

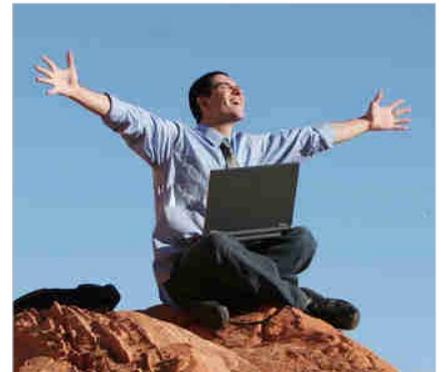


MANDAT  GR  WTH LETTER®

Growth Focus: Sales

# CEO-Tip *of the Month*

by Guido Quelle



## The CEO—The Uppermost Sales Representative

Quite a bit is expected from CEOs: They have to be able to lead, are expected to be role models, and to be brilliant strategists with a good portion of personal vision on top. And not only that: I firmly believe every CEO should be their company's uppermost Sales representative, absolutely regardless of how large (or how small) the company is.

You might say that's completely unnecessary, since you already have a well-paid Head of Sales in charge of a whole Sales team. That may be true, but the point here isn't the hierarchical structure, but a bit of corporate culture and corporate self-image. If we assume for the moment that Sales is the most important unit—and I can already hear how the representatives of other areas beg to differ—then companies need not only a formal leader, but also full support for sales-related issues and concerns at the top of the company.

Furthermore it is essential that CEOs embrace a sales-oriented self-image when they're "out there," operating outside their own corporate setting. I have met too many figureheads and corporate bosses with a major penchant for showmanship who, instead of translating their influence into sales-relevant, or let's say market-relevant power, have instead simply basked in the glory of their position. And it's understandable why: Everyone looks up to the CEO: employees, business partners, suppliers, etc. The most effective CEOs I know—and again: I'm not just talking about Chairmen of the Board at major corpora-

tions, but also entrepreneurs and Managing Directors—have made the subject of "sales" their own; it's in their flesh and blood. In larger companies there is of course a Head of Sales in the upper management, but nevertheless the CEOs of these successful companies are always on the lookout for new market opportunities and keep close tabs on customer needs, prices and the competition. These successful and effective CEOs aren't satisfied with optimizing their largely internal duties; they also turn their attention outwards and focus on what goes on beyond the office walls.

These CEOs are also alert when it comes to internal conflicts concerning Sales, and most often decide in favor of Sales—which makes good sense, since no company has ever grown by cutting corners in Sales and internalizing its resources. Even if other departments or divisions are at times extremely frustrated by what they see as the dominance of Sales: It's the best choice for the company. It's easier to sell a mediocre product with a top Sales team supported by the CEO than it is to sell a top product with a mediocre Sales team. And exceptions only prove the rule.

The next time you as CEO, entrepreneur or Managing Director get complaints for taking the side of Sales over other departments, ask whoever's doing the complaining just where he or she thinks the company's profits come from.

# Strategy & Leadership

by Guido Quelle

## Sales as a Brake to Growth? Unfortunately, Still All Too Common



Be wary when an article starts with the word “actually”...

Actually, the purpose of Sales is fairly straightforward: expanding the market, increasing customer quality, turning satisfied customers into enthusiastic customers, generating endorsements, making your company’s great products available to the market, and improving the top line on your profit-and-loss statement—and not just once, but consistently. In short: consistently generating a profitable turnover. As such, its mission is clear: Sales is the motor of internal financial growth.

Or at least it should be. In reality we still all too often see diametrically opposed forces; many of the Sales units we encounter in our consulting projects are only running on half steam, or running with the brakes on. Some even put on the brakes themselves. As strange as it may sound, in many companies Sales is a major brake to growth. If you want to get a better feel for your own Sales department or division so that you can identify and remove internal brakes, here are a few typical examples that might help you (listed in no particular order):

### 1. Internal Discussions on Pay and Compensation

Sales employees often have fairly strong egos and can be highly competitive. As such, discussions concerning sa-

laries, commissions and nonmonetary rewards like company cars, etc. are definitely par for the course among Sales staff. Even if some companies attempt to contractually forbid this, they still can’t stop it. If you notice that not only are these discussions that have nothing to do with business becoming too dominant, but that imbalances are developing, e.g. that older employees are given preferential treatment over younger ones delivering better performance, put a stop to it; otherwise you risk poisoning the working climate, which can only harm performance.

### 2. Self-satisfaction

Whenever during my talks I ask who has satisfied customers, usually nearly everyone raises their hand. But when I ask who has enthusiastic customers, a lot of those hands go back down. Satisfied customers are the basis of business, but growth comes from enthusiastic customers, even if it takes more effort and Sales savvy to keep the latter. In many Sales units we have worked with, we noticed a certain degree of self-satisfaction that boiled down to simply managing the satisfied customers they already had. Not only does this fail to produce growth; this attitude eventually erodes the company’s financial power, because the once-satisfied customers will eventually lose interest.

### 3. Price as Sales Argument

At least half the Sales teams I know complain that the competition offers much more aggressive prices, which gives them an edge and allows them to do more and better business; in fact, the real percentage is probably even higher. But the truth is that this complaint nearly always comes from weak Sales units. What rarely happens is that they try to orient themselves on those competitors who are capable of successfully pushing through higher prices. The fact of the matter is: Anyone can sell something at a lower price; we wouldn't need a highly paid Sales team for that. At many companies, an incredible amount of time is wasted discussing the supposedly too high prices, time that could be much more effectively used to concentrate on the market—for instance, on pushing through higher prices of your own.

### 4. Overdeveloped Sense of Purpose

In Sales, the problem is not that there isn't enough talk, but too much of it. Cocky behavior can be found somewhere or another in nearly every Sales team, often among the "old pros," who do far too much of the talking in their dialogues with customers. The customer, who has likely been served by the company for years, is already used to this and is too polite to interrupt, but needless to say, it won't generate any additional business. Any member of Sales who does more than 30 percent of the talking in talks with customer is doing something wrong. Listening is the priority, and asking questions is the skill, because whoever asks the questions leads the conversation. The goal shouldn't be to lull customers until they're asleep in their seat. Instead, try to find out what they really need; don't (just) sell them what they want. There's a tremendous potential for profits to be found between what customers want (and usually get) and what they need (which most Sales teams never even find out).

### 5. Unclear Interfaces and Unclear Priorities

Granted, when it comes to questions concerning interfaces and priorities, Sales isn't the only unit that bears responsibility. Nevertheless here, too, we see the braking effect that Sales can produce. How are the interfaces between Sales and Marketing, Purchasing, Controlling, Human Resources, Logistics, Production, and Research & Development set up? Aside from the fact that millions of Euros are often wasted at these interfaces, it's even more remarkable how much time Sales loses because of unclear interfaces—time not spent on the market and time the competition might be putting to good use right now.

#### Effective Sales—Taking the First Step

In our projects for generating profitable growth, the focus is extremely often on Sales—and no wonder, since it's decisive for the company's weal and woe. Time and again, we see three main points for successfully boosting effectiveness in Sales:

- 1.: It is vital that Sales be included in the company's most important projects, and in such a way that it doesn't see that inclusion as a burden.
- 2.: It is equally vital that administration be kept to the bare minimum in Sales.
- 3.: It is crucial that especially the interface between Sales and Order Management be set up using processes, ideally based on different classes of cases.

There's much more that could be said about how we work with our clients to strengthen Sales, but that would go beyond the scope of this article. If you'd like to learn more, just get in touch with me:

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# Profitable Growth—Release Internal Growth Brakes and Bring Your Company to the Next Level

Almost every company wants to grow—at least officially. Shareholders are demanding further growth and no management team would deny that the growth of their company is one of the top issues they are working on every single day. However, there are barriers to growth, and these are not only external barriers. Most often it is not the economy, not the market and not the customer who just “hasn’t got it.” The main barriers can be discovered inside every company, because growth always comes from within. If the organization is not ready to grow, initiatives to increase market share, to enter new markets, and/or to increase profitability are destined to fail. This book systematically addresses the main internal barriers to growth and provides practical guidance not only for discovering these barriers, but to systematically overcoming them.

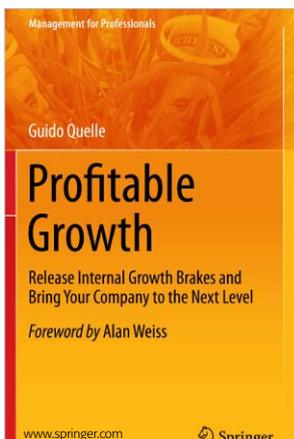
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## Author



Professor Dr. Guido Quelle, “The Growth Driver,” is one of the rare people worldwide who focuses on creating profitable and sustainable growth as an entrepreneur, consultant, author and speaker for more than 20 years. His clients are active CEOs, general managers, senior executives, and entrepreneurs who are committed to consistent growth. With his consulting firm, Mandat GmbH of Dortmund, Germany, he successfully conducted more than 350 projects with 120+ renowned private and listed companies. More than 5,000 people were involved just in those projects that he himself managed. Prof. Quelle is always in demand when companies are seeking the support that will enable them to continue on a course of sustained profitable growth.



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***“The nuance that distinguishes this book is the orientation that growth is measured, planned, and pursued in an orderly fashion, never growth for growth’s sake. Guido wisely takes the reader through a strategic approach which leads to intelligent tactics, not a frenzied tactical charge that undermines strategy.”***

Alan Weiss, PhD, President Summit Consulting Group, Inc., Author Million Dollar Consulting and The Consulting Bible

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