Branchentag GfK - Dynamic Sales Force Design

Endress+Hauser Consult AG – Peter Portmann
Head of Global Sales Excellence
About me

- Peter Portmann, Head of Global Sales Excellence
  - IT – Technical Degree
  - Dipl. Betriebswirt

- Job Background
  - Evonik - Process Automation
  - BUSS AG - Process Automation
    (Akaer Kvaerner)
  - Endress+Hauser - Marketing, Service, Business Development, Sales Management

- More about me, if you like, during the breaks…
I would like to run you through…

- Introduction to Endress+Hauser
- Dynamic Sales Force Design
- Conclusion – Dynamic Sales Force Design
Introduction to Endress+Hauser

• Who are we?
Endress+Hauser: Our figures 2015

• **Net sales of 2.1 billion euros**  
  …a strong partner

• **12,952 employees worldwide**  
  …a reliable employer

• Net income of 165 million euros  
  …economically successful

• Equity ratio of 73%  
  …solidly financed

• Investments of 166 million euros  
  …future-oriented

• 6,500 patents and patent applications  
  …innovative and creative
Endress+Hauser: Our fields of activity

Wherever you are, whatever you do: you are surrounded by products manufactured by the process industries

Thanks to process engineering, substances can be modified, merged or transformed, for example by

• mechanical processes
• chemical and biochemical reactions
• thermal impacts

With our products, solutions and services, our customers design their processes to be

• Safe, reliable, environmentally compatible, efficient
Endress+Hauser: Our fields of activity

Endress+Hauser is a reliable partner of the process industries

We accompany customers from laboratory to plant, from research on new substances to the final product

- Renewable energies
- Primaries & metal
- Food & beverages
- Chemicals
- Pulp & paper
- Marine
- Energy
- Oil & gas
- Environmental
- Life sciences
Endress+Hauser: Our offering

We provide sensors, instruments, components and systems for process automation.

Our range of services increase availability of our customers’ plants and improve process/product quality.

Comprehensive solutions for process engineering enhance efficiency of our customers’ plants.
Endress+Hauser: Our structure

• Holding company in Reinach, Switzerland
• 26 production facilities in 12 countries
• Sales centers and representatives in more than 125 countries
• Regional sales support centers
Endress+Hauser: Our structure

- **Business in sole ownership of the Endress family since 1975**
- Founded in 1953 by Georg H. Endress and Ludwig Hauser
- A charter settles the relationship between family and company
Dynamic Sales Force Design

- Introduction
- Preparation
- Geomarketing and Design
- Implementation
Why does Endress+Hauser needs Sales Force Design?

Customer demands and expectations keep changing faster.
- Endress+Hauser has to keep up the speed to adapt to the changes and needs a method to do so.

Customers expects their partners to best understand their needs, Endress+Hauser needs to focus.
- Endress+Hauser has to adapt the sales organisation to the full satisfaction of our customers and needs a method supporting it.

The Endress+Hauser Group needs to grow in a profitable and sustainable way.
- Endress+Hauser has to focus on the right customers with the right offering.
Trigger for the Sales Force Design Process

Ok, but as well:

- Stagnating amount of buying customers
- Competition landscape has changed, differentiation is more difficult
- Customers expects more from suppliers than products
- Customers like value co-creation and partnership
- Offering of Endress+Hauser is more difficult to manage
- Endress+Hauser Strategy 2020 has become very customer centric
- ...

Enough space for growth…

Do we activate all our customers?

How do we serve the space in between?
Where to start to sell?

01, Customers spread Belgium Luxembourg
“Sales Force Design” Process

**Preparation**
- Customer segmentation
- Database hygiene
- Sales Center objectives/targets

**Geomarketing and Design**
- Sales Force Design Training SFD1
- Proposed Sales Organisation proposal
- Sales Force Design Training SFD2

**Implementation**
- Budget and Implementation plan

Central Sales Excellence Support

---

Slide 16  04/20/2017  E+H Consult AG - P. Portmann
Preparation – Customer Segmentation

Market Segmentation

Market Segment (Industry)

Business Type (End User or...)

Potential (Sales Coverage)

Customer Data
- Segmentation
- Addresses
- Contacts
Preparation - Outside Sales and Inside Sales Pattern (Sales Center specific)

- OSE Industry/Top
- OSE Territory/Regular
- OSE CDS
- Contact Sales

Avg. NS K€
Geomarketing Example Belgium – Top Customers / Industry

N1 Chemical
N2 Chemical
N3 Food+Beverage
N6 Water/Life Science
Nx Oil+Gas
S1 Food+Beverage
Life Science
Geomarketing Example Belgium – Top Customers / Industry

=> potential in vertical sales

N1 Chemical  N2 Chemical  N3 F+B  New O+G  N6 W/WW  S1 F+B, LSI

NS K€
Geomarketing Example Belgium – Top Customers / Industry

customer lists

<table>
<thead>
<tr>
<th>EAN</th>
<th>Volume</th>
<th>Name 1</th>
<th>Name 2</th>
<th>Country No</th>
<th>Postcode</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Slide 21  04/20/2017  E+H Consult AG - P. Portmann
Geomarketing Example Spain – Medium and Small Customers / Territories
Geomarketing Example Spain – Medium and Small Customers / Territories

=> potential in horizontal sales

Region 1  Region 2  Region 3  Region 4  Region 5  Region 6  Region 7  Region 8  Junior 1  Junior 2
Geomarketing Example Spain – Medium and Small Customers / Territories

Territory 1
63 Cust.
NS: 1,204,838 EUR

customer lists
Geomarketing Example USA – Small and Inactive Customers
Implementation - Sales Roles and ratio of Sales Roles in SCs

Industry/Top Customer Sales Team

Territory/Customer Development Sales Team

Small Customer Sales Team

(1 per 1000)
Implementation - Sales Organisation Belgium

From:
• Area Sales People
• Inside Sales People
• Team Assistants

18 months
• + Inside Sales
• + Customer Development

To:
• Industry Sales People
• Industry Inside Sales People
• Industry Team Assistants
• Territory Sales People (non industry)
• Customer Development Sales
• Inside Sales People/Team Assistants
• Telesales People
Implementation - “Sales Force Design” simplified Timeline

Sales Force Design Process

1. Communication to V
2. Talks to OSE/ISE
3. Communication to V
4. Talks to OSE/ISE
5. Define Sales areas
6. Finalise areas, bonus
7. Communication to V

Change Management Process

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
</table>

Branchentag GfK - Dynamic Sales Force Design
Implementation - How to measure success?

Sales Centers with….
Implementation - Development Belgium (Order Entry)

Order Entry k€

Profitable Growth
• Order Entry  +38%
• Sales FTE  +18%
Conclusion
Concept Scalability

Implementation Plan

Central Guidance

Regional Implementation Support

50 Sales Centers

9 FTEs

700 FTEs

50 Sales Centers

Implementation Plan
Lessons learned

Sense of Urgency

Standardised Process + Tool

Data Quality

Sales Concepts

People Development

Scalable Implementation

Success Monitoring
Summary - Dynamic Sales Force Design

- Geomarketing (and GfK) supported a lot the development!
- All customers do have a dedicated sales person (outside or inside)
- Top customers and very potential customers are in the Sales People focus
- Extraordinary growth with small and inactive customers
- Sales gets the right skill sets, very focused
- Required Change Management is ensured
- …