

## Building a Customer-Centric Sales Organization for Competitive Advantage

### Situation

A global Consumer Packaged Goods manufacturer marketing products in 10 categories (including frozen, shelf stable food and non-food, natural organic and foodservice categories) across 6 Strategic Business Units (SBU) determined that it could improve its competitive advantage and customer centricity in the U.S. by integrating its Sales organizations. The company went to market with 9 hybrid (direct and indirect) Sales organizations (reporting to 4 senior sales executives at 4 companies) and distributed products through both warehouse and DSD systems to the grocery, mass, supercenter, convenience, drug, natural / organic, foodservice and other specialty retail channels. Most retail stores (mass, supercenter, and grocery) would have 3 to 4 Retail Sales Representatives calling on them and 5 to 6 account managers calling on headquarter locations. The vision for the new integrated organization included the ability to satisfy consumer wants in every aisle, on every shelf, in every store, on every consumer-buying occasion and to be recognized and rewarded by customers for providing business solutions that add value. More specifically, the organization needed to be:

Characteristics	Critical Success Factors
More Effective	Major account growth and excellence in availability to achieve specific SBU business objectives, and a five year 6% CAGR
Faster	Speed to shelf productivity relative to new products and categories
More Efficient	Reduce and realign relative sales investments for a higher ROI
More Competitive	Cultural transformation, accountability, account team development and redefinition of retail execution

### Solution

Initially DHC worked with a small group of senior corporate executives to establish the high-level vision, mission, specific objectives, metrics, guiding principles, timelines and overall scope and approach to the integration effort. Subsequently a Sales Integration Team was created (composed of 6 dedicated and 6 part-time client associates). It reported to a corporate steering committee (composed of the Sales leaders of each of the Sales organizations and Human Resources) and an executive committee composed of the SBU general managers and the Corporate Leadership team. DHC augmented the Sales Integration Team with both full-time and part-time resources and worked with the team throughout the three phased integration initiative: Phase1: conceptual design; Phase 2: detailed planning; Phase 3: implementation and transition.

The dimensions of the project included the creation of an entirely new, customer focused Sales structure for the U.S. (including cross-functional and cross-SBU account teams), a new customer segmentation model to optimize sales investment, a financial model and strategy that tied to the SBU mid-term plans, a staffing strategy, job rationalization and update of job descriptions for all positions in the Sales organization, new “ways of working” (integrated processes & “Best Practices”) on an intra-functional and cross-functional basis, the creation of a business systems integration team, accountability, performance measurement and sales incentives alignment and a change management plan for cultural assimilation.

Key components of the new organization design included consolidation and realignment of the Internal Sales Support structure, creation of a single geographically aligned large and small outlet selling organization (including model market support and 3<sup>rd</sup> party services realignment), establishment of 18 dedicated account teams, consolidation to 5 SBU’s, creation of a cross-brands promotion team and a co-marketing department, creation of a new business development Sales organization, a new consolidated food service Sales organization, realignment of the customer service function and customer P&L’s. The new structure ultimately resulted in a “one U.S.” Sales organization with an EVP of Sales with 6 Sales divisions reporting to him – Food Service, Business Development, Market Development, Large Outlet, Small Outlet and the Wal-Mart team.

A critical success factor for the new organization was the ability to align SBU business objectives with Field Sales priorities, improving the coordination of trade funds, business and support processes, workload balance and communication. To achieve this alignment, an SBU Sales Development department was created with 5 National SBU Sales Development teams, each reporting directly into the Market Development Division. In conjunction with SBU leadership, these SBU Sales teams were responsible for establishing route-to-market strategies, developing the strategic sales approach to accomplish SBU objectives, developing tactical trade spending and new item launch plans / programs and effective two-way communication between the SBU and the Sales organization. In effect, these SBU Sales Managers were “the face of Sales” within the SBU’s. Coordinating the interaction between Sales and the SBU’s required the creation of a new collaborative planning process and agreement to a number of key assumptions like:

- SBU’s establish the business parameters for success
- SBU’s and Sales jointly establish the “conditions to win”
- Sales delivers the in-market tactics to deliver the Operating Plan
- Sales organizes around customers and categories
- Sales is responsible for customer profitability
- SBU’s are responsible for brand profitability

Working with the Sales Integration Team DHC supported all aspects of the transformation including project management and administration, strategy and organization design, financial analysis and rationale, detailed implementation planning, change management and internal and external communications planning and execution. Change management and training were significant undertakings and critical enablers due to the need to train employees in newly created jobs, newly defined jobs, new “ways of working” and / or cross category education. Although DHC fully supported the Human Resource Department relative to implementation planning, change management and communications, we did not participate in the legal review, staffing selection, compensation and re-location decision process. DHC was assigned the responsibility for implementing the new sales incentive plan, tracking performance and providing HR with the payroll feeds. In conjunction with DHC’s sister company, MossWarner Communications, DHC was responsible for the development and production of Executive review / approval presentations, management communications sessions, Internal Sales force communications, external stakeholder communications, a National Managers Meeting, a National

Sales Meeting and regional roll-out meetings. Additionally, DHC was responsible for writing the 100+ page Sales Integration Brief which documented the transformation methodology, go-to-market strategy, structural design, five-year financial objectives, and delineated specific functional responsibilities, accountabilities and processes.

## Results

The Sales Integration Team, in conjunction with DHC, successfully executed the transformation in 10 months versus the original 16-month timeline, and subsequently the team received the highest honor in the Global Corporate Award Program. Additionally, the project methodology was shared globally and adopted / adapted to other regional initiatives. The new, more customer centric Sales organization better positioned the company for the achievement of aggressive long term SBU objectives through business segment investment plans and significantly changed the function's cost structure. Overall net savings were approximately 20%, but more importantly, the initiative resulted in a realignment of sales investments with a focus on ROI, customer resource alignment and performance against customer expectations. Importantly, a 5% sales growth target was achieved in the transition year and 7% was achieved the following year.