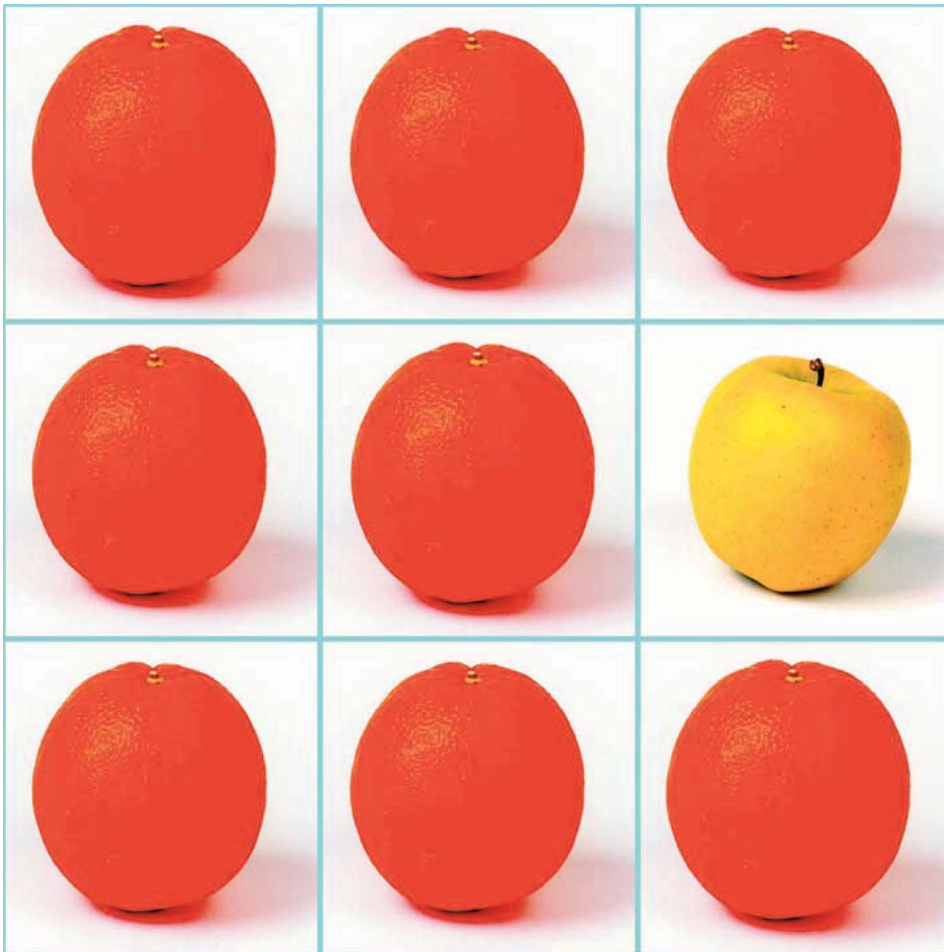


manage

your sales team

SellingPower



STEVE DUNNING

Based on
a conversation
with
Nick Clayton

This article is based on a conversation with Nick Clayton, senior vice president at The Forum Corporation, a global consulting firm specializing in helping companies execute strategies through people. Forum's clients include a wide variety of Fortune 1000 firms, including Aflac, Canon, and Home Depot. Clayton can be reached at The Forum Corporation, 265 Franklin St., Boston, MA, 02110. Tel: 1-800-FORUM11. Web: www.forum.com.

Deep Differences

How to use your sales team to differentiate your company

"Acme Fuel" is a privately held, regional energy processing, transporting, and marketing company headquartered in Dunwich, MA, with marketing operations in Innsmouth, NH. It employs more than 7,000 people, operates more than 700 retail sites and 13 marine terminals, and has a delivery fleet of tractor-trailers. Acme serves wholesale, commercial, and retail customers in Eastern Canada, Quebec, New England, and California. The company's founding family has owned and operated the business since 1929.

Acme faced a major challenge: differentiating

itself in a commodity market. Over the past three decades, the fuel industry has changed from a fragmented, regional market with many independent distributors into a more centralized, global market dominated by such gigantic conglomerates as Gulf. These megacorporations have used a combination of economies of scale and deep corporate pockets to force prices down in order to penetrate regional markets, thereby growing their revenue and market share.

Because the fuel from one refinery is much like the fuel from another, the result has been a price war, forcing the smaller, regional

Wow!
97%
customer
satisfaction

THE SUCCESSFUL CHANGE

Acme and Forum are 18 months into this consulting project. In that short amount of time, Acme has already exceeded its five-year goal of achieving 28 percent improvement. In addition, Acme has increased its market share and measurably improved overall customer loyalty.

Acme's overall customer satisfaction has increased to 97 percent, compared to less than 90 percent for the industry. In fact, customer feedback suggests that Acme's sales reps are now seen as trusted advisors, rather than sellers of a commodity product.

As impressive as these external achievements might seem, they are actually just manifestations of three major shifts inside Acme's corporate culture that resulted from this engagement:

A DEEPER UNDERSTANDING OF THE CUSTOMER BASE. Previously, Acme interacted with customers from a distance, using pricing as the primary method for obtaining and retaining customers. Today, Acme's sales reps have a more intimate knowledge of what their customers most value, which allows Acme to capture more of the customer's "wallet share."

A MORE ENGAGED AND MOTIVATED SALES STAFF. Both the COO and the head of sales have indicated that they have seen a change in attitude among the sales staff. Staff members are now prouder of their contribution to the company and are not only providing better service to Acme's customers, but they are also helping the rest of Acme's personnel better serve customer needs.

A MORE INFORMED MANAGEMENT TEAM. Because the consulting engagement addressed Acme's management processes, the management team now has a more effective set of metrics with which to measure sales and customer satisfaction, as well as new compensation and incentive tools to drive the sales behaviors that will most benefit the company's strategic goals. Forum expects similar improvements in morale and operational efficiency as it works with Acme's management on the consumer-oriented segment of the business.



THE SALES ORGANIZATION

Acme's sales force is divided into two major segments: commercial and consumer.

The commercial-oriented sales group consists of 17 sales reps. Two of these reps focus on large enterprises, 12 focus on mid-size businesses, and five of the 17 focus on transaction-based telephone sales.

There are four sales managers. One manager oversees telephone sales, and two managers each have one enterprise rep and four midsize-business reps. The remaining manager has four midsize-business reps and an open position for an enterprise rep.

The four sales managers report to a head of commercial sales, who reports to the head of Acme's B2B refinery business, who in turn reports to the CEO.

The consumer-oriented sales group primarily sells heating oil. Approximately 45 sales reps call directly on residences, and 15 call upon small businesses. The group has a few reps who sell wholesale to small distributors.

refineries to drop prices to match the low prices of the megacorporations. In the case of Acme, as with many other smaller competitors, the results were lower margins, as well as a gradual decrease in market share. In effect, Acme was being forced to play by rules that favored the large refineries.

Acme's management decided to change the rules of engagement. In addition to matching the competition on price, quality, and supply, Acme intended to beat the competition in a way in which a regional company might be able to build an advantage: guiding the customer. Acme's top management decided to create a high-quality sales force that could differentiate Acme from the competition and compete beyond price, thereby increasing margins by 28 percent over five years.

Unfortunately, Acme had a sales force that was primarily focused on taking orders, not on providing a unique set of services. In addition, because the sales process was passive, Acme knew very little about its customers and what might convince them to pay a little more for their fuel products.

Acme therefore launched a research project to better understand its customer base. This

Behind every first-rate sales team are committed sales leaders. Read the *Selling Power* sales management e-newsletter "In 2009, Make Time for Coaching" to learn more about how you can help your team step it up. www.sellingpower.com/april09.



project identified 10 factors that could potentially command a higher price and thus higher margins. Armed with this data, Acme hired Forum Corporation to work with internal project managers and the sales management team to rebuild and restructure the existing sales function into a top-quality sales force. Because this entailed major organizational changes, Forum took a gradual, four-step approach:

Step #1: Assessment. Based upon the research that Acme provided, Forum examined Acme's overall sales strategy, how the sales team was structured, the roles that the sales reps played in the sales process, as well as the company's use of sales technology. In addition, Forum examined the company's sales management practices, including sales processes; how those processes were measured and managed; how the company hired and retained personnel; and how the sales management provided compensation, rewards, and recognition. Finally, Forum examined the surrounding organizations to see how well the corporate culture and climate supported the sales function.

Step #2: Recommendation. Forum provided a set of recommendations for restructuring the commercial-oriented sales group. The crux of the plan was to separate and segment sales efforts in order to better serve specific groups of customers. At the same time, some functions, such as pricing, were to be moved upward and out of the sales managers' activities. These rec-

ommendations were presented to Acme's management team, which reviewed and approved moving to the next step.

Step #3: Implementation. Forum took a leadership role in implementing these recommendations. Working with the sales leadership team, Forum helped create a new segmentation strategy, new structure and roles, management scorecard and metrics, executive alignment and education, planning tools, and management process. Forum also helped implement management training and on-the-job coaching, sales training and tools based on customer data, as well as tools for field coaching and reinforcement.

Step #4: Maintenance. Once the implementation was in place, Forum worked with Acme management to ensure that the new sales force would be reinforced and supported by the rest of the corporation. To ensure that the changes remained permanent, Forum developed a sustainability plan to help managers assess the sales organization's key success factors and develop ongoing and future actions that would reinforce and support the behavioral changes the new sales strategy and structure required.

Upon completion of this project, Forum began looking at the consumer-oriented sales group and is currently generating a similar set of recommendations to retarget the way Acme addresses that business segment.

— GEOFFREY JAMES



In addition to matching the competition on price, quality, and supply, Acme intended to beat the competition in a way in which a regional company might be able to build an advantage: guiding the customer.

THE BUSINESS MODEL

- ▶ Acme's business model consists of refining raw petroleum and natural gas products into usable fuel and then selling that fuel to wholesale, commercial, and retail customers.
- ▶ To accomplish this, Acme operates one of the east coast's largest refineries, which produces more than 300,000 barrels of finished energy products per day, including low-sulfur gasoline and diesel, home heating fuel, jet fuel, bunkers, asphalt, propane, and marine fuel. The refined products are shipped predominantly to the northeastern United States, with some products sold in California, where emissions standards favor Acme's low-sulfur products.
- ▶ Acme's wholesale operations sell primarily to privately owned gas stations and smaller distributors of specialty fuel products. To serve its commercial and residential customers, Acme offers the delivery of fuel products through the use of a fleet of tractor-trailers.
- ▶ Acme also owns more than 700 fueling locations, many of which are also convenience stores selling coffees, pastries, and deli sandwiches. A number of these stores are positioned to serve the long-haul trucking market and thus are always open and have showering facilities.
- ▶ Acme also sells fuel for boats and private airplanes. To serve this market, Acme owns operations at 13 marine terminals and a number of regional airports.

700+
Acme fueling
stations