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**Delivering Results
When It Matters Most**
*A Memo to the
Chief Sales Officer*

Sales forces are positioned on the front lines of this recession, and their performance is critical to the survival of many cash-strapped, debt-heavy companies. Successful CSOs will step up to the challenge by delivering profitable volume, reducing and optimizing selling costs, and providing timely, fact-based insights into fast-changing customer needs and desires.

DELIVERING RESULTS WHEN IT MATTERS MOST

With the World Bank forecasting that this year will bring the first decline in global GDP since the Second World War, the pressure on companies to stay healthy and on track is enormous. Across industries and geographies, sales forces and their leaders are on the front lines of this effort.

Chief sales officers, who are facing the worst downturn of their tenures, must deliver business, reduce selling costs, and inform the efforts of marketing, manufacturing, and logistics, while avoiding actions that might harm profitability, sales capabilities, and sales productivity. Toward these ends, they should do the following:

Deliver on plan. Severe gyrations in customer needs, demands, and buying patterns, as well as the competitive landscapes of many markets, have greatly complicated the task of delivering sales.

Key customer relationships must be protected from increasingly aggressive competitors and developed to their full potential. To achieve this, CSOs

will have to allocate finite resources based on an updated understanding of customer value and a keen sense of how changes in customer priorities, needs, and service-level demands will affect business. They should also encourage more collaborative planning with key customers, which will continue to pay dividends when the recession ends.

To hit their targets, savvy CSOs must realign selling propositions with their markets. Recent Booz & Company surveys in the U.S. and the U.K. reveal that customers are placing an intense and entirely understandable emphasis on price and value. It may not be necessary to create entirely new selling propositions, but CSOs should ensure that they are focused on features and benefits that resonate in frugal business-to-business and business-to-consumer environments. One maker of water filtration products for manufacturers achieved this by emphasizing the efficiency of the products and their ability to reduce the maintenance costs and extend the longevity of manufacturing equipment.

Last, but hardly least, CSOs must provide accurate forecasts and execute to plan. Conventional forecasting methods are not enough; CSOs should be tracking their customers more closely, forecasting in as close to real time as they can, and using scenario planning to ensure flexibility and fast reaction times. They should also sharpen their focus on the key metrics in their sales processes. To

craft timely, effective interventions, CSOs need to know quickly when and where results are lagging.

Reduce and optimize selling costs. Like all functional leaders, CSOs are being called on to cut costs and prioritize investments, especially in areas where the return on spending has been historically low or has changed for the worse in the recession.

Since sales head count often makes up the largest component of selling costs, sales needs must be carefully considered and deployments and head counts adjusted accordingly. CSOs can lower their cost of selling and raise sales productivity with objective and unflinching appraisals of individual sales performance; there is less room for underperformance, and now it must be addressed. Pfizer, Google, and Sun Microsystems are just a few of the many companies that have made the difficult decision to reduce sales head count. Conversely, CSOs should also be considering how to retain their best salespeople and upgrade their sales talent in a buyer's job market. The ultimate goal is to have the best people lined up against the best opportunities in recession and recovery.

CSOs should be reevaluating service levels and cutting "nice to haves" with low returns on investment. Some pharmaceutical companies are dramatically reducing their "mirroring" sales strategies, in which they had up to 12 salespeople calling on the same doctors, as well as scaling back their

sales forces in geographies where powerful payors are capping margins. Shifting customers to less expensive sales channels whenever feasible is another common source of savings. Also, CSOs might consider outsourcing sales operations in markets where they don't have affordable scale or capability advantages. Where contract sales forces are already in place, CSOs can renegotiate the terms for coverage, execution, and overall cost.

Finally, CSOs should streamline and improve sales overhead and back-office operations, eliminating costly problems such as overengineered tracking and reporting processes and wasteful sales collateral production and distribution practices. If sales operations and service have not yet been tailored to customer segments, doing so now will deliver more savings to the bottom line.

Take the pulse of the market. Senior leadership teams are scrambling for the market insights needed to weather the short-term storm and position their companies for recovery. CSOs, whose function is closest to the customer, can help by providing candid, fact-based assessments and balanced, grounded perspectives.

Increased collaboration is essential to coping with the current volatility.

CSOs should be proactively informing and supporting marketing's efforts to sharpen value propositions, better target their marketing spend, and, especially, optimize pricing, a very powerful sales lever in this recession. Toward this end, sales information regarding which products and regions are price tolerant and which require adjustment, whether to roll back list prices or discount, and the proper pricing equation balance between volume and margins can be critical to success.

CSOs should be working closely with marketing to calibrate prices. Ill-considered price changes can damage already ailing P&Ls by shrinking demand or reducing margins, but the careful adjustment of list prices and the creative application of discounts can enhance competitive advantage. One consumer packaged goods company, for example, has adopted a geographic pricing strategy, which enables it to better set its prices against private labels and respond to competitive promotional activity and customer demand on a regional level. The ability to surgically target pricing and promotion enables companies to avoid being "right on average, but wrong everywhere."

In fact, this recession is providing a valuable opportunity to break down the remaining walls between sales and

marketing and reduce the chances of missteps by acting together, with the most relevant intelligence at hand. One international industrial parts supplier that improved the linkages between marketing and sales in its recent restructuring reaped sales rewards in terms of improved opportunity discovery, more effective tactics, and enhanced proposals, as well as marketing rewards in the form of more focused value propositions and higher return on marketing spend. Other functions, including R&D, manufacturing, and logistics, can also benefit from closer, more collaborative relationships with sales.

There is a growing consensus that this recession will be long and hard. CSOs will have to be scrupulously fact-based in their assessments and make fast decisions to deliver the profitable sales volume that their companies need in the short term. But at the same time, this work should be undertaken in ways that will continue to pay dividends when the economy recovers—in more efficient operations, improved sales talent fitness, better connections to customers, and enhanced cross-functional communication.

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For additional insight into the challenges of the current recession and practical advice for leading your function and company through it, please visit www.booz.com/recession.

CSOs can lower their cost of selling and raise sales productivity with objective and unflinching appraisals of individual sales performance.

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Contact Information

Beirut

Gabriel Chahine
Partner
+961-1-336433
gabriel.chahine@booz.com

Mexico City

Carlos Navarro
Partner
+52-55-9178-4209
carlos.navarro@booz.com

New York

Edward Landry
Partner
+1-212-551-6485
edward.landry@booz.com

Cleveland

Steven Treppo
Principal
+1-216-696-1570
steven.treppo@booz.com

Munich

Gregor Harter
Partner
+49-89-54525-554
gregor.harter@booz.com

Tokyo

Masahiro Kishida
Partner
+81-3-3436-8600
masahiro.kishida@booz.com