**ASSOCIATION OF EUROPEAN BUSINESSES IN THE RUSSIAN FEDERATION**

# AEB HR Conference
# "Sharpening your Sales Focus"
# Session 2

**COMPETENCIES AND SKILLS ASSESSMENT AND DEVELOPMENT. LEADERSHIP IN SALES TEAMS.**

**November 10th, 2009**
**Ararat Park Hyatt, Moscow**

# How to structure and motivate people in a sales system?

**Oleg Baranov**

**Executive Partner**

**Neoflex**

ПРОФЕССИОНАЛЬНЫЕ УСЛУГИ В СФЕРЕ IT

# Neoflex: General information

- Neoflex is a leading IT professional services provider for banks

- Our Neoflex is focused on development of IT landscapes based on software of well-known global vendors (IBM, Informatica, Microsoft, SAP, Oracle etc.).

- Neoflex customers are large and middle-sized Russian and International banks operating in Russian Federation

- Key competences of the Company
  - Banking reporting systems development
  - International banking systems localization and implementation
  - SOA landscapes development
  - Development of front-office solutions based on industrial BPM platforms
  - IT consulting services
  - Functional and load testing of information systems

# Neoflex: Projects



**2005**  **2006**  **2007**  **2008**  **2009**

# Neoflex: Key figures

- **Launched in February 2005**
- **Revenue:**
  - 2007 ~ 213 million rubles
  - 2008 ~ 407 million rubles
  - 2009 ~ 470 million rubles (forecast)
- **Number of employees:**
  - September 2007 – 84 employees
  - September 2008 – 138 employees
  - September 2009 – 147 employees

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# Problems

- In 2007 our company was facing following problem:
  - Low sales growth due to limited resources of the company's partners
- Additional factors:
  - Employees didn't want to expand their area of responsibility by taking part in sales
  - Instead of that the employees efforts were focused on increasing their payment rates

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# Proposed solutions

Together with «Ekopsy Consulting» the following solutions have been developed:

- Transform a management from position-based to role-based model
- Develop a transparent qualification system based on grades:
  - Provides a clear benchmarks for career making
  - Regulates employee's income
- Develop a transparent bonus plan that stimulates employees to expand their area of responsibility and to take more sales development tasks

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# Management transformation

## Position-based management

Employee's responsibility at any project phases is defined according to matrix:

(R – responsible;  T – take part)

Position

|  | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| I | R | | | |
| II | R | | T | |
| III | | R | T | T |

Project phase

In each project an employee accomplishes same function which is defined by his position
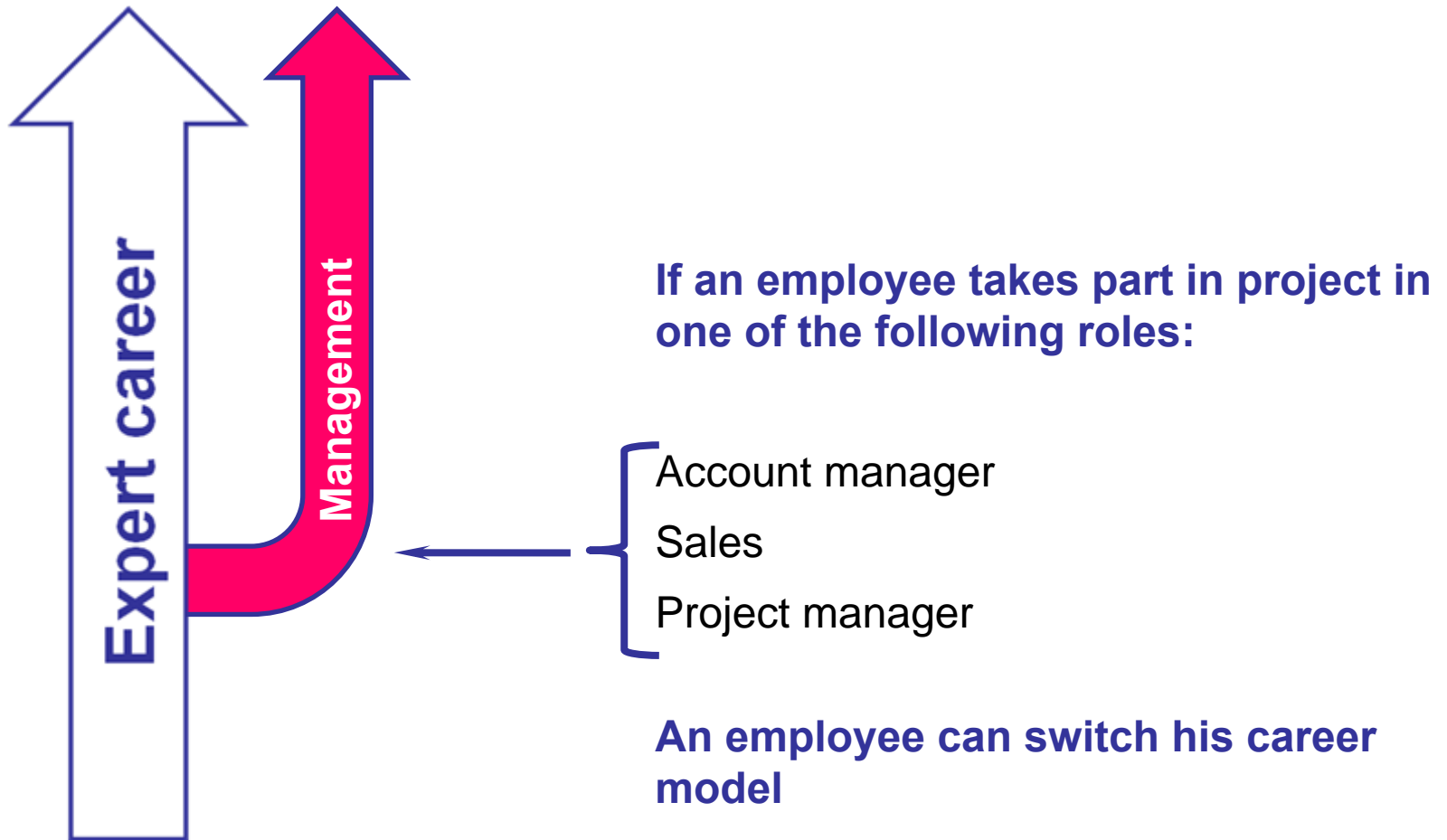
## Role-based management

Employee's responsibility depends on the role defined for him in a project

Project phase

| I | - Role 1 |
| II | - Role 2 |
| III | - Role 3 |

In different projects an employee plays different roles and therefore accomplishes different functions

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# Ability to begin a management career



**Expert career**

**Management**

**If an employee takes part in project in one of the following roles:**

Account manager

Sales

Project manager

**An employee can switch his career model**

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# Manager's compensation

## Bonus = X% × Billing

Billing - integrated indicator which measures employee's effectiveness as a manager

*Billing = PM + Sales + AM*

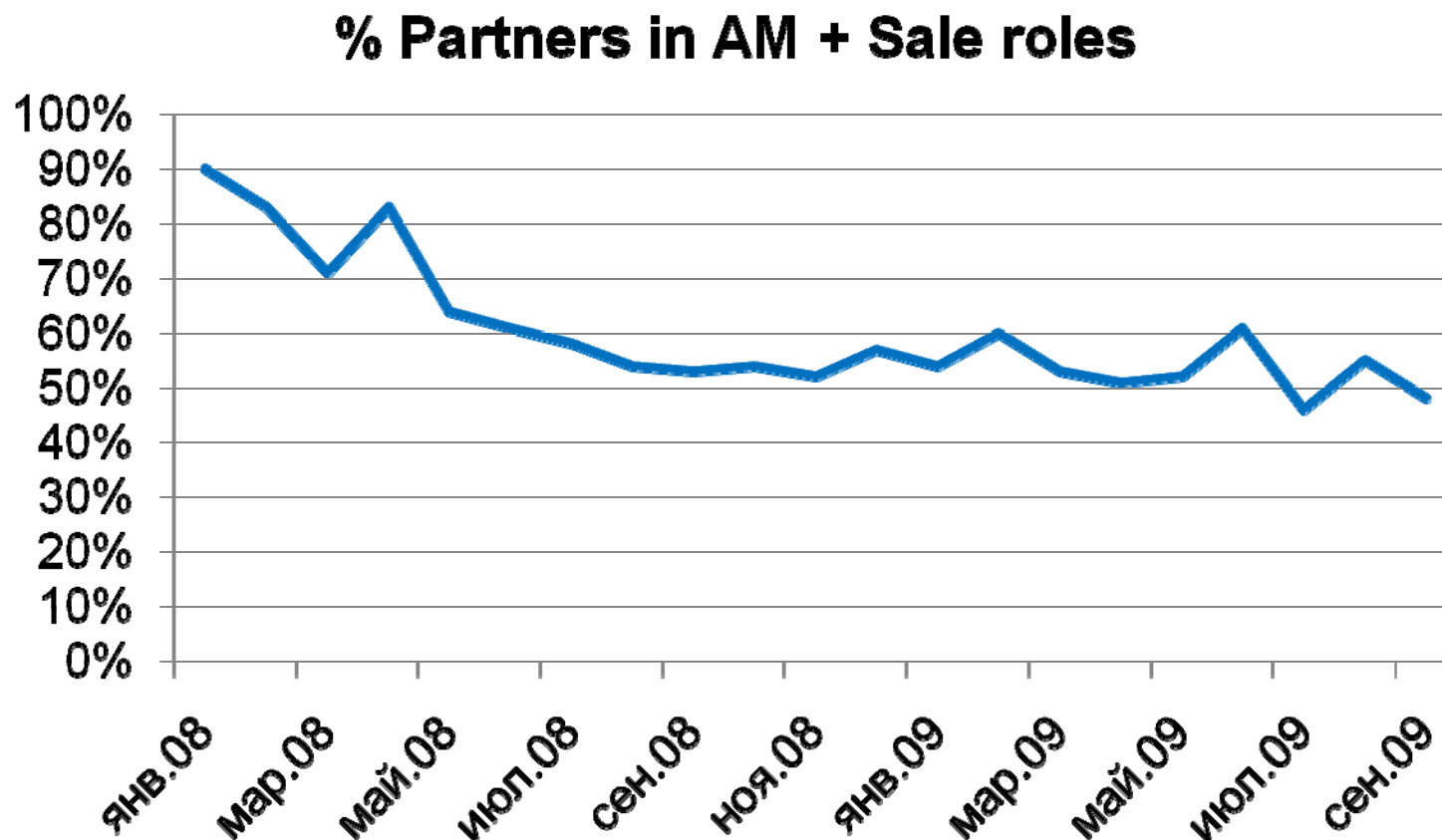- **PM, Sales,** AM – total revenue in the projects where an employee participated in certain roles

If a role is shared by 2 employees it's contribution in billing is divided between them

**X% is the same** for all managers

# Result: The partners' role in sales decreases


% Partners in AM + Sale roles

# Problems to be solved

- **Employees promotion from «manager» to «partner» grade is too slow**

- **Not enough employee motivation to change career from «specialist» to «manager»**

- **Insufficient managers motivation to gain billing by selling in new accounts**

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# Thank you for your attention.

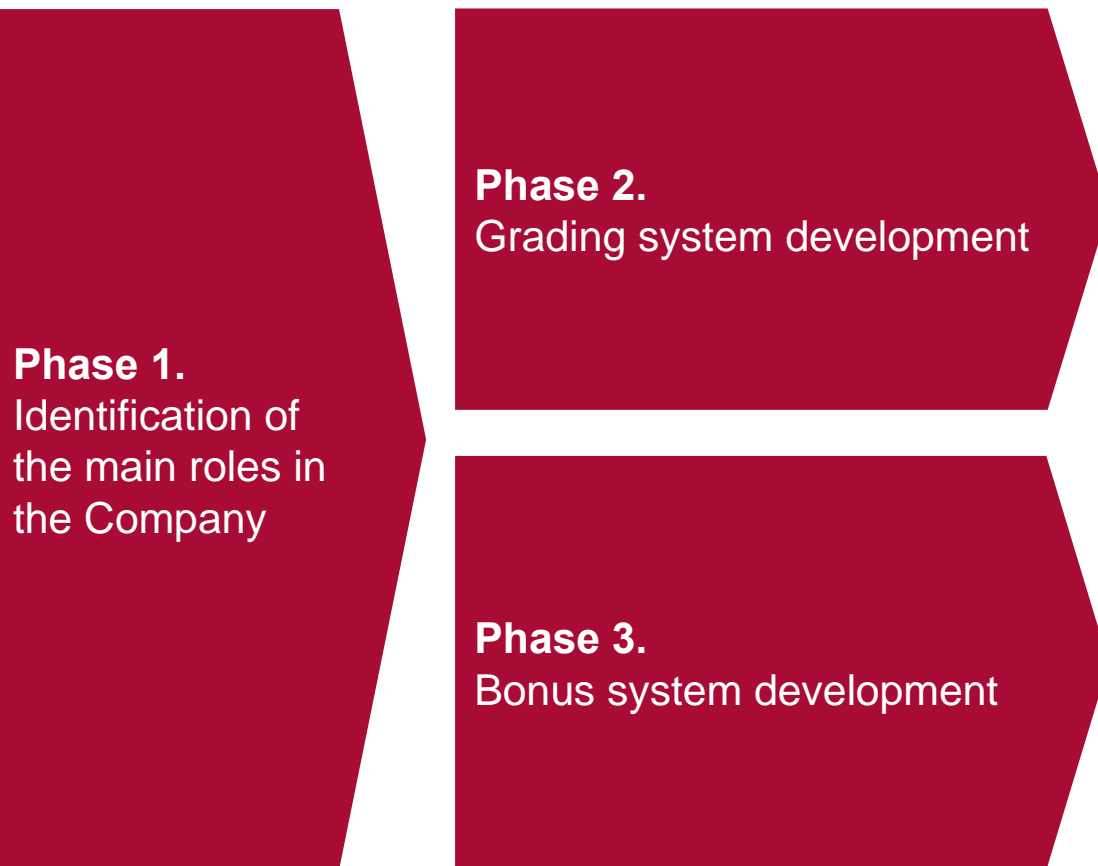# Questions are welcome.

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**Neoflex**
ПРОФЕССИОНАЛЬНЫЕ УСЛУГИ В СФЕРЕ IT

# How to structure and motivate people in a sales system

**Project Description**

# Project Structure

**Phase 1.**
Identification of the main roles in the Company

**Phase 2.**
Grading system development
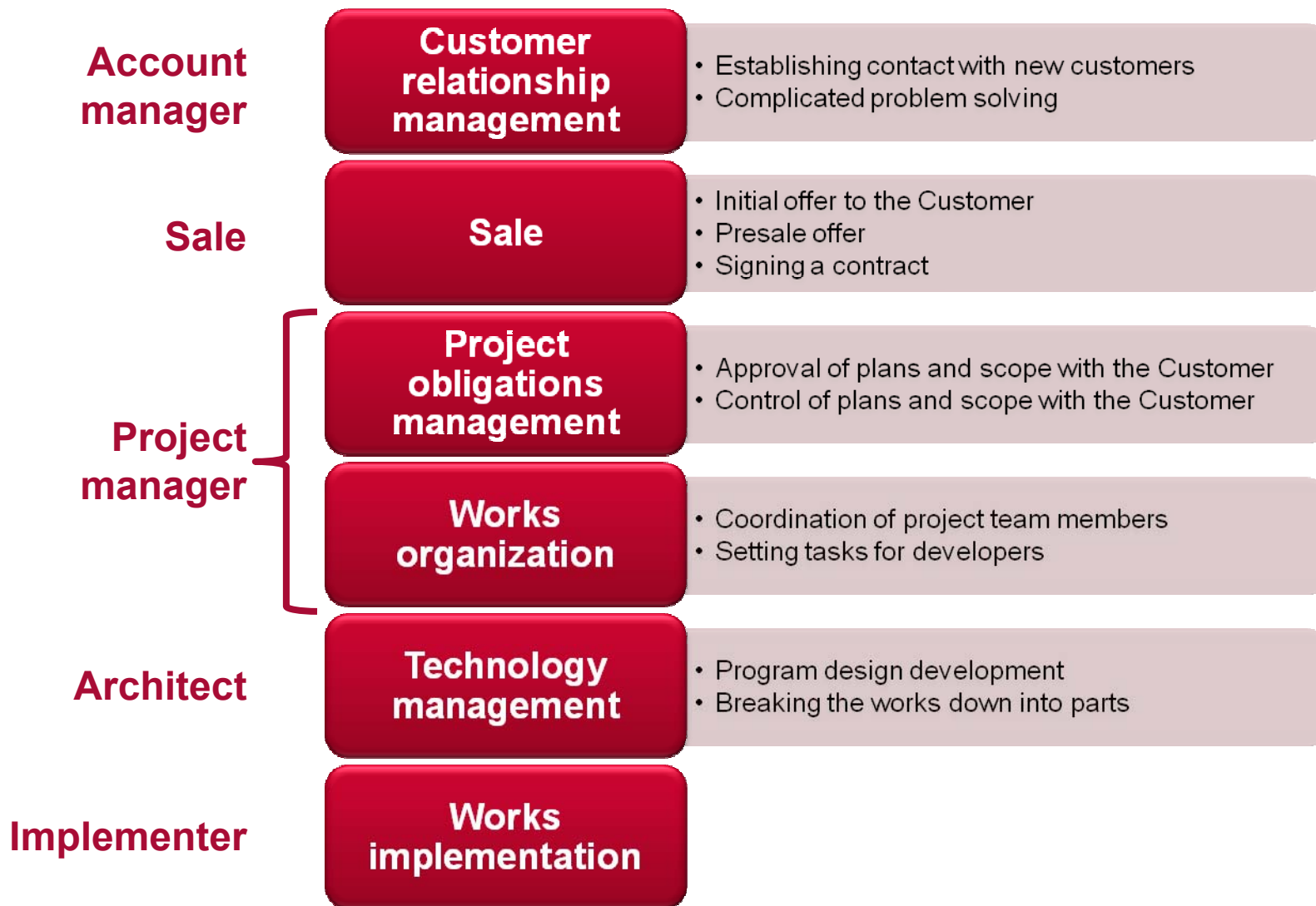
**Phase 3.**
Bonus system development

## Goals of Roles System:

- Precisely determine employee's tasks in the project to avoid ambiguity.
- Provide coordination of employees' goals with Company's goals
- Provide conflictless distribution of authorities and responsibilities in the project

## Success Factors of Roles System:

- Each role has only one basic task
- Each role corresponds only to one type of works
- Each type of works is implemented by employees of one specific role

# Phase 1. Roles System. Project Management Process Model

**Account manager**

**Customer relationship management**
- Establishing contact with new customers
- Complicated problem solving

**Sale**

**Sale**
- Initial offer to the Customer
- Presale offer
- Signing a contract

**Project manager**

**Project obligations management**
- Approval of plans and scope with the Customer
- Control of plans and scope with the Customer

**Works organization**
- Coordination of project team members
- Setting tasks for developers

**Architect**

**Technology management**
- Program design development
- Breaking the works down into parts

**Implementer**

**Works implementation**

## Grading System Goals

- Create clear career making prospects for employees
- Motivate employees to raise their qualification level
- Motivate employees to expand their responsibility area

## Grading System Success Factors

- Grading system is transparent
- Grading system is based on the employee's qualification and achievements assessment which is up-to-date and recognized by this employee
- Grades are the basis of a transparent base salary system.

Our goal is to stimulate project managers to sell

✓

## Two paths

**Management career**

- Account manager
- Sale
- Project manager

**Technology career**

- Architect
- Implementer

## Three paths
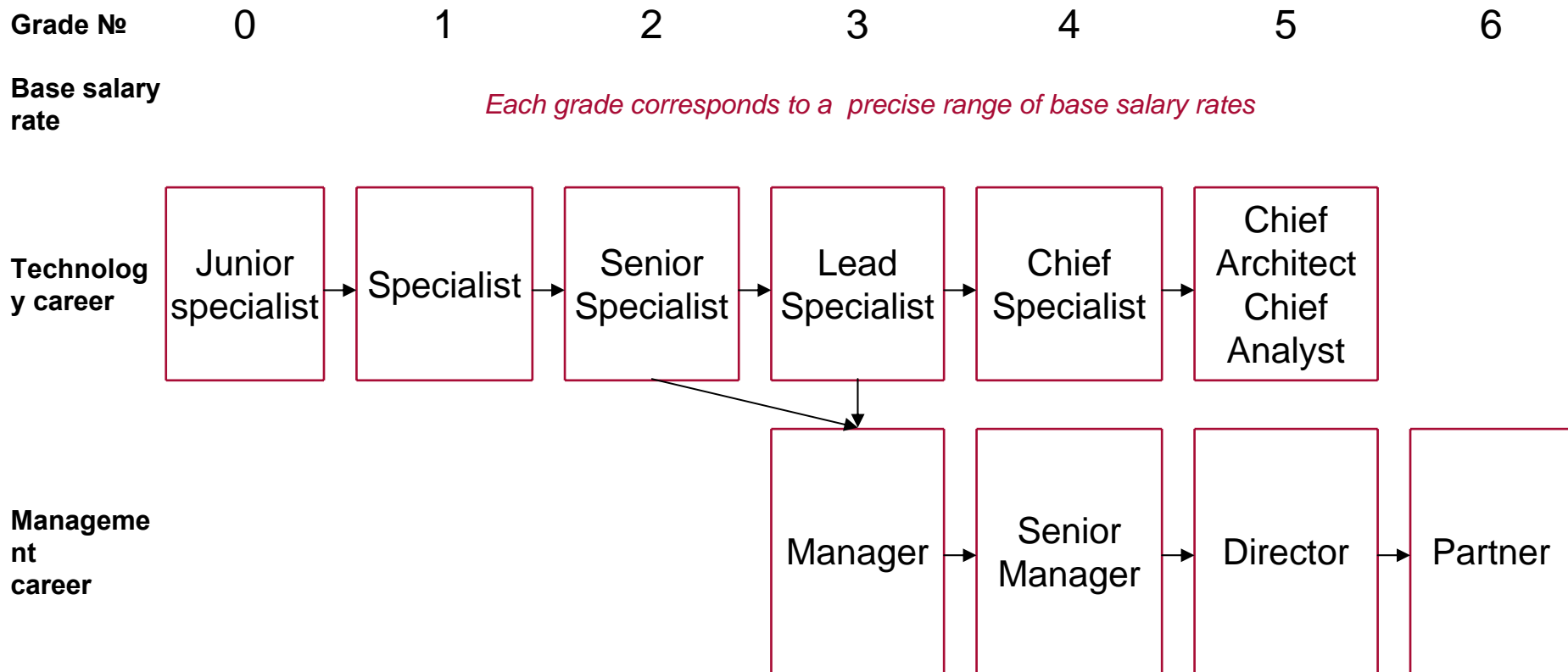
**Account career**

- Account manager
- Sale

**Management career**

- Project manager

**Technology career**

- Architect
- Implementer

| Grade № | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
|---------|---|---|---|---|---|---|---|

**Base salary rate**

*Each grade corresponds to a precise range of base salary rates*

**Technology career**

| Junior specialist | Specialist | Senior Specialist | Lead Specialist | Chief Specialist | Chief Architect Chief Analyst |
|---|---|---|---|---|---|

**Management career**

| Manager | Senior Manager | Director | Partner |
|---|---|---|---|

# Phase 2. Grading System. Set of Career-Based Criteria *(example)*

| Grade № | Technology | Management |
|---|---|---|
| 4 | **Chief Specialist**<br>• 2 years at the previous grade<br>• 3 successfully completed projects as an Architect<br>• Mentor: more than 3 people moved on to the next grade<br>• Participation in presale (AM's evaluation is "it is useful") | **Senior Manager**<br>• (PM Volume + AM Volume + Sale Volume) > XXX units (6 months' average)<br>• AM's positive reference (concerning all projects) |
| 5 | **Chief Architect, Chief Analyst**<br>• Chief Architect (Analyst) of Practice<br>• Practice is > 3 projects and practice revenue is > $ZZZ per month<br>• No unsuccessful projects (AM's reference) during 2 years of practice<br>• In practice > 3 persons per year are promoted to the Lead Specialist grade | **Director**<br>• (PM Volume + AM Volume + Sale Volume) > YYY units (6 months' average)<br>• 2 new clients (100% AM), revenue of each of them is >$YYY per year |

## Bonus System Goals

- Stimulate employees to work more effectively
- Stimulate employees to shift from the technology career to the management career

## Bonus System Success Factors

- The system is based on clear key performance indicators
- Managers potentially get a very high bonus

| Technology | Management |
|---|---|
| ***Bonus = Number of work hours x Payment Rate*** | ***Bonus = X% × Billing*** |
| • Payment rate increases when employee is given a higher grade<br>• Bonus is limited by possible work time | • Payment rate is the same for all grades<br>• Bonus is practically not limited |

*Bonus schemes are based of KPI developed for each role*

# Thank You for Your attention!
# Questions are welcome.

**If You have any further questions please visit www.ecopsy.ru
or contact us:**

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# From Service to Sales

**Daria Rudnik**

# SWEDBANK in Russia and globally

# Swedbank globally

**Swedbank**

# Strong position for profitability and growth

**Swedbank**

## Sweden

Swedbank is the leading bank in Sweden.
Profitability is high and stable, and the bank is increasing market share in important segments such as retail mortgages and deposits.

**Stable base**

## Baltics

The Baltic economies are experiencing strong economic growth which is expected to continue for many years. As the largest bank in the region, growing with the market ensures attractive earnings growth.

**Growth and experience**

## Russia and Ukraine

Swedbank has a small but growing presence in Russia and Ukraine. In the long term, a significant part of Swedbank's growth will be generated in these markets.
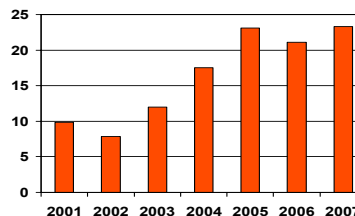
**Future growth and profitability**

## Customer satisfaction

Swedbank still has the second-mosty satisfied customers of any of Sweden's major banks. Customer satisfaction in the Baltic is also rising, from already high levels.
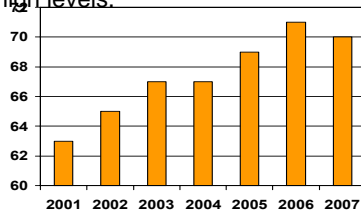
## Profitability

Swedbank's average annual earnings-per-share growth from 2002 to 2007 was 24.2 percent. The peer group average was 23.5 percent.

## Attractive employer

In Sweden, Swedbank is the most attractive employer in the financial services sector, for students*. In the Baltic countries we have a long track record of attracting the best talent.

\* According to Universum

**SWEDBANK is
The Bank that cares**

# Our Big Goal is

- We improve life quality of our customers by combining our offerings based on individual clients needs

- We are empowered, passionate and effective in what we do

- We are improving banking culture in the market. We provide easy, caring solutions and set the examples in products and service based on technology

## The Bank of First Choice
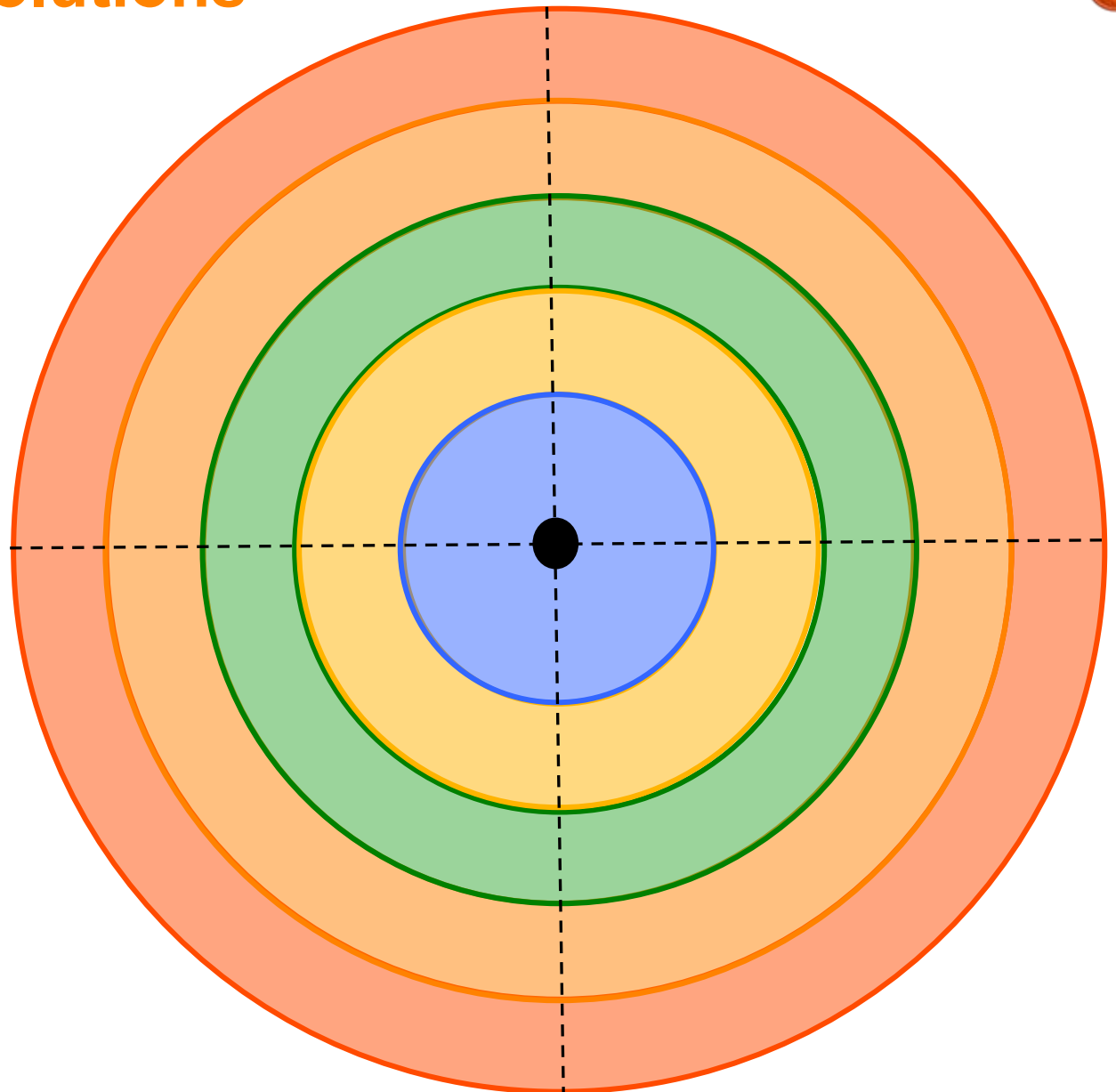
# Providing solutions

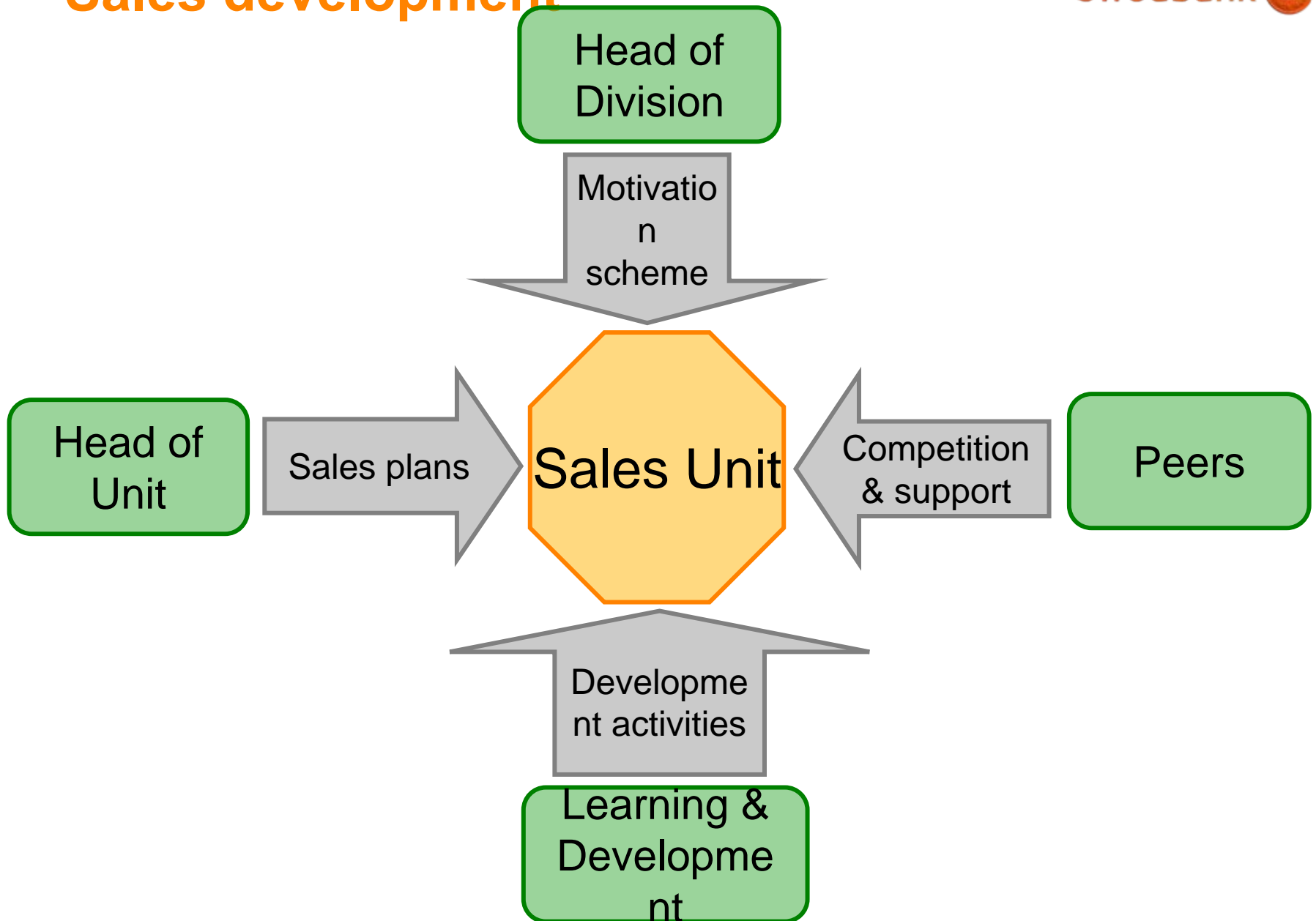# Providing solutions

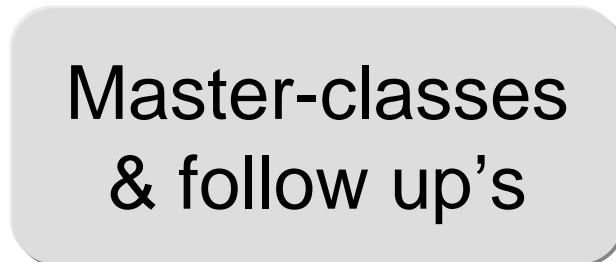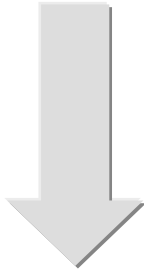Swedbank

Sales (offering)

Systems

Products

Service

Atmosphere

# Sales development

# How we develop?

# How we develop?

Sales ~~training~~

Weekly sales plans

Master-classes & follow up's
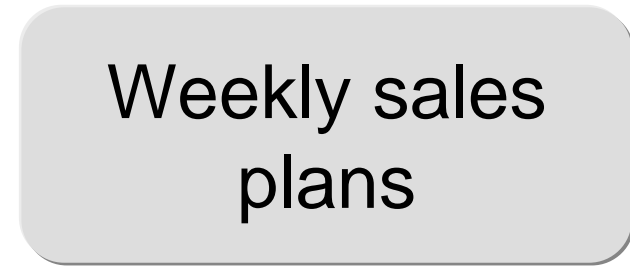
# Time plan and activities

Swedbank

| | Week 40 | Week 41 | Week 42 | Week 43 | Week 44 | Week 45 | Week 46 | Week 47 |
|---|---|---|---|---|---|---|---|---|
| Follow up on Targets | | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 |
| Diagnostics | 🟢 | | | | | | | |
| Targets setting | 🟢 | | | | | | | |
| Motivation for new | | 🟢 | | | | | | |
| Sales techniques 1 | | | 🟢 | | | | | |
| Follow up | | | | 🟢 | | | | |
| First month results | | | | 🟢 | | | | |
| Sales techniques 2 | | | | | 🟢 | | | |
| Follow up | | | | | | 🟢 | | |
| Sales techniques 3 | | | | | | | 🟢 | |
| Follow up | | | | | | | | 🟢 |

# Learning topics

- Phone conversation

- Presentation of services

- Sales at the events

# Absolute Private banking department performance
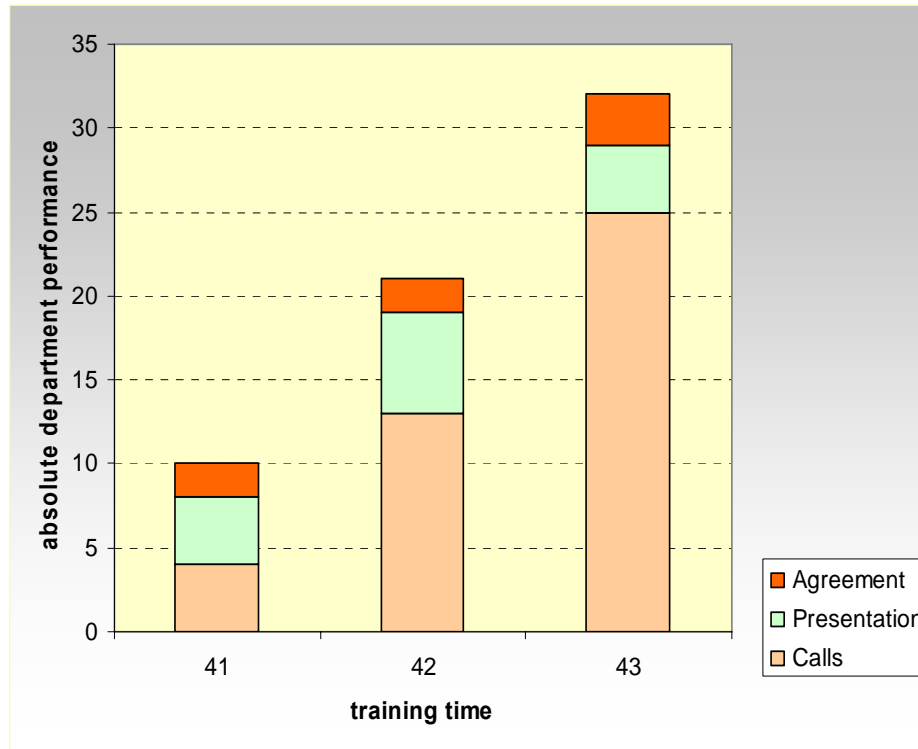
# Deposits growth

# Sharpening your sales focus

**AEB HR conference**

Derk Koole

November 10, 2009
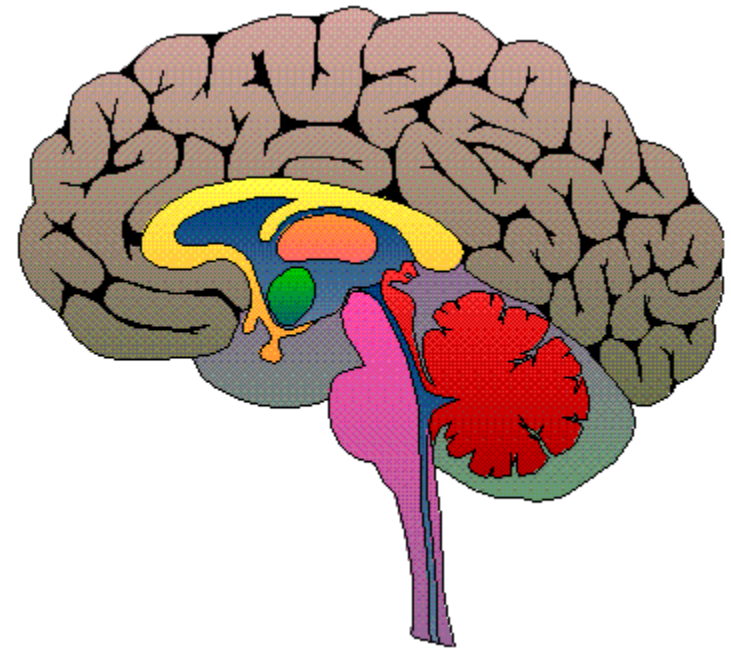
**HayGroup**

# 02

## How better leaders create more sales

# Sales Managers lead people with a very high level of achievement

**Outstanding Salespeople:**

- Constantly measure their performance and try to improve it

- "Have **I** hit the incentive?  Am **I** in the Top Achiever's Club?"

- It stokes up the Achievement motive and just feels good



*Less* about the recognition/money

*More* about the measurement of how successful the salesperson is

# They lead people with a high "drive to achieve", but also with competencies like:

**Hay Group's SVM**[TM]

Accountabilities

Tasks

**Competencies**

Compensation

| Achievement |
| --- |

| Self Confidence |
| --- |

| Influence |
| --- |

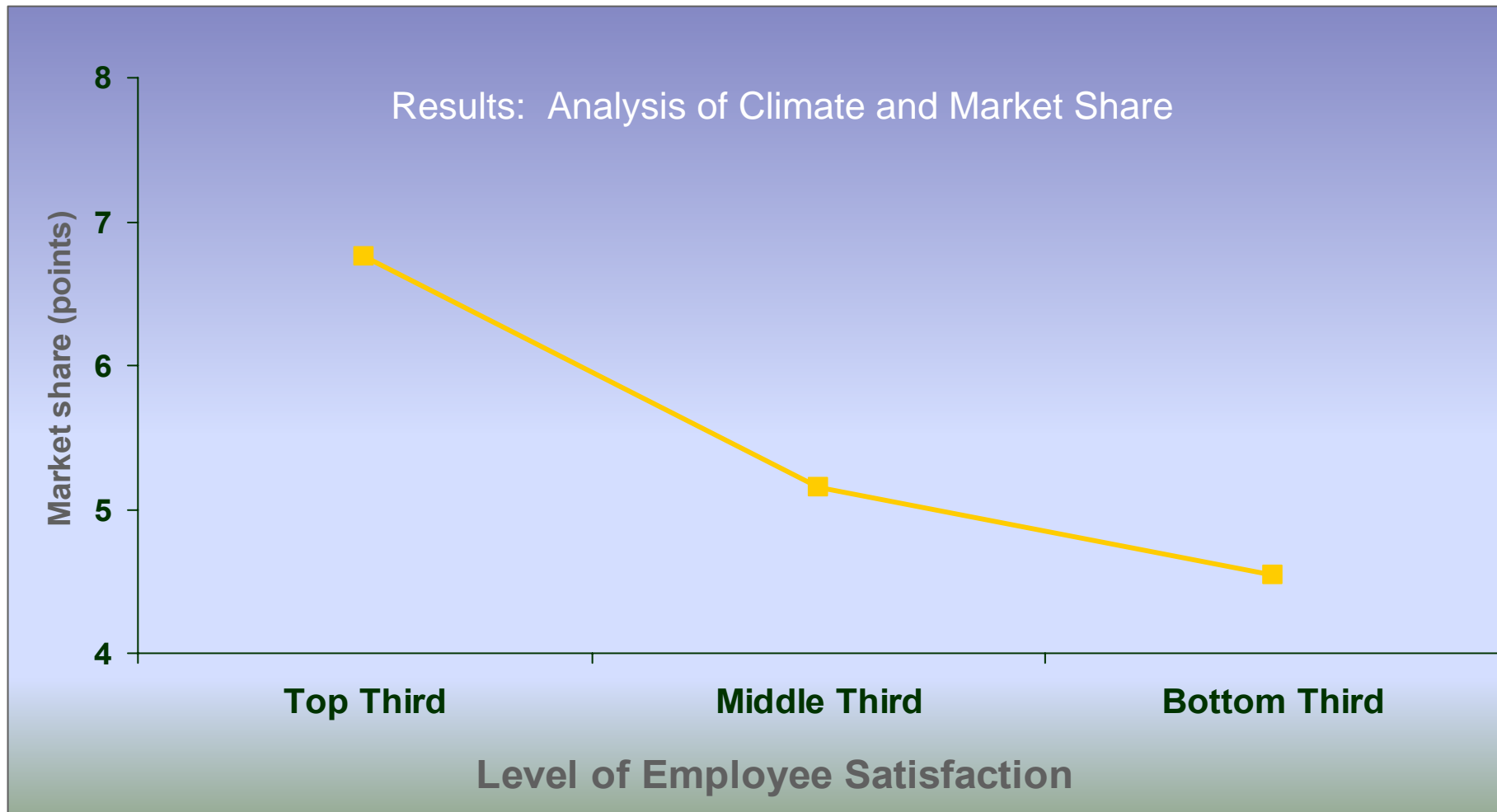# The manager should stimulate and satisfy this drives by :

- **Setting clear standards of excellence,**

- **Holding sales professionals personal accountability for the result and**

- **Providing them with immediate feedback from a credible source**

**When the incentive and feedback system for sales people violates any of the above conditions, they will become extremely frustrated and often will leave (the best sales professionals leave first)**

The climate the sales manager creates accounts for more variance in sales results than the competence of the sales professionals s/he manages

*(McClelland Center proprietary research)*

# Survey results: improving sales effectiveness

Results: Analysis of Climate and Market Share



Market share (points) vs. Level of Employee Satisfaction

- Top Third: ~6.75
- Middle Third: ~5.2
- Bottom Third: ~4.5

# Impact of Organizational Climate on Profitability

**Sales Managers who created high performance climates for their teams achieved better margins***

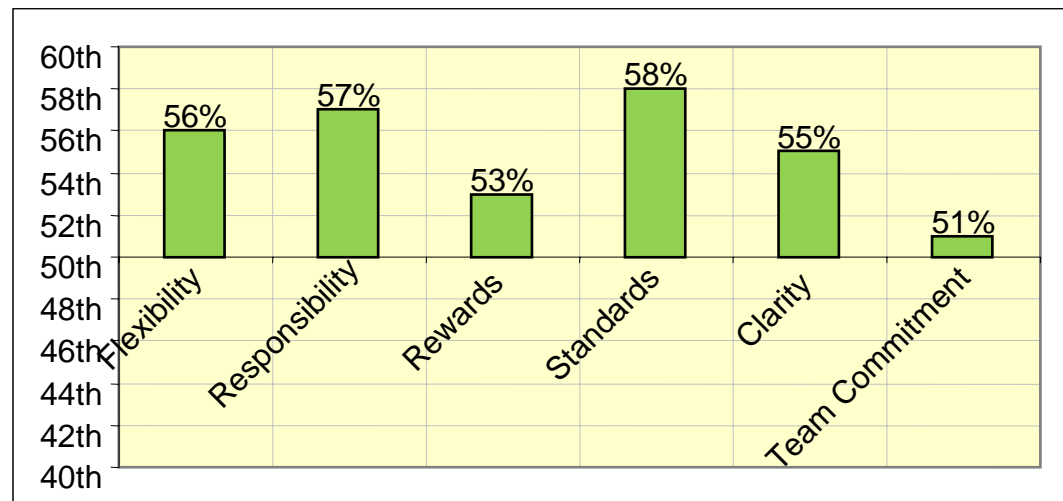| Sales Managers n=21 | Average Business Results | |
| --- | --- | --- |
| | **Gross Margin*** | **Profit Margin*** |
| **Creating High Performance or Energizing Climates** n=11 | 48% | 29% |
| **Creating Neutral or Demotivating Climates** n=10 | 36% | 17% |

* Global Technology organisation, Hay McBer 2002

# Supportive climates

**Work climates created by best leaders get particularly high ratings for:**

- Standards: where people are expected to do their best

- Clarity: where goals and expectations are well established

- Responsibility: where people are given appropriate authority

- Flexibility: where new ideas are accepted and bureaucracy is minimized

Percentile

| Category | Percentile |
|---|---|
| Flexibility | 56% |
| Responsibility | 57% |
| Rewards | 53% |
| Standards | 58% |
| Clarity | 55% |
| Team Commitment | 51% |

# Impact of Leadership Styles on Climate

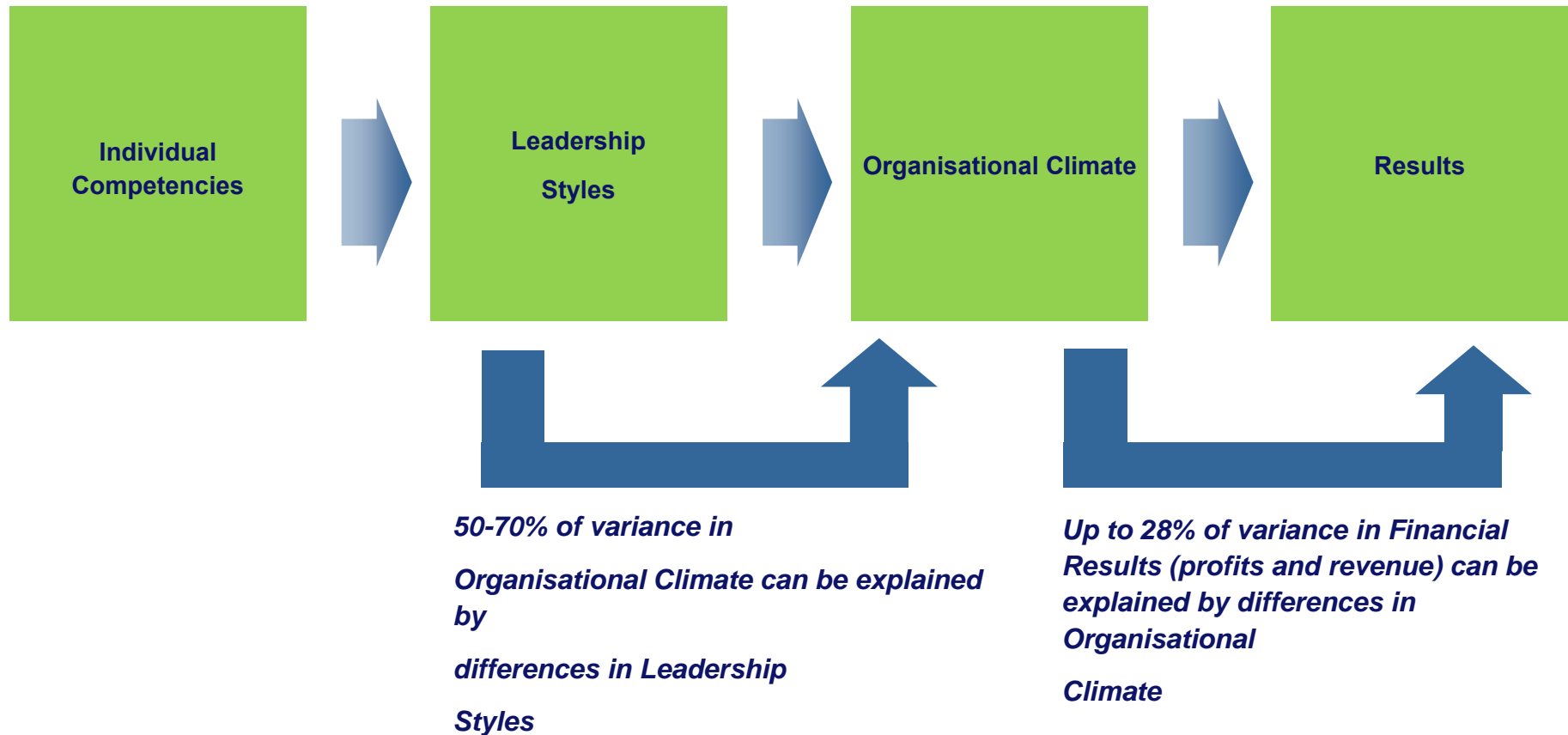**Sales Managers who created high performance climates had a broader repertoire of leadership styles***

| General Managers n=21 | Mean Percentile of Differentiating Leadership Styles** >66% is considered a dominating Leadership Style | | | | | |
|---|---|---|---|---|---|---|
| | **Pacesetting** | **Visionary** | **Coaching** | **Affiliative** | **Participative** | **Directive** |
| **Creating High Performance or Energizing Climates n=11** | 48% | **80%** | **71%** | **76%** | **71%** | 26% |
| **Creating Neutral or Demotivating Climates n=10** | **75%** | 40% | 40% | 41% | 46% | **45%** |

☐ = Statistically Significant Difference

**p ≤ .05

* Global Technology organisation, Hay McBer 2002

# Leaders Create the Climate for Success

**Individual Competencies** → **Leadership Styles** → **Organisational Climate** → **Results**

*50-70% of variance in Organisational Climate can be explained by differences in Leadership Styles*

*Up to 28% of variance in Financial Results (profits and revenue) can be explained by differences in Organisational Climate*

# Dissatisfaction with management is number one reason salespeople leave

## Reasons for Sales Force Turnover



Legend:
- Management — 24%
- Compensation — 17%
- Better Career Opportunities — 15%
- Family Issues — 8%
- Limited Promotional Opportunities — 8%
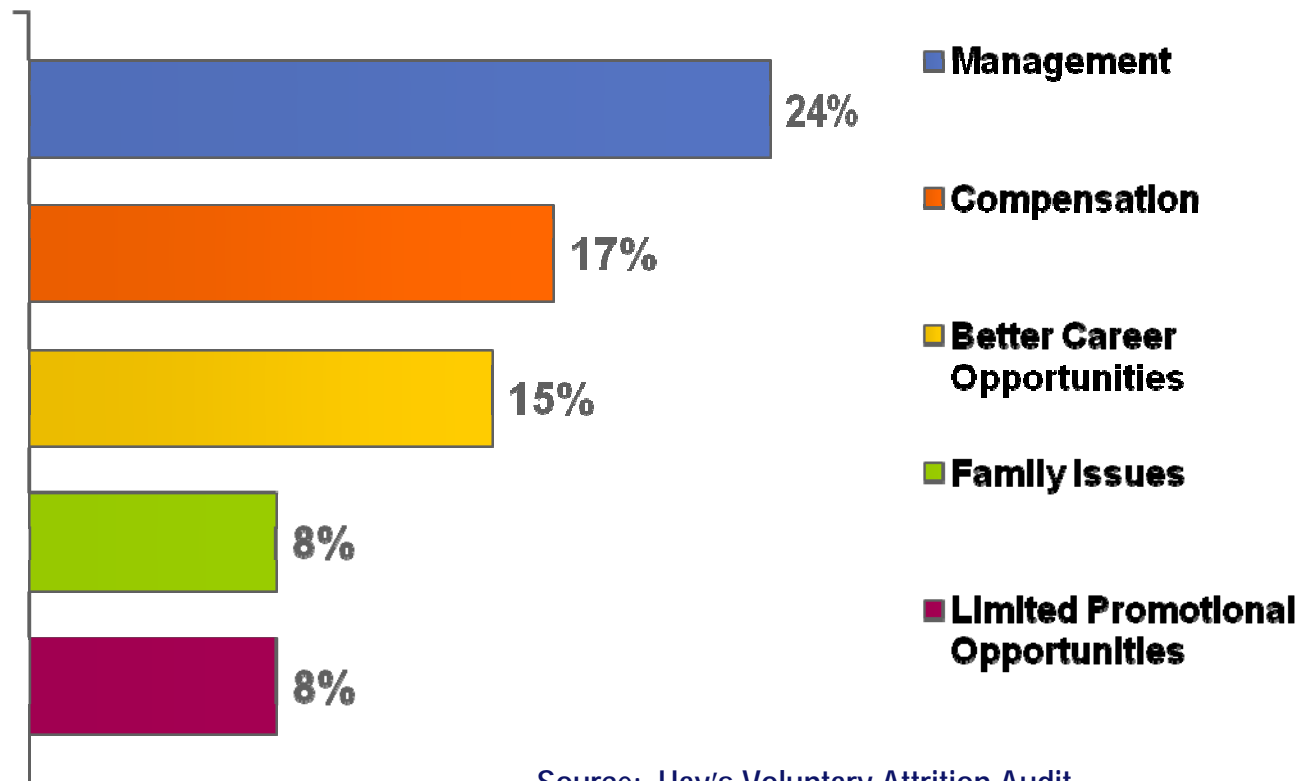
Source: Hay's Voluntary Attrition Audit

Your star sales professionals of today are not necessarily your best leaders of tomorrow

# The confusion between high performer and high potential

## High Performer

- Ambition and drive

- Self-Confidence and bravura

- Intelligence and alertness

- Charm and social skill

## High Potential

- Curiosity/eagerness to learn

- Resilience/emotional maturity

- Breadth of perspective

- Empathy/understanding others

- Outstanding Sales Managers have very different competencies from outstanding Sales Professionals

- The difference between the manager and the professional individual contributor is greatest in the sales function - more than engineers and engineering managers (Spencer & Spencer; Competencies at Work)

- While outstanding sales professionals are driven by the Drive to Achieve, often outstanding sales managers value it (i.e., know it's important) but are driven by the need to influence people and make them feel stronger (i.e., Need for Power) and the need for security/consistency

# The best Sales Managers do not necessarily come from your best Sales Professionals

- Promoting the best sales person means you lose a great sales person…and sometimes you lose an average sales manager who becomes frustrated by the lack of "wins"

- Every sales manager needs to have a decent sales record to be credible when coaching other sales professionals

- The best sales managers know how to motivate, excite and strengthen their sales force

- They possess more managerial competencies such as coaching, holding people accountable, team leadership, and inspiring others