

Holger Dannenberg | Dirk Zupancic

Excellence in Sales

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Optimising Customer
and Sales Management



Bibliographic information published by the Deutsche Nationalbibliothek
The Deutsche Nationalbibliothek lists this publication in the
Deutsche Nationalbibliografie; detailed bibliographic data are available in the
Internet at <http://dnb.d-nb.de>.

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1st Edition 2009

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Gabler is part of the specialist publishing group Springer Science+Business Media.
www.gabler.de



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Cover design: Nina Faber de.sign, Wiesbaden

Printing and binding: Krips b.v., Meppel

Printed on acid-free paper

Printed in the Netherlands

ISBN 978-3-8349-1006-6

Preface I

Successful companies focus on different aspects of their business. Some focus on the strength of their brand. Others focus on technological product innovations, develop into “*solution providers*” or commit themselves to commodity, high-volume businesses. Other companies open international markets.

Personal sales relationships with the customer play a decisive role in all of the strategies. The sales department does not merely assume the role of a mediator between suppliers and customers: it actively creates added value for customers. It adds value for customers through consultation, special offers and projects, and it coordinates the performance of the company. It negotiates fair prices. It also receives support from the numerous e-marketing, classical advertising, direct marketing, telephone marketing, trade fairs and events channels. In addition it draws on comprehensive research regarding the customer.

Sophisticated corporate strategies only function when the sales department utilises them in interacting with key customers. Any successful market implementation begins with the sales department.

At many companies the number of tasks assigned to the sales department is growing rapidly - from selling a broad range of products and numerous product innovations, to addressing customer groups in different ways. In addition sales is involved in coordinating competing distribution channels, working with international customers and utilising professional systems and processes in order to acquire, retain and develop customers. The level of work invested in efficiently preparing customer contacts and mobilising internal forces for customers is constantly increasing and gives rise to the concern that expensive “*customer facing time*” is decreasing. Companies therefore attempt to focus personal sales contact on those customers with the greatest potential and reduce their workload by utilising flanking operations and a qualified office sales support staff.

We nevertheless observe that the sales process is excessively complex and the tasks and resources in the sales department are not coordinated appropriately. This means that suppliers constantly miss out on important orders, do not launch new products fast enough or generally fail to achieve their growth targets.

Successful companies manage to effectively transfer their attack strategies to the sales organisation. In order to do so, the company must improve the quality of the thousands of individual customer contacts with the numerous sales personnel. The learning process to achieve qualified customer contact is demanding and extensive. Some companies and managers fail at this point and accept their sales department simply as it is, as it has always functioned; these companies are (as a result) increasingly controlled by their sales personnel. However, if the company succeeds in rapidly developing the important link between the customer and its knowledge of the behaviour of those involved then the provider gains core competencies or sustained competitive advantages. These sales strengths are something which competitors cannot simply copy.

In most sectors the sales force uses by far the largest portion of the marketing budget. Nevertheless some marketing experts believe that 'proper' marketing is concerned more with brand management and advertising rather than with personal customer contacts. This is precisely the reason why some marketing services departments are marginalised and only taken seriously to a limited degree by management. It is essential to integrate marketing and sales and not to promote partisan feuding. This is the only way for customer orientation to develop the necessary strength.

Holger Dannenberg and Dirk Zupancic have authored an impressive, international study on sales success factors. They compare the best suppliers with the mediocre to illustrate the key issues for effective and efficient sales. The authors therefore help to prove the high significance of sales in marketing, based on their experience in many projects involving customer management and sales.

I recommend to executives in management, marketing and sales that they not only read this book, rather they assimilate it and derive and launch solutions from it. Intuition in sales is correct, but only when that intuition is supported by professionalism, hard data and especially by focusing consistently on personal development and realisation. I wish readers much success in this process.

Prof. Dr. Christian Belz

Dr Belz is Professor for Marketing at the University of St. Gallen and Managing Director of the Institute of Marketing and Retailing. He is the author of several books on sales competence, the management of personal business relationships, performance selling and customer management.

Preface II

Sales Excellence is a Mindset

Programmes, instruments and measures for increasing sales excellence are also found in other companies – “a passion to perform” stands for the Deutsche Bank.

Programmes, instruments and measures are the conditions that the management must create – a passion to perform comes from people themselves.

Our growth strategy is the most important condition. A strategy based upon a balanced growth in the three dimensions: customer, employee and shareholder. This is because sustained growth in the highly competitive German banking market requires that our customers regard us as being the first port of call for financial services, consider our employees to be the linchpin in this intensively consultative business and that we generate yields and create long-term value for our shareholders.

We can establish the correct conditions and impart a declared belief in sales excellence. “A passion to perform” describes *how* we work.

We want to convey to our customers the feeling that they are not in such good hands anywhere else as with Deutsche Bank. We therefore make our customers’ requirements and benefits our top priority. And: we arrange things unbureaucratically. Customer orientation at the Deutsche Bank is not limited to keeping processes lean and offering the best products: customer satisfaction and retention actually depend strongly upon employee behaviour during customer contact. And that means eight million times per year in our branches and 17 million times a year in our call centres.

We establish additional conditions with instruments for sales control and measures for qualification and incentivisation. This is because we can only achieve that which we describe as *excellence in sales* through motivated and qualified employees who possess a high level of service orientation plus service and consulting competence. Therefore it is essential to anchor “a passion to perform” internally among the employees, to

make it an experience which the customers perceive and to institutionalise it within Deutsche Bank.

Internal anchorage

“A passion to perform” – this is not a quality that falls out of the sky but rather a mindset. It is fed by three sources: motivation, inspiration and promotion. Motivation: in which we generate enthusiasm among our employees for their work and value every contribution. Inspiration: because in addition to encouraging high performance we also need to convey new perspectives as well as demanding and stimulating creative thinking. And last but not least promotion, i.e. valuing the employee as a person, recognising their strengths and encouraging individual advancement and development.

We therefore invest strongly in our employees. This includes, for instance, systematically deploying advanced training programmes; having a remuneration structure coupled to customer satisfaction; and providing career options for those who display a special talent for customer service. This is why we initiated an advanced training offensive in 2005 consisting of 50,000 training days. Additionally, we have established a talent promotion programme and introduced new career paths for bank consultants. Our career model permits a management career as well as a career with customers.

There is a qualification plan and a selection procedure for both career plans. We therefore challenge and stimulate employees who have already displayed above-average specialist skills and a high sales orientation.

A perceivable experience

“A passion to perform” does not end with sales or customer service: rather, it must be noticeable and visible to customers; through our customer charter, for example.

Deutsche Bank introduced its customer charter last year and set five clear basic principles regarding the quality of consultation, when enable us to be measured against our own claims. The customer charter is prominently displayed in every branch – and includes the manager’s photograph and signature. It is a signal to our customers that we want to do everything we can to meet their needs. And it also makes it clear that responsibility for implementation of the basic principles of customer satisfaction lies locally with the employees.

The satisfaction compass which we use to measure customer satisfaction at branch level provides a further instrument to make the passion to perform experienceable. Customers are randomly surveyed regarding their satisfaction at the bank statement printer and when using online banking. Should a customer indicate dissatisfaction, he or she is approached by a consultant who does everything possible to restore their satisfaction. The major advantage of the customer satisfaction compass is that, unlike surveys, we know precisely who is dissatisfied – and can approach that person directly. This allows complaints to be treated as opportunities.

Institutionalisation

Our customer charter gives our customers a clear performance promise. We must honour this – everywhere and at all times. This is why we monitor performance. For this reason we have developed a customer audit, as we call it, as well as the index with 19 influencing variables formed from the basic principles in the customer charter. Customer audit employees use this when visiting selected branches.

After reviewing the branch implementation of the customer charter, the customer audit employees work together with local colleagues to develop an improvement programme. This gives us the opportunity to learn from the best and to increase customer satisfaction - and consequently customer retention.

What inspires us for the future?

Excellence in sales is something we not only want to live today but also something that we want to safeguard and develop. Therefore we have to know what the banking business of tomorrow will look like, what trends will drive people and how we can respond to those trends.

We have created a platform that shows us today how the banking business of tomorrow may look: Q110 – The Deutsche Bank of the future in Berlin. As in a research laboratory, in Q110 trends are identified and possible solutions produced and implemented. This has an impact on the entire private customer business. Things that prove worthwhile in Q110, such as architecture without barriers and bank counters, product presentations in boxes and on shelves or the trend shop, are then gradually implemented at other branches.

Q110 also shows that investing in service quality is worthwhile: in Q110 approximately 60 percent more new customers were gained than in other branches.

“A passion to perform” is the central theme in every corporate division. It is the basic principle and orientation for all employees – and the foundation for *excellence in sales* at the Deutsche Bank.

Rainer Neske, Deutsche Bank

Spokesman of the Board of Managing Directors of Deutsche Bank Privat- und Geschäftskunden AG. Member of the Group Executive Committee. As Global Head of Private and Business Clients he is responsible for the worldwide private and business client segment.

Foreword

It is our pleasure to present this book to everyone who is interested in the subject of sales and customer management. Based upon a comprehensive international study of success factors, our own experiences and numerous projects carried out by the University of St. Gallen and Mercuri International, we have compiled the key issues for real excellence in sales and customer management. In doing so we were not interested in completeness. Our main priority was to offer managers and employees in sales a source of orientation. The main focal issues were thus selected subjectively and in accordance with our own convictions. We are certain that our readers will be able to use our book to identify and implement the correct approaches for themselves and their own company. We wish them every success.

A number of people have contributed to this book. We wish to extend our sincere gratitude to Gabler Verlag and especially Mrs. Barbara Roscher for the confidence displayed in us and their flexible and unfussy collaboration. We thank Mrs. Lea Schlegel from the University of St. Gallen for her administrative support and for coordinating the entire project. And we would like to express our thanks to Prof. Christian Belz of the University of St. Gallen and Rainer Neske of Deutsche Bank for their prefaces.

In addition we would like to thank the consultants and trainers from Mercuri International, everyone who took part in the survey *Excellence in Sales* as well as the many managers with whom we held critical and constructive discussions during projects and seminars. Their commitment laid the foundation for the new, excellent and practical insights we have been able to present.

We hope that you, the reader enjoys this book and finds many helpful ideas in it that are relevant to your own situation. We would be delighted to receive your feedback and would be pleased to discuss any of the issues raised here.

Holger Dannenberg & Dirk Zupancic

Profile of the authors

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Is the Managing Director of Mercuri International *Deutschland GmbH*, Global Partner, and responsible for *Mercuri* operations in Germany. He attended the University of Münster where he graduated with a degree in Business Economics specialising in Marketing and Statistics. Following different roles in marketing at Unilever he and a partner founded a successful company in the vehicle service sector. Holger Dannenberg is a renowned consultant, trainer and author of several books and articles on sales.

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Prof. Dr. Dirk Zupancic

Is Professor of Management and Executive Education at Heilbronn Business School and senior lecturer in business administration, notably marketing at the University of St. Gallen. He graduated with a PhD thesis in International Key Account Management. His current research is focused on sales and customer management especially in business to business markets. In addition to his research interests Dirk Zupancic works as a consultant and coach. He has practical experience in customer management for a bank and from his work as a consultant with industrial and service companies.

Dirk Zupancic is author of several books, various articles and a number of research reports on B-to-B marketing, sales and customer management.

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1. Introduction: Excellence in sales and customer management

Mercuri International, as the leading European sales consultation and training company, carried out one of the major international studies into success factors for *excellence in sales* together with the Institute of Marketing and Retailing from the University of St. Gallen in Autumn 2006. On the basis of this study we identified how companies can achieve excellence in sales and customer management.

By excellence (or *excellence in sales*) we mean those cases where the individual aspects of a company or the average of all of its aspects are among the best ten percent of our study. We assume that success in sales cannot be measured by a single dimension, e.g. by sales volume. Rather, a multidimensional approach is needed. Success is therefore measured on the basis of an index incorporating the following aspects (Sujan et al. 1994):

- Higher market share
- Focused sales of products and services with a higher margin
- High sales volume
- Fast, successful introduction of new products
- Identification of important customers (key accounts)
- Realisation of sales volume with a higher margin
- Exceeding set targets

Increasing the strategic significance of sales

For most companies, sales and customer management are becoming *the* strategic success factor - and often the largest cost factor. However this does not mean that those costs have to be cut. On the contrary. Sales costs amounted to as much as 30 % among the top performers in our *Excellence in Sales* study (in contrast to only 10 % among low performers). Thus investment in sales is beneficial when properly managed. In the same way that experienced financiers invest their money for the highest return, a successful company must direct its sales resources to where the highest yield can be achieved. In the following pages we will present the three most important drivers for the increasing significance of sales.

Driver 1: Sales is an expensive resource

The sales department generally costs a company between ten and twenty percent of its sales volume (cf. Table 1). This means that it can certainly be numbered among the most cost-intensive company functions.

The more expensive a resource, the greater the leverage when optimising the resource. Our findings here have been rather sobering. Few companies pay sufficient attention to sales optimisation. Few companies proceed systematically. Few companies operate based upon the targets specified by their corporate strategy and make long-term plans for sales deployment.

This book addresses sales optimisation. The first point to note is that companies should be aware of the cost of sales and their leverage – the power of sales, if you will. They should then proceed systematically in order to avoid making mistakes.

Table 1: Sales costs at different companies
(Source: Fischer 2000)

Company	Sector	Percentage share of employees in sales	Cost of sales in percent of sales volume
Siemens AG	Electrotechnology	34.0	14.6
BASF AG	Chemical	15.2	14.0
Nestle (Deutschland)	Foodstuffs	18.8	5.0
Jungheinrich AG	Mechanical engineering	47.3	16.0
3M Deutschland GmbH	Multitechnology	28.4	18.0
Gildemeister	Machine tool manufacture	31.2	10.0

Driver 2: Sales has the greatest performance improvement potential

An analysis conducted by *McKinsey* in 2000 compares the most productive employees in different company roles with the average. The findings are impressive. The differences in performance are greatest in sales:

- In other operational roles the difference between the average and the best is only 40 %.
- In general management positions the difference is 49 %.
- In sales the best differ from the average by 67 %.

This also means that sales offers the greatest opportunities even if the average can only be advanced towards the peak in small steps.

We illustrate starting points and a professional approach to this area by detailing management training along with initial and professional training programmes, in particular.

Driver 3: Sales creates real competitive advantage

An earlier study conducted by the University of St. Gallen with Mercuri International proved that the sales department itself creates added value and therefore competitive advantage (Belz/Bussmann 2002, p. 19). Based on this data it is essential to move from regarding sales as merely a distribution channel within the company to a strategic success factor. This entire book builds on that premise.

Definition of terms in sales

There are many definitions of core sales and customer management terms. In this book we use the most important terms as follows:

“Selling [or sales, authors’ comment] is a market development tool employed by a company. Along with documentation, advertising, sales promotion, telephone marketing, trade fairs, direct marketing, internet, etc., it is used to provide effective support for information gathering, decision-making and service processes for targeted customers. Sales is an interpersonal process and incorporates one or more decision makers and influencers amongst the suppliers and customers.” (Belz/Bussmann 2002, p. 21). In practice, sales is not explicitly limited to sales employees as other company personnel may also sell or be involved in sales.

Sales management refers to the control and form of the personal sales contact, the sales system (sales structures, processes and channels) and distribution in national and international markets.

“Customer management includes the management of a supplier’s communicative interaction processes with potential or existing customers in order to generate and foster customer relationships throughout and beyond the entire customer life cycle.” (Diller/Haas/Ivens 2005, p. 22).

In this book we are not concerned with explaining all facets of this topic. We have adopted a deliberately selective approach by examining in detail the aspects that promise the greatest success, based upon our experience at a number of companies and on the study *Excellence in Sales*.

The *Excellence in Sales* study

The study is based on telephone interviews carried out by the market research institute AMR Advanced Market Research GmbH (www.amr-research.com) on behalf of Mercuri International and the University of St. Gallen. The interviews lasted for 30-45 minutes each and were performed with the aid of a questionnaire.

Sales managers in 747 companies from 14 countries were surveyed. They were responsible for sales management, and managed at least ten employees. The questions referred to the sales environment, to the company's business model, to the concrete sales procedures – and to the organisation's sales successes.

The survey measured agreement with the statements on a scale from 1 (strongly disagree) to 7 (strongly agree) as well as the existence and usage of tools/procedures. In order to make the statements more succinct, the results charts are based upon an evaluation of the two most extreme agreement values, i.e. 6 and 7. Therefore if, for instance, the value 75 % is assigned to an item within the top 10, this means that 75 % of top performers have answered this item with 6 or 7.

Some open-ended questions on excellent performance within both the company surveyed and other companies completed the questionnaire.

The following countries were covered with at least 50 interviews per country (listed alphabetically): Belgium, Brazil, China, Czech Republic, Finland, France, Germany, India, Italy, Netherlands, Sweden, Switzerland, Spain and the United Kingdom. The surveyed companies operate in the business-to-business sector, broken down into: industry and engineering: 19 %, food and agriculture: 9 %, engineering: 9 %, chemicals and pharmaceuticals industry: 7 %, banks and insurance companies: 6 %, construction: 5 %, transportation and logistics: 5 %, IT and communications technology: 5

%, media, printing and publishing: 5 %, energy (electricity, oil, gas): 5 %, other services: 5 %, automotive: 4 %, textiles sector: 4 %, wholesale: 4 %, others: 10%

In order to identify the control factors governing sales success a distinction was made between the top performers and the average and less successful companies - the low performers. In order to identify higher and lower performers, the above criteria regarding the company's own sales performance were compared to their major competitors. The best 10 % (a total of 82 companies) were then categorised as top performers and the worst 10 % (a total of 74 companies) as low performers. We gathered our results by systematically comparing the two groups with the average.

In addition to the results from the survey, this book also draws on the experiences and results gained from numerous projects conducted by Mercuri International and the University of St. Gallen with renowned companies. Many other practical examples are also cited.

Notes for readers

This book is primarily aimed at managers and people working in sales and customer management. Of course, academics, consultants and students can also profit from the text. However our primary goal is to convey knowledge, suggestions and recommendations for practical use. Correspondingly, we have prepared each subject with as much practical orientation as possible. Each chapter begins with a short introduction to the subject. This is followed by the core questions answered in that chapter. After the detailed presentations of information each chapter concludes with a summary. Here we summarise the success factors that companies should take into consideration if they wish to achieve true excellence in sales and customer management.

This structure provides two different methods for readers to use this book:

On the one hand the *sequential study of the whole book* suggests itself. We have taken pains to write in such a way as to allow this, although this is a reference book. We primarily recommend this method to those who wish to test either their own or a com-

pany's sales. Our contents can be used as a form of benchmark and we have indicated how companies should organise themselves and operate optimally.

The *selective reading of individual chapters* is also possible. In this case the book serves as a targeted inspiration for the readers' special interests or as a resource for additional knowledge regarding subjects on which they are currently working. The chapters are generally self-contained. Cross-references are highlighted to enable readers to jump to other chapters.