

Growing Market Share and Profits

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Tom Callinan

- Founded Philly dealership, Copifax, 1987
- INC 500, 1992: Sold to IKON 1997
- CFO / VP Ops MAD (98 – 99, one year)
- President IKON NYC Marketplace (99 – 01)
- President Southeast Region (01- 02)
- VP / GM Northeast Region (02 – 03)
- VP / GM East Region (03 – 05)
- Strategy Development, 2006

Platform For Success



- Sales Coverage Model
- Driving Account Penetration
- Pipeline Management
- Customer Retention
- Results of Efforts

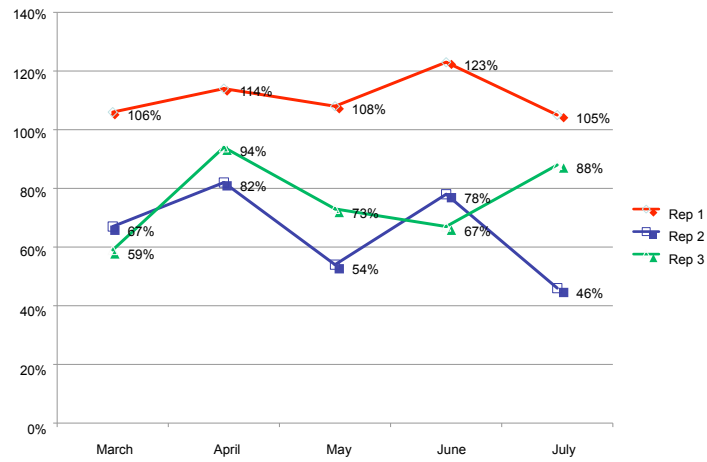
Accelerated Evolution Requires Platform



- New competition from direct branches, printer dealers, printer manufacturers and VARs
 - Strong relationships in IT
- Aftermarket wrapped into lease creates switching costs
- New products requiring application selling
 - Color, B2C, production, wide format
- Software solutions
 - Web submission, capture, variable data, etc

Percent of Quota Bell Curve

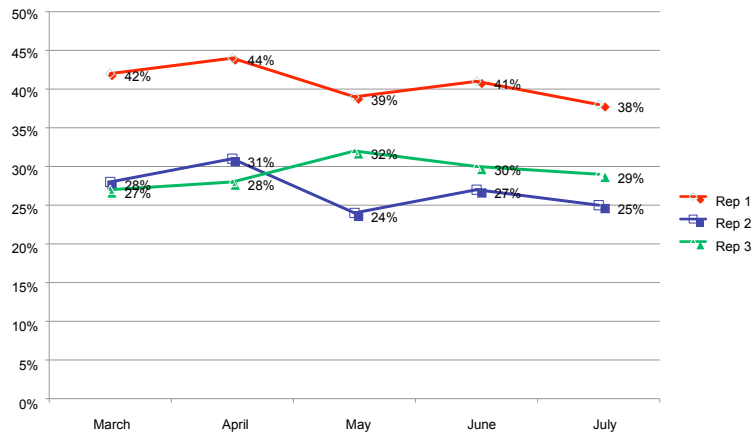
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Gross Profit Margin

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Sales Coverage Model



- Starts with model for sales territory
 - Territory composed of two parts
 - Current customers (MIF)
 - Target accounts
- Rep deployment second aspect
 - Commercial accounts, GEM
 - Major accounts v. middle market
 - Specialists

MIF Assignment



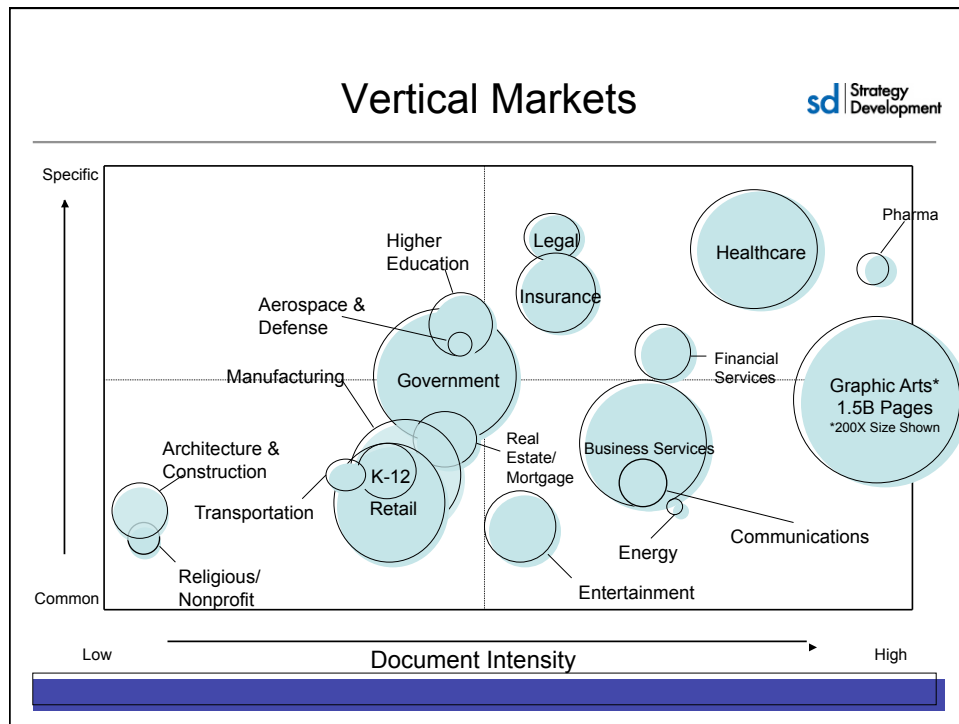
- Easy to value
- Very high probability you have orphaned accounts due to rep turnover
- Proper MIF assignment key to a sales rep's success
 - Getting this wrong could ensure failure
- MIF should represent 70% of a rep's quota
- Should maintain very high current customer retention rate
 - Most quoted rate is > 90%
- Byproduct is ability to increase territories

MIF Valuation

<u>Segment</u>	<u>Total</u>	<u>AUSP</u>	<u>ALF</u>	<u>Value</u>
I	874	\$ 2,186	51	\$ 449,544
II	591	3,708	43	611,561
III	436	5,945	39	<u>797,545</u>
				<u>\$1,858,650</u>

Target Accounts

- Sales reps are a limited resource
- Not all prospects have the same value
 - Most dealers should focus on 40% - 50% of the prospect market
 - Accounts with at least one segment III or larger
 - Sweet spot: Accounts with 3 – 20 copiers that buy locally
- It is a lot cheaper to buy a list of prospects than to have reps cold call and load CRM



The Sales Territory

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- Start with a solid MIF equal 70% of quota
 - Focus to maintaining relationships
- Layer in prospect accounts
 - No more than can be worked over 90 days
- Move toward vertical market approach
 - Use target accounts to make the transition
- Keep geographically circumscribed
- Continue to improve territories with turnover

Sales Rep Deployment



- Three primary segments
 - Middle Market
 - Major Accounts
 - GEM
- Specialist examples
 - Production color
 - Production B&W
 - Print management
 - Wide Format
 - Professional Services

Sales Rep Deployment



- Different customer segments require different sales representative skills and behaviors
 - Major account reps need to be able to manage multiple relationships in an account, usually at a higher level than in middle market accounts
 - Industry or company tenure may not be relevant to type of assignment

Benefits of Territory and Deployment Model



- Increase customer retention
 - No orphans
- Increase rep productivity (Revenue / Rep)
- Reduces sales rep turnover
 - Realistic quota target
- Makes sales management easier
 - Can hold reps accountable
- Provides platform for initiatives

Account Penetration and Retention



- Account reviews are the single most important process in sales effectiveness
- To successfully implement reviews you need organizational skills and discipline
- Director / VP of sales needs to drive process
- Managers need to schedule the time in their calendars

Account Reviews



- Conducted once per quarter on each current account and prospect
- Manager spends at least one hour each week with each sales rep
- Director of sales participates in top 10% of customers and prospects
- President and other executives (CFO, DCS) participates in top 50 (25 customers / 25 prospects)
- Specialist participate as required

Account Reviews



- Basic account review package:
 - Account overview (APT / ART)
 - Any significant recent news or long term initiatives
 - Organizational chart with relationships mapped
 - Officers, and where applicable, directors biographies
 - Branch office and subsidiary locations

Account Reviews



- Review starts out with rep providing strategic overview of account
 - Provides update of progress since last review
 - Provides areas he / she has identified to move the account forward
 - Addresses areas of concern
 - Competitive placements, activity, progress
 - Covers all output: Convenience, color, CRD, data center, and printers
- Other team members assist rep in development of strategy and define their involvement

Account Reviews



- Expected outcome is list of actions to make forward progress in account
 - This list becomes update in next review
 - Rep becomes account quarterback driving activity between reviews
 - Forward progress can be defined as broadly as establishing a beachhead or developing additional critical relationships
 - Earning business or positioning yourself better to earn future business

Account Review Benefits



- Organization shifts to strategic approach
 - Opportunity to increase margins
- Market share gains
 - Better account retention
 - More robust process to gain competitive accounts
- Rep and manager development
- Perfect process to identify opportunities for new products
- Team “owns” account
 - Retention of all account knowledge

Pipeline Management



- Focus to pipeline will identify issues in advance
 - Provides you with time to adjust
- Pipeline (Funnel) broken into three phases
 - P3: Will close in next 30 days
 - P2: Will close between 31 and 90 days out
 - P1: Will close between 3 and 18 months out

Pipeline Management



- Pipeline revenue value
 - P1 should be 20X required revenue (budget or forecast)
 - P2 should be 10X required revenue
 - P3 should be 5X forecast
- Audit pipeline entries
 - Look at largest values in each phase for validity

Pipeline Management



- Pipeline trends should be tracked
 - If your goal is to grow your business your pipeline needs to grow
 - Growth in overall pipeline and each phase
 - Guard against shift over growth
 - Total revenue value and close ratio
- You should have pipeline goals
 - Increase pipeline 5% per month
 - Assign increases at rep level

Pipeline or Forecast



- You need both
- Forecast is the revenue you will produce in the current month
 - P3 is next thirty days which could transcend periods
 - Will provide forecast litmus test
 - 5X = 20% close ratio
 - Pipeline is everybody who will buy in period and forecast is those that will buy from you

Pipeline Benefits



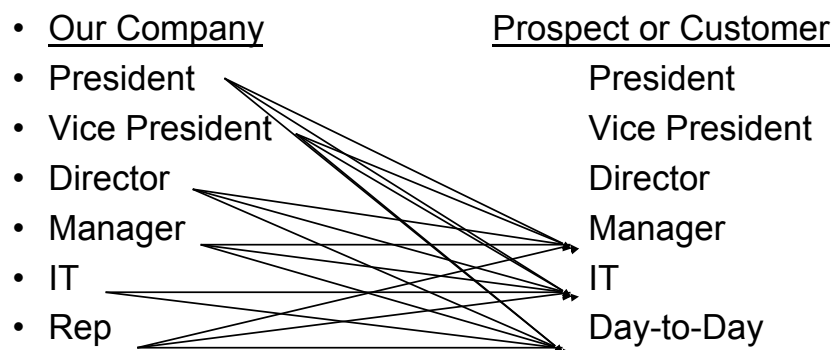
- Validates forecast
- Pipeline provides you with a “look into the future”
 - P2 at 8X average budget over next 90 days?
 - Intense focus to prospecting will save the quarter
 - P1 at 14X average monthly budget?
 - You will not meet your current year’s targets without growing your prospect pool
 - Poor equipment revenue results will not be a surprise

Customer Retention



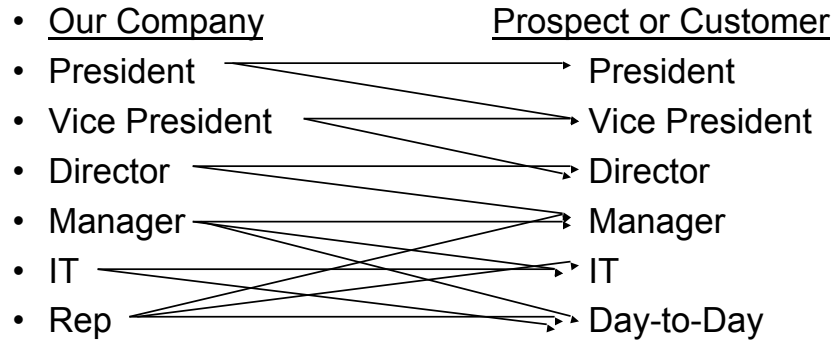
- Your top 50 accounts will produce more than 35% of your revenue
- Your top 50 accounts are your competitors top 50 prospects
 - Your competitors are conducting account reviews on your accounts!

“Normal” Relationship Map



Desired Relationship Map

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Quarterly Customer Reviews

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- Any customer that produces more than \$75K in annual revenue
- Participants should minimally include sales rep or customer service rep meeting with day-to-day contact in account
 - Managers should participate at least 75%
- Review basic statistics: service calls, response time, uptime, AMV, issues, etc.

Top 50 Customer Reviews



- Company's 50 largest customers are visited by senior management once per year
 - Other three visits conducted as "normal" quarterly reviews
- Slightly different presentation with overview of company
 - Products, services, news, etc
- Appointment made by sales manager at manager's highest contact level
- Letter sent out from president at least a full week before appointment

Top 50 Customer Reviews The Letter



- Thank you for taking time out of your busy day on Friday, April 28 at 9:45 A.M. to meet with the executive team from CDA Imaging. You are one of our most important customers. Accompanying me in the meeting will be Rich Reynolds, Vice President of Customer Service, Kathy Scuby, Vice President of Operations, and Joe Lally, Vice President of Sales.
We have a short presentation that will include statistics on our performance over the last three months as well as some general information regarding CDA Imaging. After the presentation we would welcome any suggestion you or any of the other executives in your company might have on how CDA Imaging could improve as a vendor.
Regards,
Mary Smith
President and CEO
ABC Imaging

Top 50 Customer Reviews



- Impact of all of the titles usually motivates recipient to invite their boss to the meeting
 - Manager and rep do not attend this meeting
- Meeting provides front-line perspective on how your company is viewed
- Frequently you uncover opportunities
- In 90% of situations you will have a new higher level contact in account
 - You may just learn how low a level you do have


Top 50 Customer Reviews



- Make certain the appropriate level from your company follows-up with the appropriate level participants from your customer
 - If director was highest level in the meeting your VP / director should follow-up with note
- This is the beginning of a relationship not the end
 - Find ways to continue to cultivate a relationship now that you have the introduction


Outcome of Top 50 Customer Reviews



- Very likely that you will get both higher and wider in the account
 - You are adding value to one of your largest customer relationships
 - You will uncover opportunities and stay connected to market
 - You make it very difficult for a competitor to unseat you in the account
- 


Nirvana



- Every rep approximately 70% MIF to Quota
 - All major account reps are vertically focused
 - Middle market reps have vertical groupings
 - Every rep has a sound list of target accounts
 - Robust account reviews are being conducted religiously
 - Pipeline is growing at 5% CMGR
 - One Top 50 occurring every week
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Results of Efforts




- Lower rep turnover
 - Ability to successfully add sales territories, compounding growth!
 - Initial MIF analysis may result in additional territories
 - Processes drive more placements
 - Turnover and promotions allow MIF “skimming”
 - Increased equipment revenue
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Results of Efforts




- Visibility into future periods (pipeline)
 - Successfully launch new products
 - Tenured and developed sales force
 - Applications at vertical level
 - Account reviews to discuss placement
 - Pipeline to identify upgrade opportunities
 - Increase customer retention
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How Do I Help

- Eliminate the errors with the projects
 - Speeds implementation
 - Train management
 - Developmental plans
 - Management assessment
 - Structure assessment
 - Provide tools
 - Keep your team focused
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Other Areas of Practice

- Print management
 - Business planning
 - Operating plan
 - Actions
 - Territory expansion
 - Analysis
 - Management processes
 - Business processes
 - Executive coach
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Questions?

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Thank you!
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