

AS WE SEE IT...

THE SELLING CULTURE

A CONVERSATION ABOUT PROFITABLE GROWTH

Most leaders who think, act and communicate about their businesses as successful also say that their organization already had and continuously promotes a “selling culture.” The presence of a true and pervasive selling culture is the emergent theme in our conversation with our clients that are focused and achieving great results.

These observations should provoke your thoughts about how your organization sells! The right game-changers can move an organization that values sales all the way up to a full-blown selling culture. The trick is to find the people who radiate selling culture contagiously while delivering excellence in their specific areas of responsibility.

As always, our goal is to assist you in meeting your current and future growth challenges through the right planning, the right organization, and the right talent! Our consultants in nearly 40 countries stand ready to serve you and your enterprise.

Steve Schrenzel

Managing Principal

THE INDUSTRY FOCUS

While our conclusions apply broadly to business, this year we focused on investment management, a major client segment for our US and global practices. We spoke with mutual fund managers, other collective fund businesses, hedge funds, long only investment managers, all forms of investment advisors, and real estate specialists.

WHAT DOES A SELLING CULTURE LOOK LIKE?

Business commentators and investors note that the most successful executives are *always* selling. Rather than extolling the benefits of their products and services, they talk about their people and their organizations. They speak of their companies as the best organizations they have ever worked for with the best people, products, and processes while constantly operating under the expectation that they can still improve the quality and quantity of their results.

Ultimately, they see themselves as the best and know that they can only remain this way through constant improvement.

(Cont'd)

Executives describing their selling culture say:

- I'm selling the firm, not just our product.
- This isn't about our sales team, advertising, websites, or blogs - it's about people and values.
- I don't want staff to tell me about policies, processes, and systems; I want to hear them talking about our brand.
- Everyone is selling our brand - not "even" the receptionist but particularly the receptionist.

ISSUES A SELLING CULTURE MUST CONFRONT

Decisions around information flow, resources management, positioning, and compensation require thoughtful planning and consideration to support a selling culture.

Executives wrestle with many questions:

- How do I recognize and reward our people for leads, even if they don't result in new business?
- How do we sift through referrals to make sure we put resources behind those likely to become clients without discouraging employees who make less qualified referrals?
- How do I involve my Portfolio Managers (PMs) in the sale of more complex products without showing a loss of confidence in our sales professionals? Increasingly complex products in all industries require greater involvement of the product designers and implementers - more specifically in the investment industry, the PMs.

AN EMERGING TREND?

COMPENSATING PMs FOR NEW BUSINESS

PMs in some companies, particularly new PMs, are being directly compensated for new client business they bring to the firm. Remuneration is being developed both as a sales commission and as an addition to other incentive compensation arrangements.

Some might fear that this could produce conflicts of interest when pay is on the line or that PMs might be sidetracked from their portfolio management obligations.

However, what we hear is that PMs who are bringing in business are very aware of their primary obligations as well as the implications of any actions they take on their business relationships.

COMPENSATING SALES PROFESSIONALS FOR PROFITABLE RESULTS

In some companies, there is a disconnect between the challenges facing the sales professionals and executive leaders. At times, executives not close to the sales process fail to adequately understand the time and effort needed to complete the sales cycle. However, those closest to the sales process resoundingly say that the lead time needed to close new business is becoming excessive, with little recognition of the time required in current compensation structures.

"SELLING CULTURE" COMPANIES SHIFT THE FOCUS:

- Executives respect their sales professionals and don't denigrate them with discussions about high performing products "selling themselves."
- Increasingly, sales incentives are being tied not just to revenues but also profitability and margins. Communicating sales related compensation as if it is a commission with adjustments for profitability is perceived as keeping everyone's eye on the same ball.
- While discussion of commissions versus bonuses continues, a bigger issue in the investment management business is the financial recognition of consultant relations professionals and product managers who are part of the selling process.

COMPENSATING NON-SALES STAFF

Perhaps the most complex challenge in a selling culture revolves around how to motivate all employees to think of themselves as selling in their every contact. How leaders create and foster a robust sales culture at senior levels is relatively clear cut. But, what about the receptionist?

How do we quantify observable selling and relationship contributions for positions far afield from the traditional selling job?

We all know of companies that routinely put down their employees, failing to acknowledge success in areas not directly related to their jobs. Clearly – intuitively - companies that view all their employees and employment practices as being part of public relations, and indirect selling and promotion are most likely to foster a selling culture throughout their organizations.

One quite successful company had long used an annual cash profit sharing plan to reward employees for suggesting and participating in new business wins. However, realizing that many employees didn't fully understand their business and the long cycle time to close a transaction, they initiated an employee education process and switched to a new cash awards program with quarterly rewards.

THE POWER OF THE INDIVIDUAL HIRE

However, the bottom line remains - how does a company committed to a selling culture get the right people in the first place? As a firm that recruits executives and senior professionals, we have always said you don't hire us to fill a position - no matter how important - but rather to find someone who can make a difference. So we asked our executives: *can a single executive be a true game changer?*

Most clients seemed to believe so:

- “If he or she is a true catalyst for doing it better, absolutely.” Examples include individuals who develop disciplines around the management of specific products or create atmospheres of accountability in their spheres of influence; asking for and rewarding ideas (challenging staff to use their intelligence and judgment without penalty); and not doubting every decision.”
- “An individual who brings a new energy and point of view to us can create dramatic changes.”

Every successful company seeks people who will catapult them forward.
All of us have seen that the “wrong hire” can cause chaos, so care needs to be taken.
Prior success does not always guarantee “fit” or future success.

On the other hand, we also have seen close up exceptionally experienced and successful executives who have changed entire companies - and certainly specific functions within companies. These individuals are magnets for new business and new talent. Many are outwardly quite modest but can easily explain what they do and how they achieve their results.

These game-changers can move an organization that values sales all the way up to a full-blown selling culture. The trick is to find the people who radiate selling culture contagiously while delivering excellence in their specific areas of responsibility.

As always, our goal is to assist you in meeting your current and future growth challenges through the right planning, the right organization, and the right hires. Our consultants in almost 40 countries stand ready to serve you and your enterprise.

OUR DISCUSSION APPROACH

Our clients are fast-paced and multinational. In today's world, they are consistently at the top and work hard to remain there! Excellence in selling must be one of the arrows in your quiver. The goal of these discussions is to stimulate a conversation within your organization around growth, and organizational strategy in building a selling culture.

Over 40 companies were included with approximately 55 executives sharing opinions on some or all of the topics we covered. We thank our Taplow Group partners for their participation and their assistance in helping us arrange necessary meetings. We held these discussions in Q4 2009 and Q1 2010.

We look forward to discussing how to ensure that the right talent is in place and rewarded in order to build a true "selling culture."

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