



THE
**SALES
MANAGEMENT**
ASSOCIATION

Focusing Sales Operations' Productivity Impact

Panel Discussion:
Driving Immediate Productivity Improvement

May 10, 2011



EVERGREEN
GROWTH ADVISORS



Panel Agenda

- ❑ Driving Immediate Productivity Improvement
- ❑ Discussion on Recent Experiences – Yours and Ours
- ❑ Questions.....



3 Things to Drive Immediate Productivity...

1. Identify Highest Value Customers
2. Select the Right Channels
3. Use Metrics that Enable Active Performance Management



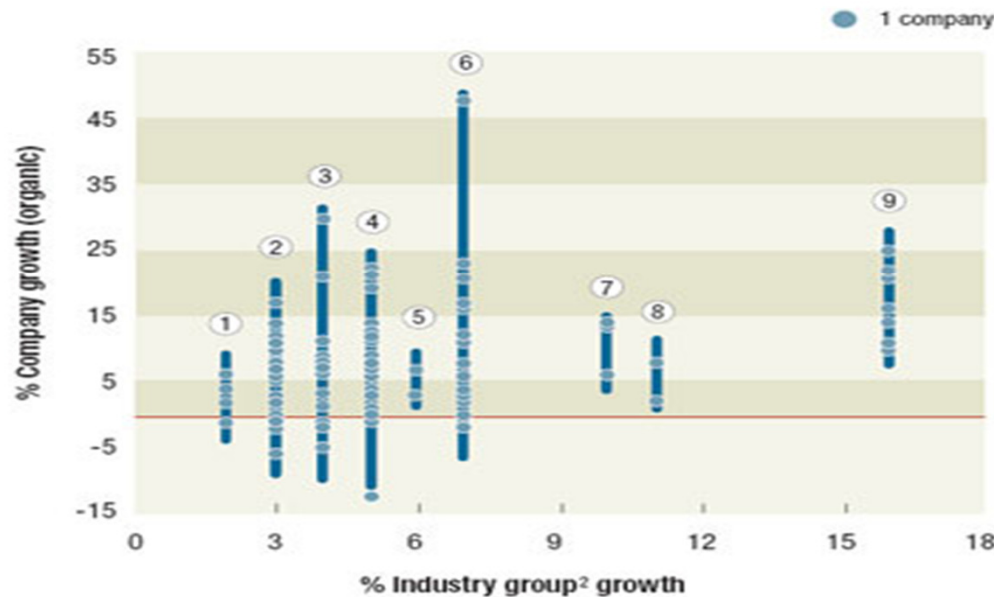
Identify Highest Value Customers

Growth rates vary significantly within an industries; pinpointing the relative sales potential of segments within markets is critical.

Annual Growth Rates

A greater spread at the company level

Compound annual growth rate (CAGR) for selected companies by industry group,¹ 1999-2005. %



Industry groups²

- 1 • Household and personal products
- 2 • Banks
• Capital goods
• Food, beverages, and tobacco
• Retailing
• Technology hardware and equipment
- 3 • Automobiles and components
• Commercial services and supplies
• Media
- 4 • Consumer durables and apparel
• Diversified financials
• Pharmaceuticals, biotechnology and life sciences
• Telecommunications services
• Transportation
• Utilities
- 5 • Insurance
- 6 • Consumer services
• Food and staples retailing
• Materials
• Software and services
- 7 • Health care equipment and services
- 8 • Semiconductors and semiconductor equipment
- 9 • Energy

¹207 representative companies selected from total for readability.

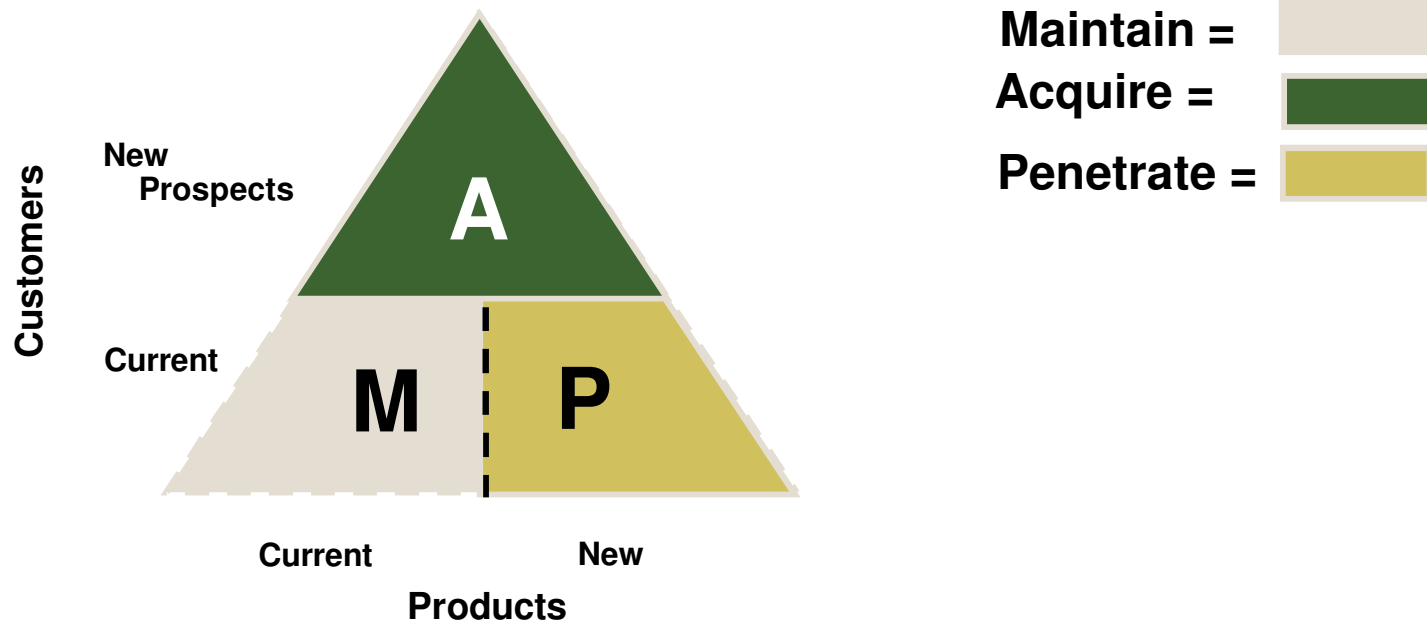
²Industry group classifications by Global Industry Classification Standard (GICS), developed by Morgan Stanley Capital International (MSCI) and Standard & Poor's.

Source: Global Insight; Global Vantage; Thomson; McKinsey analysis



Identify Highest Value Customers, cont'd

A great place to start is with MAP analysis of your own account, then take a close look at the accessible market!



Organic Strategies have a success rate of over 30%*

Source: Research by Bain Capital, 2009



Identify Highest Value Customers , cont'd

Creating groups of customers with similar needs and buying processes enables efficient and effective sales coverage.

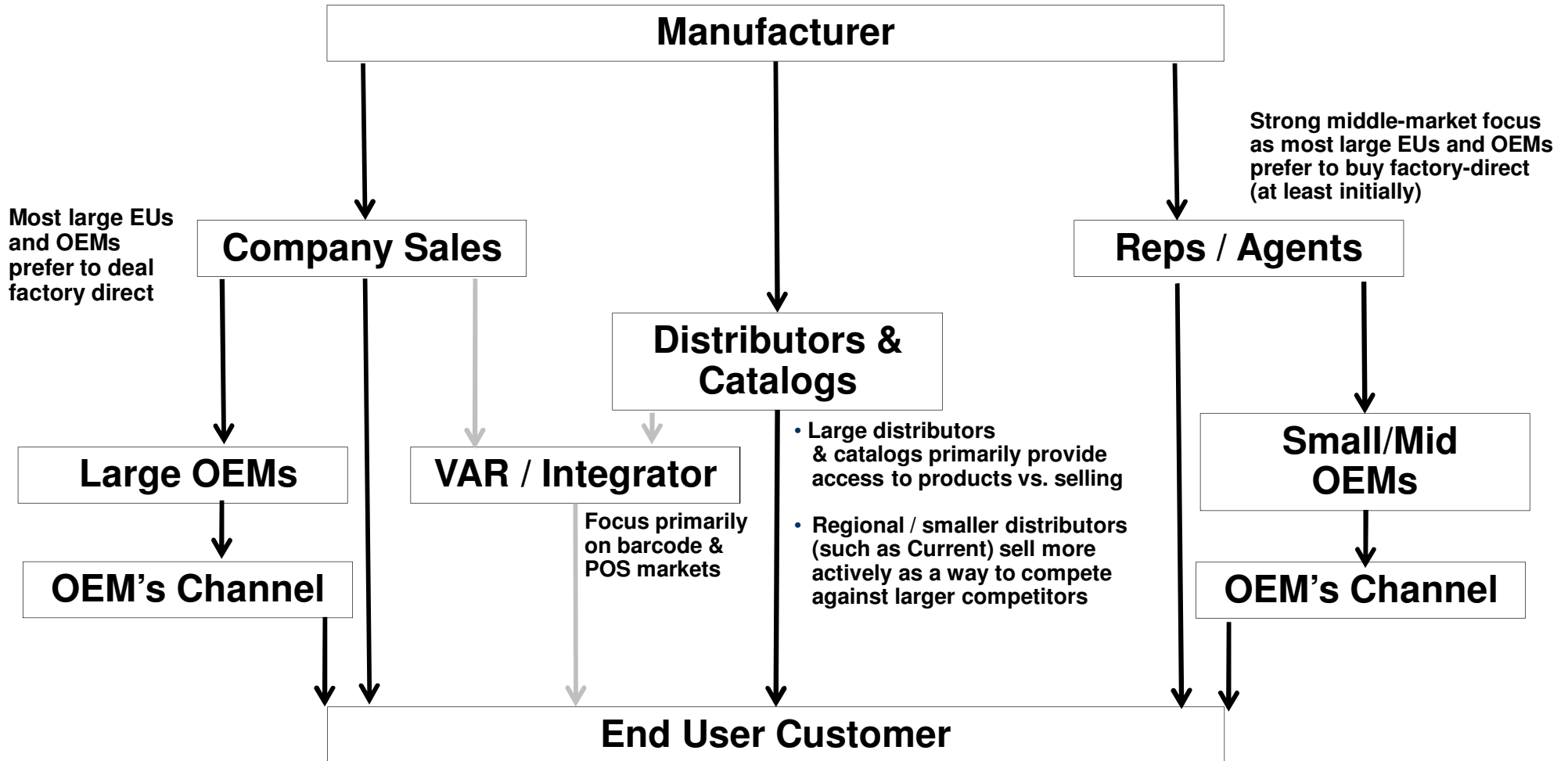
Four Dimensions for Segmenting Customers

- 1. Customer Descriptors/Demographics**
- 2. Purchasing Behavior**
- 3. Needs**
- 4. Product Preferences**

Treating all customers the same significantly reduces the return on sales investments and inflates Opex/Revenue!



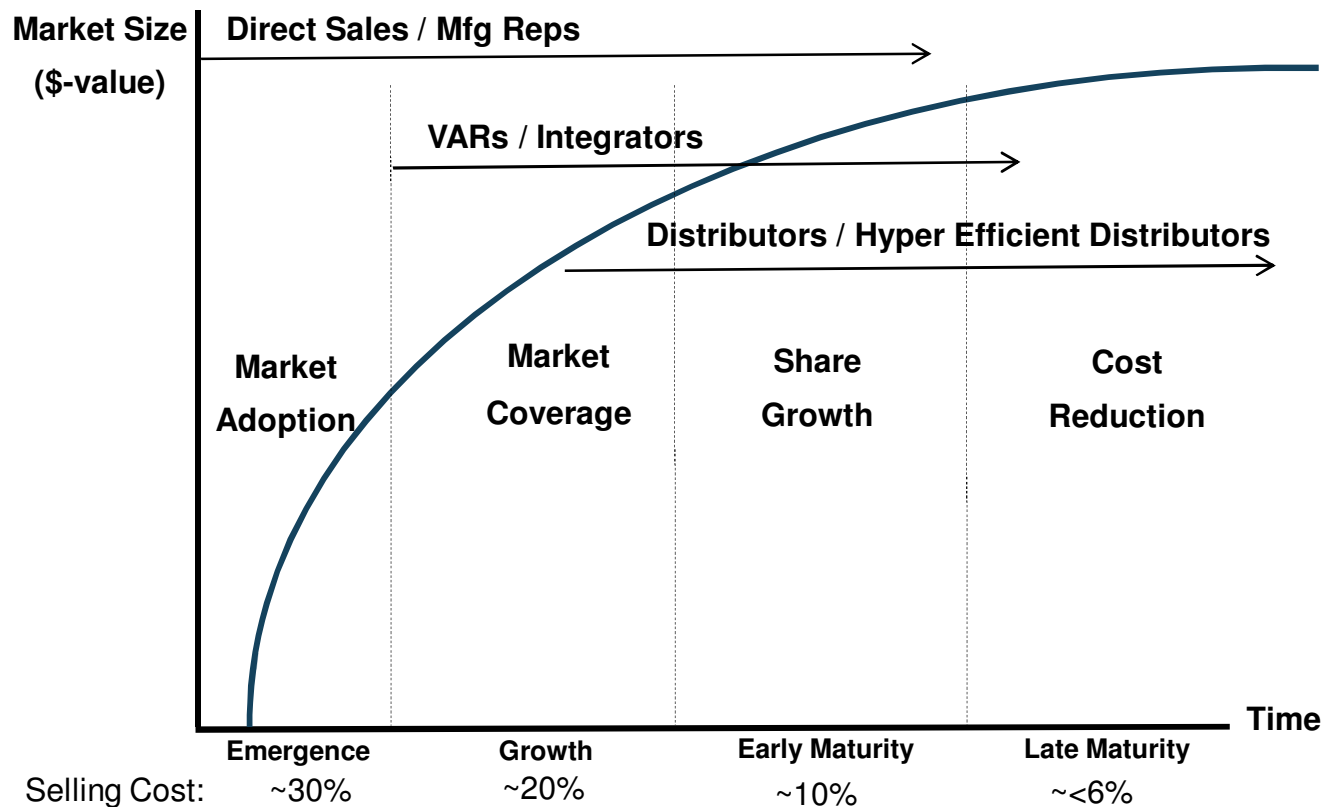
Select the Right Channels





Select the Right Channels, cont'd

Three factors guide channel selection: 1) Customer Preferences/Needs, 2) Cost, and 3) Product Lifecycle





Use Metrics that Enable Active Performance Management

The best dashboards of metrics:

- ✓ **Support Strategic Objectives**
- ✓ **Provide Early Warning of Potential Trouble**
- ✓ **Inform Decision Making**
- ✓ **Strike a Balance between Internal and External Measures**
- ✓ **Cover All Four Dimensions of Performance**
- ✓ **Enable a Cadence of Active Sales Management!**



Use Metrics that Enable Active Performance Management, cont'd

Does your Sales Organization use a full dashboard of metrics?

Performance = Capability x Productivity x Effectiveness x Efficiency

<ul style="list-style-type: none">• Total Sales Capacity• % of Reps at Strategic Competence• % Time Spent Selling• % Filled Positions• Level of FTE Engagement	<ul style="list-style-type: none">• Revenue or Profit/Rep• Opex/Sales• # of Deals Closed/Mo, Qtr, Yr• Avg. Deal Size• # of Deals at Each Sales Stage• \$ of Deals at Each Sales Stage	<ul style="list-style-type: none">• Overall Close Rate• Close Rate/Stage• Close Rate by Target Segment• Cross-sell Ratio• % Discount• Net Promoter Score• % of Overall Goal• % of New Acct Acquisition Goal• % of Acct. Penetration Goal• % Acct. Retention Goal	<ul style="list-style-type: none">• Sales Cycle Time/Stage• Overall Cycle Time/Deal• Sales Expense Ratio• \$ Sales Support/Deal
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Discussion - Your Experiences...

Questions...



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Thomas G. Knight, Partner

Expertise

Tom has operational and consulting experience in all aspects of sales strategy, sales operations, and sales management. Tom has served clients in North America, Europe and Asia and is published and quoted on sales strategy and sales management issues. He specializes in aligning Sales Strategy with Sales Organization Structure and Performance Management Systems to increase the predictability and sustainability of revenue growth. He has a strong strategic and implementation focus that serves to engage senior management quickly in understanding and committing to proposed change.

Notable Achievements

- Implemented a new sales strategy and account management process for a private equity owned manufacturing company which led to significant improvement in margins and revenue.
- Analyzed the agency operations of captive independent agents of a large national insurance company and developed an agent training and management processes to increase effectiveness and efficiency.
- Developed a new go-to-market strategy and leaner sales organization structure for a large foreign beverage distributor, increasing the available sales time high value markets by 25%.
- Conducted a custom survey of sales management practices for a national diagnostic equipment manufacturer which led to sales process changes and a redeployment of the sales force.



Professional Background

Tom has 20 years of Sales and General Management experience. He began his career in Sales with WilTel Communications Systems where he ultimately led the firm's National Account effort in the not-for-profit healthcare market. After earning an MBA, Tom began his consulting career where he has held the role of Practice Leader and Managing Director with Sibson & Company and Mercer. He has served companies in numerous industries, including: medical products, basic materials, high technology, insurance, financial services, and durable goods manufacturing.

Education

Tom has a Masters in Business Administration from Loyola University and a Bachelor in Science in Commerce, with special attainments, from Washington and Lee University.

Professional Affiliations/Published Works

Tom has been published in MDDI Magazine, Sales and Marketing Magazine, and Selling Power. He is also frequently quoted in sales and business publications Tom has been a frequent speaker on Sales Effectiveness and was formerly an instructor on Sales Compensation with the American Management Association. He is also a visiting lecturer at Loyola and DePaul's Graduate Schools of Business and a member of the Sales Management Associations Board.



Erik G. Birkerts, Partner

Expertise

Erik has years of practical, hands-on experience centered on the design, implementation and/or repositioning of go-to-market strategies. In particular, he specializes in leveraging indirect channels and partnerships to achieve cost-effective market coverage and profitable revenue growth. His experience as a public company operating executive gives him unique insight on the challenges faced by management teams and positions him to engage senior management to work collaboratively towards high value outcomes.

Notable Achievements

- Member of the senior management teams for two IPOs of venture capital backed companies. Raised and structured numerous private equity financings.
- Designed and launched channel strategy that now contributes nearly 50% of Orion Energy Systems (NASDAQ: OESX) revenue. Managed channel sales and support team to deliver high double-digit revenue growth with profit margins greater than those witnessed in the direct sales channel.
- Executed comprehensive channel audit of key resellers and VARS for world's largest software company. Analysis identified competencies, readiness to launch new product initiatives, "wallet share" and levers for future growth.
- Created strategic roadmap for international expansion and M&A for a publicly traded for-profit education company. Analysis culminated in sizable acquisition in Brazil.
- Collaborated with turn-around firm to restructure sales and operations of a privately-held food company to position company for sale to strategic acquirer. Deal awarded "2006 Transaction of the Year" by the Turnaround Management Association and "Manufacturing Deal of the Year" by [The M&A Advisor](#).

Professional Background

Erik most recently served as Chief Operating Officer and Executive Vice President of Orion Energy Systems (NASDAQ: OESX), a leading manufacturer of energy efficient, high-performance lighting systems and renewable technologies. Orion more than doubled its revenues and became publicly traded during his tenure. Erik was originally recruited to Orion after successfully consulting with the company on the design of its indirect sales channel strategy, which now contributes nearly 50% of Orion's revenues. Prior to Orion, Erik had a successful consulting career as President of The Prairie Partners Group, a boutique consulting firm he co-founded. Working with clients as diverse as Microsoft, Hewlett-Packard, Ingersoll Rand, DeVry University and numerous private equity and venture capital funded companies, Erik developed strategies to capitalize on growth opportunities for clients. He began his career as a financial analyst and bank examiner at the Federal Reserve Bank of New York, working on international banking transactions.

Education

Erik earned his MBA at the University of Chicago Booth School of Business and his BA with honors in Economics and International Relations from Tufts University.

Professional Affiliations/Published Works

Erik's work has been featured in [The Deal](#), [Mergers & Acquisitions](#), [The Chicago Tribune](#), [The Chicago Sun Times](#) and cited by the USDA. He is an Advisor to The Clean Energy Trust and guest lectures at the University of Chicago Booth School of Business. He is also a frequent speaker and panel participant on issues of sales, distribution and strategic growth at investor, clean technology and venture capital conferences.

