Welcome Back

Craig Fitzpatrick

Product Manager
ECi OMD

David Ardies

Regional Sales Manager, Southwest Region
Kyocera Mita America

Mitch Morgan

Partner
Growth Achievement Partners

Building & Maximizing the Impact of Your Solutions Team

Agenda

- *"What to"* Implement
  - Account Review Process
  - Strategic Selling Methodology
  - Business Process Focus
  - Help Desk Services
  - Managed Network Services
  - Technology Road Map Services

- *"How To"* Implement
  - Organizational Structure
  - Activity
  - Integration
  - Sales Strategies
  - Compensation
  - Development
  - Financial Reporting

"What's going on in our industry?"

- Manufacturer Consolidation
- Decreasing Placements
- Pressure in ASP, Margin, and Annuity
- Economy and MPS focus masking a fundamental issue with our industry…lack of growth
- Industry trending to diversifying into adjacent markets
  - Xerox into Business Process Outsourcing (ACS) in its biggest acquisition ever
  - Konica Minolta acquires IT Outsourcing company, All Covered

- Large percentage of dealers facing year over year decline in topline for the 3rd year
- What do you project in (core) equipment revenue ?
  - 2010 _____
  - 2011 _____
  - 2012 _____
  - 2013 _____

Dealers need new sources of revenue & margin

Customers demand complete solutions

Dealers want more control of accounts

Chief Diversification Officer (CDO)

- Historically the role of the dealer principal has been to:
  1. Sell what the manufacturer built *(that was strategic planning)*
  2. Drive operational performance in accordance with the Johnson/ALCO/Hanson model (*See PROFinance*)
- If you did all those things there was a certain level of growth and double digit Operating Income
- Your success in the future will be more about your ability as the leader of your business to "build from the core" and diversify/grow revenues

New Key Metric

Revenue per Customer

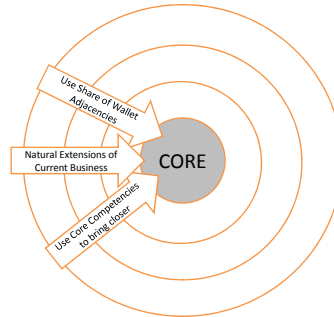This measures "share of wallet"

"Tell me which *Brick Wall* to Run Through"

1. Account Review Process
2. Strategic Selling Methodology
3. Business Process Focus
4. Help Desk Services
5. Managed Network Services
6. Technology Road Map Services

Account Reviews

- Why are they important?

- Why haven't they worked?

- What needs to change?

- How can you make this a key component of your role as CDO?

Use Share of Wallet Adjacencies

Natural Extensions of Current Business

CORE

Use Core Competencies to bring closer

MPS Customer Engagement Evolution

STAGE 3

3a: Enhance
- simple document management
- document workflow
- document archiving

STAGE 2

2a: Optimize
- fleet consolidation
- right sizing
- asset deployment
- apply print and document policy

3b: Business Processes Improvement
- process analysis
- workflow analysis
- process improvement though off-the-self workflow software

STAGE 1

Control
- assessment
- understanding user requirements
- planning
- print and document user policy development

2b: Ongoing Management
- on-going, proactive fleet management (redeployment, etc.)
- adjusting to company growth

VENDOR EXPERIENCE AND EXPERTISE

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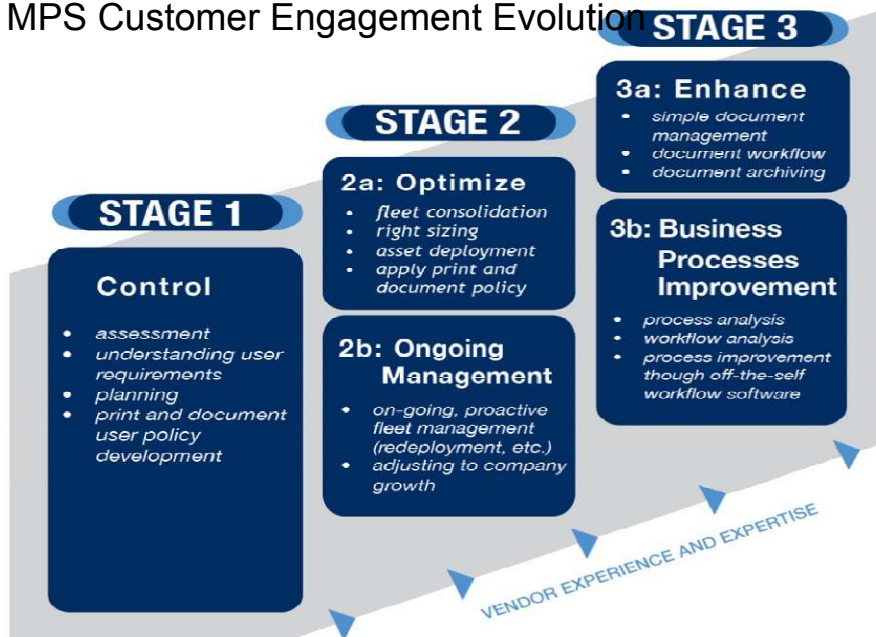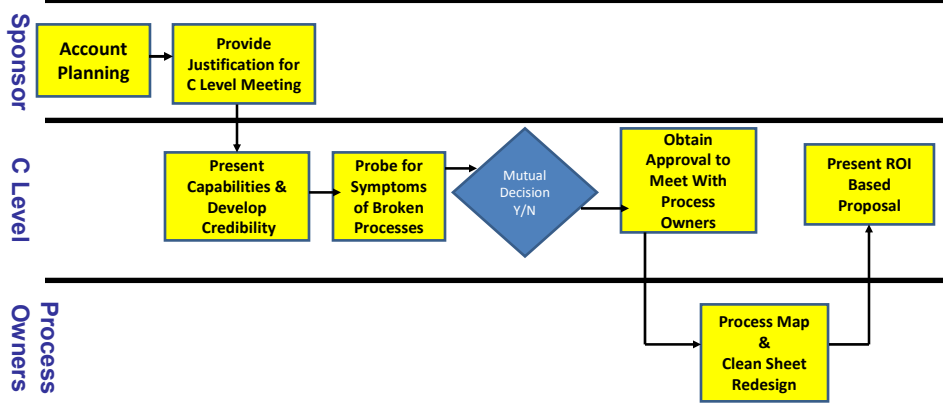
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Strategic Sales Process

Sponsor	Account Planning → Provide Justification for C Level Meeting

C Level	Present Capabilities & Develop Credibility → Probe for Symptoms of Broken Processes → Mutual Decision Y/N → Obtain Approval to Meet With Process Owners → Present ROI Based Proposal

Process Owners	Process Map & Clean Sheet Redesign

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Xerox/ACS

Blodgett (CEO of ACS) said BPO is in transition. Initially, BPO was all about the *labor arbitrage*—outsourcing processes and the labor that goes with them to save money.

"Today it's about *technology enabled business processes*," said Blodgett. "BPO and IT are coming together and attracting customers, and the growth picture is solid for BPO."
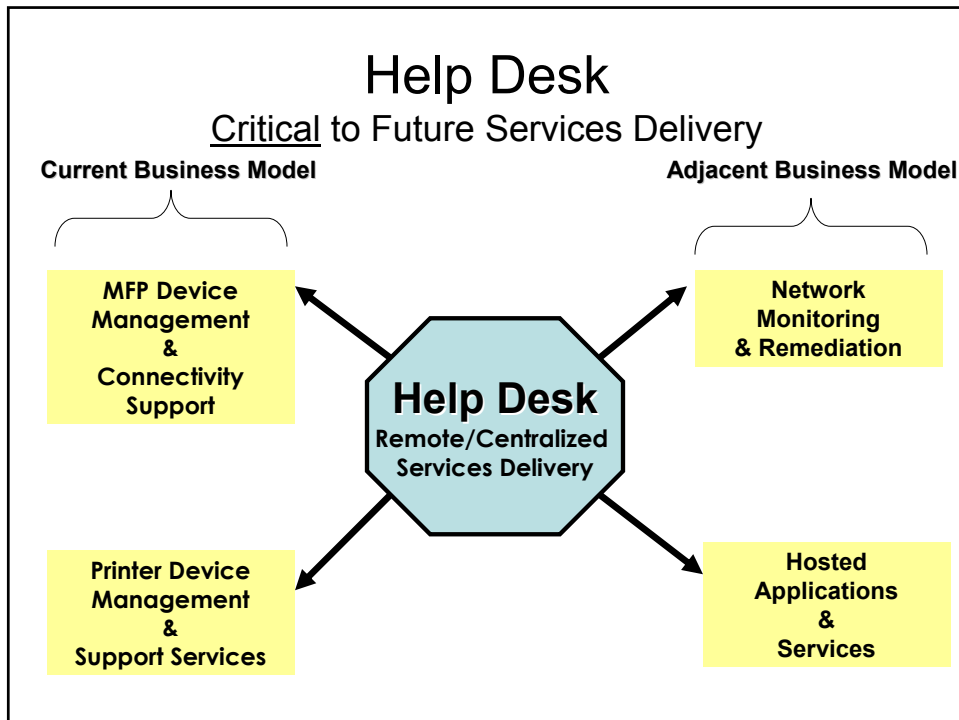
Business Processes

- What are they?
  - A group of activities that lead to some output or result
  - The means by which work gets done
  - A mechanism to create and deliver value to a customer
- Why are they important
  - They describe _virtually all work activities_ in an office or manufacturing environment
- Map Current State Processes and Perform a Clean Sheet Redesign

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"Tell me which _Brick Wall_ to Run Through"

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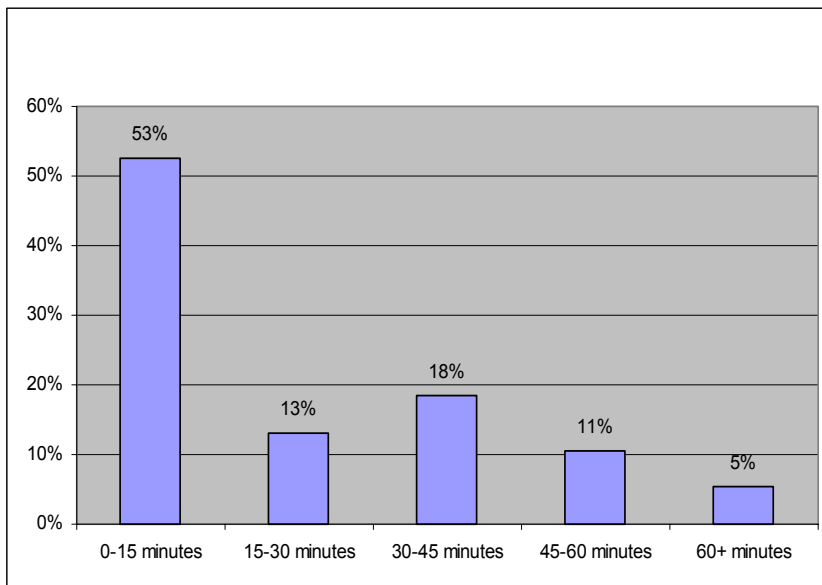6. Technology Road Map Services

Help Desk
Critical to Future Services Delivery

Current Business Model

Adjacent Business Model

MFP Device Management & Connectivity Support

Network Monitoring & Remediation

Help Desk
Remote/Centralized Services Delivery

Printer Device Management & Support Services

Hosted Applications & Services

Remote Services Delivery

- Key Planning Concept:

  Remote/Centralized Services Delivery
  - Irreversible
  - Accelerating
  - Lead Strategy of High Performance providers in the future

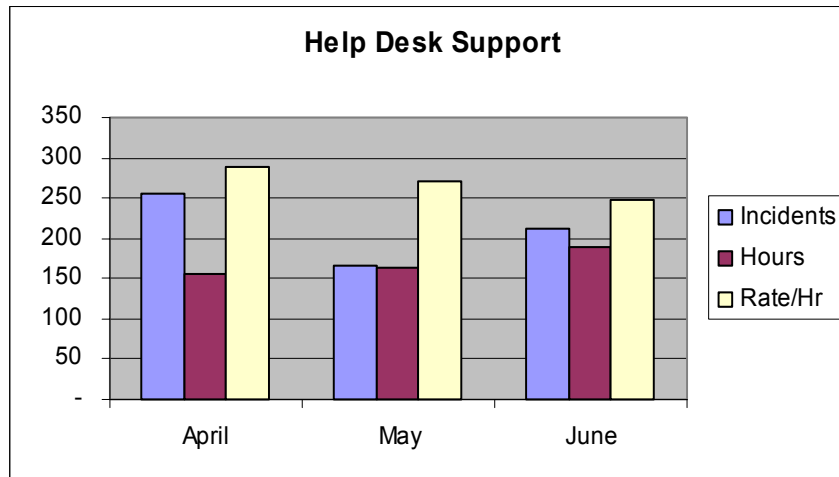 This will impact our current core business as well as act as a driver of future growth and profitability

Think about your business in a different way…

Minutes to Resolution…Not Hours

	0-15 minutes	15-30 minutes	30-45 minutes	45-60 minutes	60+ minutes
	53%	13%	18%	11%	5%

Help Desk Calls

Help Desk Support

Legend: Incidents, Hours, Rate/Hr — values shown for April, May, June (axis 0–350)

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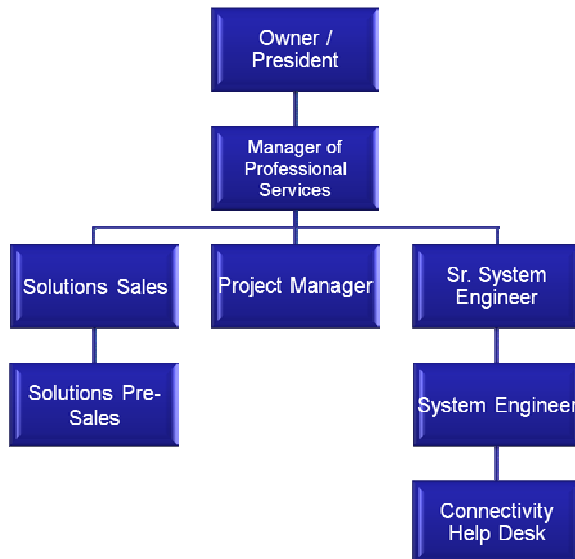6. Technology Road Map Services

Why MNS ?

1. Service oriented, annuity based revenue
2. Replace (and reduce) current spend
3. Favorable margins
4. Increase revenue per customer…make relationships "sticky"
5. Adjacent, growth market
6. Investment (and barriers to entry) are lo
7. Entry point for *"All Things Technology at One Price Per Seat"*

Fundamental Concepts

- The Solutions Team is a **Sales Team**, not a Support Team
- They need clear roles, expectations, accountability, and metrics, for performance
- They can not be viewed as "value-add" or "indispensible overhead"
- You will be the leader in establishing a culture of "solutions deals" and "chargeable services"

Organizational Structure (ideal)

```
                    ┌──────────────┐
                    │   Owner /    │
                    │  President   │
                    └──────┬───────┘
                    ┌──────┴───────┐
                    │  Manager of  │
                    │ Professional │
                    │   Services   │
                    └──────┬───────┘
        ┌──────────────────┼──────────────────┐
  ┌───────────┐     ┌───────────────┐   ┌──────────────┐
  │ Solutions │     │Project Manager│   │  Sr. System  │
  │   Sales   │     │               │   │   Engineer   │
  └─────┬─────┘     └───────────────┘   └──────┬───────┘
  ┌───────────┐                         ┌──────────────┐
  │Solutions  │                         │System Engineer│
  │Pre-Sales  │                         └──────┬───────┘
  └───────────┘                         ┌──────────────┐
                                        │ Connectivity │
                                        │  Help Desk   │
                                        └──────────────┘
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Solutions Manager

- "Says grace" over both Solutions Sales and Operations
  - *Remember, this is a sales team…with an implementation and support arm*
- Accountable for the entire Solutions P&L
  - *Be and "be allowed to be"*
- Responsible for Solutions training and development of Core Sales Reps and Managers
  - *They are the cultural change agent…and the Solutions Sales reps need to be out selling*

Activity – Solutions Sales

- Solutions Sales
  - Maintain pipeline and forecast and be accountable to both
    - 12x-8x-4x quota
  - 10-12 sales appointments per week
    - 70% rep generated, 30% initiated on their own
  - Current Customers, Expansion, and Net New

Activity	Current Customers (70%)	Net New Prospects (30%)	Total	Expected
# Sales Calls (X/day)	0	0	-	-
# Sales Appointments (XX/wk)	0	0	-	-
# of Appts initiated by Rep	0	0	-	-
Demo's Performed (Device Dep)	0	0	-	-
Demo's Performed (Device Ind)	0	0	-	-
Pipeline Adds (1/day)	0	0	-	-
Pipeline Adds (Total $)	$0	$0	$0	
Avg Pipeline Add				#DIV/0!
Proposals Given (X wk)	0	0	-	-
Deals Closed	0	0	-	
Proposals per Closed Deal				#DIV/0!
Average Revenue Per Deal				#DIV/0!

Solutions Sales

- Profile
  - Typical mid-level sales rep attributes, plus…
  - High degree of business acumen
  - Ability to "turn interest into need"
- Where do you find them?
  - In the bullpen, selling "solutions" today
  - Experience selling business process improvement (workflow)
  - Service techs looking for career development and income opportunities

Activity - Operations

- Systems Engineers
  - Accountable for their time, 40 hours per week
  - They are part of a sales team and need to drive revenue
  - Transfer majority of basic installation and connectivity to Service
- Profile
  - Technical and people skills…they are not developers!

SE Activity Metrics	
Pre-sales	20%
Billable (Imp. & PS-billable)	60%
Post-sale non-billable	10%
Admin/Personal Dev.	10%

Integration

- Solutions Manager
  - Consider the Sales Managers your Major Accounts
  - Create, distribute, and maintain library of "Success Stories"
  - Participate in weekly Core Sales team meetings
- Solutions Sales
  - Place them in the bullpen with the reps they cover
  - Meet with Core Sales and Managers 2x per month to report on activity and update forecast
  - Attend all Core Sales team meetings and lead at least one team meeting per month
  - Participate in customer-facing account reviews to present "Success Stories"

Integration, continued

- Operations
  - Communicate frequently to Core Reps and Sales Managers on the status of customer implementations, projects, and issues
  - Assist Service in the transition to connectivity implementation and support

- Core Sales Management
  - Attendance and participation in Solutions Sales-led team meetings
  - "Certification" on device-based solutions for self and team
  - Proposal inspection and inclusion

Sales Strategies

- Device-based Opportunities
- Why are they important?
  - Differentiator vs. equipment only and competition
  - Identify more cost to help "pencil sale"
  - Opportunity to increase ASP and GP
  - On-ramp to larger opportunities (now or later)
- Why don't reps sell them?
  - "Delay the sales cycle"
  - "Price me out of a deal"
  - "I need more training"
  - "My comp isn't as good"
  - Fear of involving others
  - Don't understand enough of the benefits to sell the difference in monthly payment

Sales Strategies, continued

- How do you overcome it?
  - "Eat your own dog food" – use the tools!
  - Certify the <u>Sales Managers</u>
  - Proposal Inserts – select, create, certify reps, include as option in every deal
  - Transactional Spiffs – it's worth the investment
- Who should you target?
  - End Users / Process Owners
  - Accounts with 3+ MFP's
- What should you expect?
  - Core reps sell these solo 50+% of the time (creates run-rate)
  - Attach rate of 20%-25%
    - ***What's the financial impact to your business?***

Development

- Transition from "Technical Sales Specialists" to "Business Process Specialists"
  - Software deals will close based on the business process they solve, not the features they provide

- Start with 3-4 "key applications" relative to your:
  - Skill sets
    - Which processes does your team know really well?
  - Customer base
    - Where do you have multiple placements and strong relationships?
  - Local competition
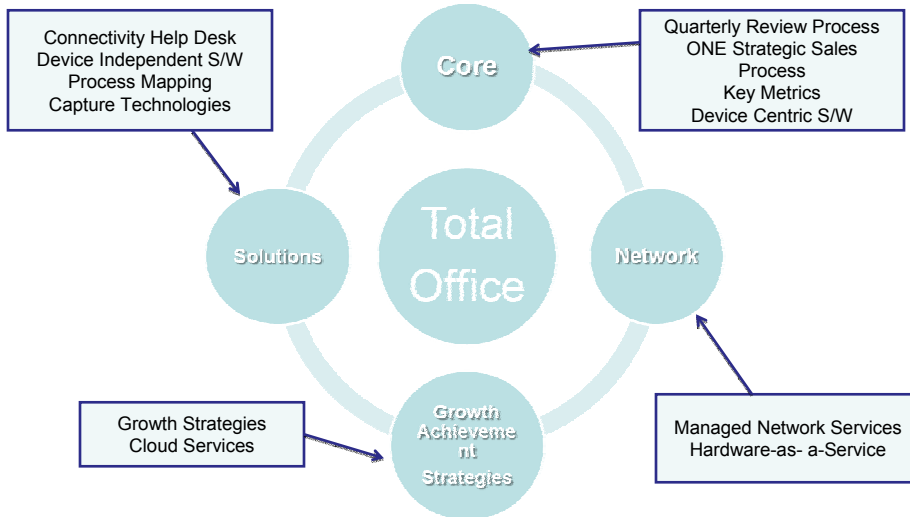   - What advantages can you leverage and/or gaps can you exploit?

Compensation

- Solutions Manager
  - Quarterly MBO based on Solutions Team P&L Results
- Solution Sales Specialist
  - Quota / targets determined as a percentage of the quota of the reps they overlay
    - Total Core team equipment quota x 10% (50% Services, 50% Hardware/Software)
  - Commission should be set as quarterly MBO vs. transactional
  - Inclusion in stack rankings, contests, promotions, spiffs, etc.
- Systems Engineer
  - Quarterly MBO based on Solutions Team P&L Results
- Core Sales Reps and Managers
  - Specific Solutions revenue targets within the annual comp plan
  - Comp <u>at least</u> as good as for equipment

Financial Reporting

- Separate and track
- Key Dashboard Items:
  - Solutions Revenue as % of Total Revenue

Revenue		
H/W S/W		
Services		
Total Revenue		
COGS		
H/W S/W		
Services COGS		
Total COGS		
Gross Profit		
H/W S/W		
Services		
Total Gross Profit		
SG&A		
Sales Commission		
PS Compensation		
Other Expenses		
Total SG&A		
Contribution		

Strategic Elements

Connectivity Help Desk
Device Independent S/W
Process Mapping
Capture Technologies

Quarterly Review Process
ONE Strategic Sales Process
Key Metrics
Device Centric S/W

Core

Solutions

Total Office

Network

Growth Achievement Strategies

Growth Strategies
Cloud Services

Managed Network Services
Hardware-as- a-Service

Next Steps

- Make a decision on MNS…NOW
- Finalize and communicate your Solutions Team Mission Statement
- Establish and communicate roles and expectations
- Establish and track activity benchmarks
- Formalize calendar/Action Plan to drive integration
- Execute a sales strategy around business processes
- Implement a **revenue generating** Connectivity Help Desk
- Establish quotas / targets to solidify revenue expectations
- Track and communicate monthly results with the rest of the business

Contact Information

- <u>Mitch Morgan</u>
  913-269-7255
  Mitch@growthachievementpartners.com

- <u>Chris Ryne</u>
  913-522-5454
  Chris@growthachievementpartners.com

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