and measure the gains.
- One new thought on tracking training ROI: measure how many customers have been moved to more appropriate, lower-cost channels.

Q: How do you secure management support?

A: We're measuring training and profit increases to make the case for training. We plan to track profit margin performance vs. goal, for instance, and new account wins, among 8 performance measures. Right now we're at the conceptual stage; we need to add the metrics. We seek commitment from our three division presidents, and are working on a common training language for our three divisions. We need to find the risk-takers among management, because having a risk-averse organization will affect training.

Q: How does training differ for direct salespeople and indirect channels?

A: We keep training separate for both groups. Direct sales gets key account training, such as account P&L analysis. Channels concentrate on application knowledge, working with leads, etc. Everyone with customer-contact responsibilities receives training.

Roundtable discussion key point summary

Attendees comment on new developments, biggest training issues, innovations, and topics to address at their companies.

Marketing and sales process changes

- We've narrowed our marketing development work to make sure it's aligned with our process changes. Concentration on segmentation and pricing, for example, and less emphasis now on things like branding.

- We're trying to overcome standard function-by-function thinking of responsibilities and address the human capital mix managing the marketing/sales process.
- We developed a new account call plan that includes filters, including financial factors, to ensure we approach each account effectively and apply resources commensurate with the revenue we expect to gain. For example, is an account just a price buyer? Or is it pushing technology and we're selling on the basis of price? How do we share the value added with customers? We're training account managers to build business plans that fit into overall company plans.
- How do we share the value added with customers? We need to create value-sharing understandings up front with customers, lest the customer grab all the value added.
- We need to focus on training both marketing and sales. Some of those people have never met each other. We've even pondered having company purchasing people join the training.
- We face a big opportunity for change.
 - We're a chemical company, a U.S. unit of a European company, relatively small in the organizational structure, hobbled by cost cutting, a traditional oil company mentality, and a European way of doing things (e.g., technical Ph.D.s run marketing and sales). This fall we are to become more independent from the parent, get an American CEO to step into a much-needed leadership role, and perhaps receive more cash to invest in marketing.
 - We need to better manage the roles and compensation of internal and external sales forces. European straight-salary approach for sales doesn't work for us.
 - We need to invest in customer data and learn how to develop value propositions for new products and not just rely on assumptions based on product features.
- We're implementing variable compensation for marketing as well as sales.
 - Sales compensation, for example, is partly dependent on profit, discouraging sales department requests for price concessions.
 - Marketing compensation metrics are more long-term and need to be based on process performance data that we are just beginning to collect.
 - Some people are happy, some are disappointed, but they're getting the message.
- In our company, run by technical people, marketing people are promoted from sales.
 - Taking Roger Best's Marketing Excellence Survey was a real eye-opener for us.
 - Our two highest value training modules are building business cases and account planning. We've had communication problems explaining the difference between them to management.

Training targets/trainees

- We concentrate on sales managers as a key leverage point—what they teach salespeople is critical—rather than relying solely on salespeople gaining knowledge in training.
- We've put in a new marketing fundamentals course, partnering with ISBM, adding to programs already in place. It's been difficult and painful training entry-level marketers and developing a common language for sales and marketing across the company. We've been able to show results to top management, and now our CEO wants to visit us.

Global training

- How do we find and evaluate marketing competency in Asia and in China specifically?
- We've invested in half-day customer acquisition process training seminars for marketing, sales, and sales management people worldwide. Then we spend an additional half-day on the sales coaching process.

- We follow up with online certification (developed with an outside consultant) several months later to determine if people are using the training (they receive financial incentives to do so) and have learned from it. Do their managers see changes in behavior?
- We're coping with the considerable challenge of taking the North American program globally to other cultures.
- Because we've got only two global competitors, it's hard to get industry data for benchmarking.

Salesperson selection

- There are lots of tools out there to help with salesperson development, but the bigger issue is finding the right people, the best raw material, in the first place. Just promoting an extroverted engineer into a sales role gives you an extrovert in sales who's still an engineer.

Channel training

- I've seen some companies move to self-paced online education to train channel partners and resellers. Webinars and phone seminars provide a lower training delivery cost, especially across global organizations.

Management support

- Enlist the help of finance people for measuring and selling programs topside. You'll get a lot of points just for asking them for help.
- Exciting times for us: Our new corporate CEO, who was a big supporter of training for years when he headed a division, is challenging us to develop a core marketing curriculum. And we're studying existing sales training to see what can be improved.
 - We ran our company through Roger Best's a Marketing Excellence Survey last year. We're using it to drive a marketing orientation at offices around the country. And we're looking at global training delivery methods.
 - We're seeking a marketing training supplier. We've been looking at Roger Best's MarkProf computerized training software.
 - Our challenges include becoming market-driven with a common marketing/sales language. Customer segmentation, and becoming a trusted advisor to customers are big challenges that we don't yet know how to measure.

Managing training

- A big problem is finding the time to be proactive rather than reactive day-to-day.
- Organization structure and company attitudes have a big impact on sales training.
 - By moving to a corporate sales development program, changing from individual divisional programs, we're raising some eyebrows. We don't want people to feel threatened.
 - Budgeting has been a big challenge. So has salesperson turnover.
 - We're learning how to get skills transferred out to people in the field.
 - We have all the responsibility to lead change, but not the authority.
- Integration is a big issue, making sure that we align training options with the marketing and sales needs of cash-strapped SBUs tempted to cut training budgets.

Suppliers

- We haven't yet found a sales assessment tool that's equivalent to Roger Best's Marketing Excellence Survey, something we can use as a generic sales competency model now that we're working on a corporate—rather than division-by-division—sales development program.

New tools of interest

CD- and Internet-based global marketing courses

- Taught by Dr. Fariborz Ghadar, director of Penn State's Center for Global Business Studies, supporters of which include 25 corporate CEOs and presidents.
- "Global Strategic Management in the New Millennium" courses covering 12 global business strategic implementation topics identified in a survey of thought leaders, available to ISBM members by contacting Dr. Ghadar at Smeal's Center for Global Business Studies.
 - 2-hour CD modules with Internet access to Center's server.
 - Emphasis on trends shaping the future, such as demographic changes.
 - Center developed a new classroom for interactive video conferencing, part of new building for Smeal College of Business.

MarkProf program

- MarkProf Margin Management is a downloadable interactive program that provides marketing profitability tools to aid managers in building more profitable pricing strategies. This is accomplished with a combination of education and user analysis to facilitate application and implementation.
 - Education - Interactive Learning Modules that facilitates learning, problem solving and applied learning.
 - Self Test - Each Learning Module provides the opportunity to self assess a users understanding of the marketing concepts and tools before and after the Learning Module.
 - User Tools - Allows users to input, analyze, save, and print their own data for each Learning Module
- Developed and owned by Dr. Roger J. Best, University of Oregon, who developed the Marketing Excellence Survey successfully used by many ISBM members.
- Information and evaluation copies available at www.markprof.com.

Brainshark

- An easy to use communications technology, like a voice-over PowerPoint.
 - Create PowerPoint
 - Go to BrainShark site
 - Upload to Brainshark site (www.Brainshark.com)
 - Follow instructions/prompts
 - Get URL with voice over
 - Embed URL in email, post to web, etc...
- It's worth the fee; using PowerPoint's own voice features is difficult.
- ISBM will use Brainshark for member communications and education
 - 30/60/90 follow ups, evaluations, and refreshers for ISBM/member course attendees
 - ISBM QuickFacts Overviews
 - ... and others

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