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

AEB HR Conference
"Sharpening your Sales Focus"

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

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AEB HR Conference
"Sharpening your Sales Focus"

**Opening Remarks
Tim Carty, Chairman of the HR Committee, Partner, Ernst & Young**

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Sharpening your sales focus

AEB HR conference

Derk Koole

November 10, 2009

01

From Sales Strategy to Sales Roles

Sales Professionals do have many things in common

All sales roles …

- Drive revenue

- Develop relationships with prospective customers

- Require personal interaction skills for success

…but they do this in different ways depending on the type of sales role

Role definition is central to defining …

- How to approach the customer

- The nature of the customer interaction

- What talents/capabilities the sales professionals must possess

- How to measure sales rep success

- The appropriate motivation/reward structure
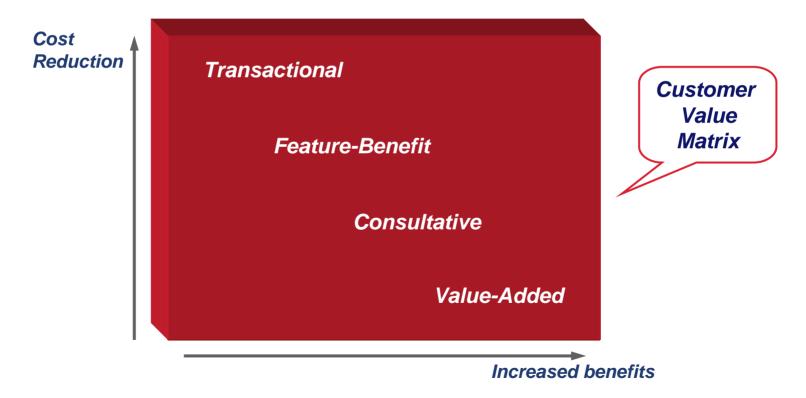
Sales role dissection

Starts with two key concepts

- What the customer (really) wants

- Are you hunting or farming?

A framework for defining the sales role starts with customer "wants"
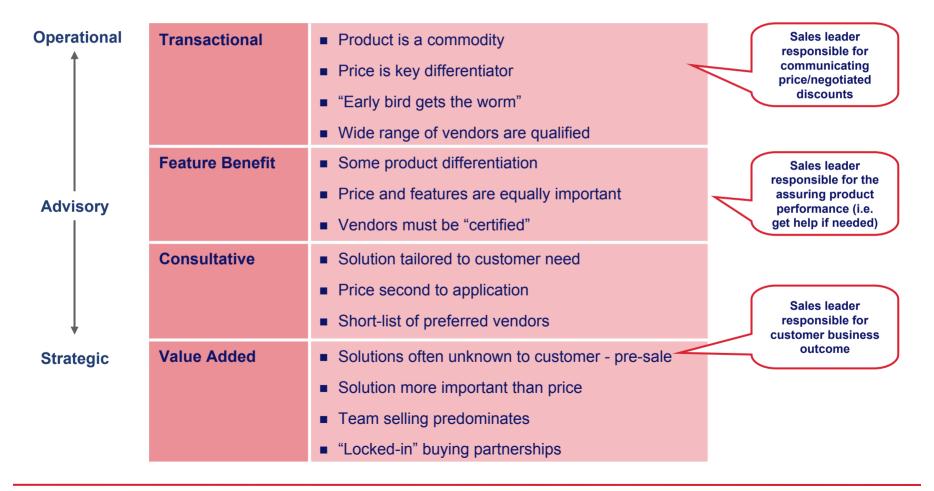
The issue is value - what does the customer expect?

- How you sell must match the customer need

Cost Reduction

Transactional

Feature-Benefit

Consultative

Value-Added

Customer Value Matrix

Increased benefits

Customer value continuum - what the customer wants

Operational	**Transactional**	■ Product is a commodity
		■ Price is key differentiator
		■ "Early bird gets the worm"
		■ Wide range of vendors are qualified
Advisory	**Feature Benefit**	■ Some product differentiation
		■ Price and features are equally important
		■ Vendors must be "certified"
	Consultative	■ Solution tailored to customer need
		■ Price second to application
		■ Short-list of preferred vendors
Strategic	**Value Added**	■ Solutions often unknown to customer - pre-sale
		■ Solution more important than price
		■ Team selling predominates
		■ "Locked-in" buying partnerships

Sales leader responsible for communicating price/negotiated discounts

Sales leader responsible for the assuring product performance (i.e. get help if needed)

Sales leader responsible for customer business outcome

Are you Hunting or Farming?
Or both?

Hunters
New Customers

or **BOTH**

Farmers
Current Customers

Only new customers/new business

Sells/services new …
and existing customers

Sells/services existing customers
Account Management role

Sales Value Matrix (SVM)™

Sales roles: how sales accountabilities vary

Hay Group's SVM™

Accountabilities

Targets

Competencies

Compensation

Familiar Friend

Farmer

Trusted Advisor

- Keep customers satisfied and supplied
- Sell up: push promotions
- Observe and report on condition of product (e.g. stock on the shelves)

- Understand client's business
- Leverage relationships
- Scan for new resources, techniques, breakthroughs
- Provide deep insight
- Mobilize resources to make sale and get work done
- Influence collaboratively

FMCG Territory Sales Rep

Delivery SMB Sales Exec

Semiconductor Senior Product Specialist

- Build business relationships
- Know product (and competitors')
- Spend time with customers
- Listen to customer to match product to need
- Negotiate deals, discounts, special options
- Sell what your company wants you to sell
- Resolve issues (e.g. quality, delivery)

Transactional ← → **Consultative**

- Identify and qualify prospects
- "Hook" the customer
- Overcome buyer's obstacles
- Close quickly
- Follow the script or method
- Organize tasks efficiently

Aircraft Global Account Director

Life Insurance Sales Rep

Classic Sales Professional

- Scan for opportunities
- Leverage networks
- Orchestrate internal resources
- Adaptable and persistent
- Perform bold and innovative actions to influence

Cold-call Closer

Hunter

Deal Maker

Sales roles: defining the metrics of success

Hay Group's SVM™

- **Accountabilities**
- **Targets**
- **Competencies**
- **Compensation**

Familiar Friend

Trusted Advisor

Farmer

- Sales volume
- Product placement
- Customer satisfaction

- Client satisfaction (repeat business)
- Sales volume (driven by client satisfaction)
- Profitability

Transactional

- Sales volume
- Product mix
- Customer satisfaction

Consultative

- Number of new sales
- Sales volume
- Staying within the rules
- Efficiency (e.g. calls per hour)

- Volume of new business
- Profitability – Long Term
- "Locked-in" Relationship

Classic Sales Professional

Hunter

Cold-call Closer

Deal Maker

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Session 1

**SALES ORGANIZATION. RESOURCING AND BUILDING SALES
TEAMS. SELECTING SALES STAFF**

**November 10th, 2009
Ararat Park Hyatt, Moscow**
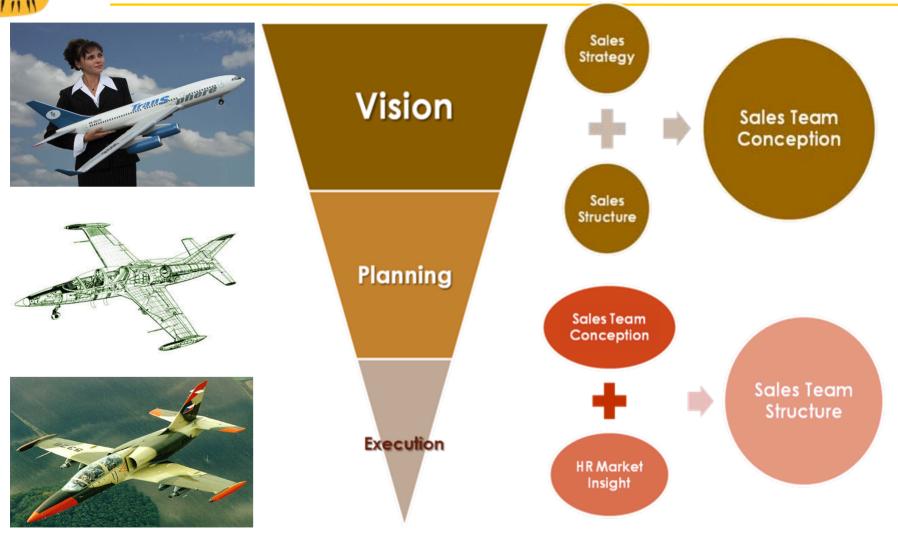
№	Action
1	Define your sales strategy (incl. aggregate revenue targets)
2	Define your sales structure (channels, estimated transaction period)
3	Elaborate and appraise your organizational structure
4	Define your sales team key parameters (incl. personality requirements)
5	Define individual sales targets
6	Draw job profiles for each position within the structure
7	Consult your HR-provider (in-house HRM or Agency)
8	Adapt your organizational chart to labor market realities
9	Select personnel in accordance with sales team key parameters
10	Cooperate with HRM to build an efficient sales team
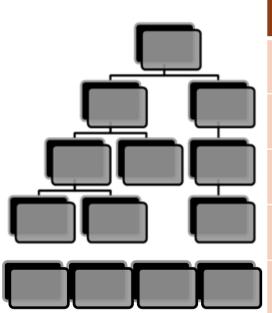
ORGANIZATIONAL STRUCTURE PLANNING & APPRAISAL
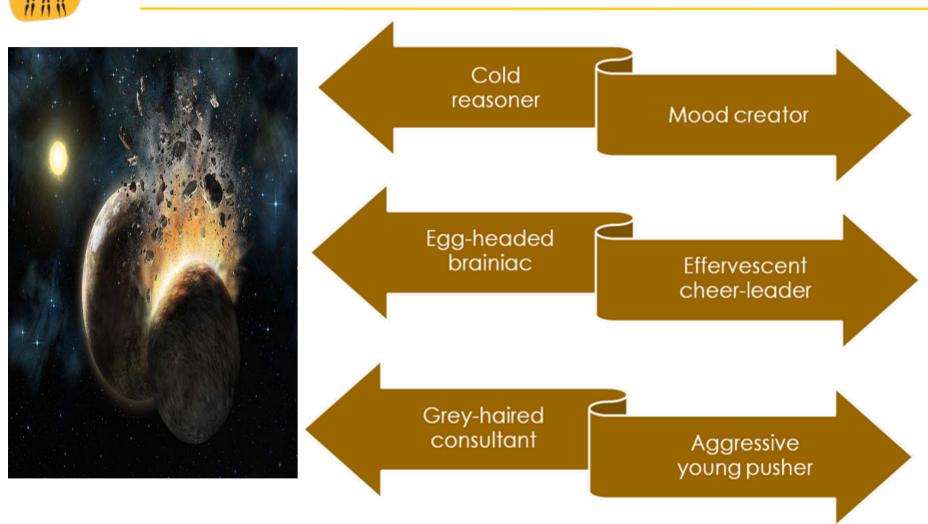
CRITERIA	MEASURE
Cost to maintain	$
Time to recruit and assemble	days
Ability to reproduce	%
Team members compatibility	Yes / No
Controllability	High / Med / Low

Provided that Sales Volume is the same for all appraised organizational charts

SALES TEAM CONCEPTION: DEFINING SALES TYPE

Cold reasoner

Mood creator

Egg-headed brainiac

Effervescent cheer-leader

Grey-haired consultant

Aggressive young pusher

Pluses for a Sales Recruiter	
High profile	Easier to identify and approach
Money-driven	Always look for opportunities
Relationship-oriented	Easier to obtain references
Presentation skilled	Takes less time to get impression

Minuses for a Sales Recruiter	
Higher self-esteem	Difficult to bargain and impress
Industry-dependent	Network contacts may be irrelevant
Relationship-oriented	Leaving likely to pull away friends
Presentation skilled	Difficult to assess real motivation

COLEMAN SERVICES

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CRITERIA	MEASURE
Personality	Tests / Impression
Achievement	Relevant KPI
Potential	Assessment
Sales Team Compatibility	Interviews
Motivation	References

You can recruit a team, but you can't recruit a performance

WHAT IS THE BEST PERFORMING SALES TEAM?

SALES ASPECT	HR ASPECT
Ever-increasing revenues	Motivation for excellence
Expanding market share	Growing sales skills
Customer loyalty	Low personnel turnover rate
Synergy in group results	Strong team-spirit

Recruiting "the right person"

Training "to acquire sales skills"

Motivating "to be the best"

Career planning "to promote from within"

Cultivate loyalty "to ensure durability"

CREATING THE BEST PERFORMING SALES TEAM: HR & SALES

YOUR QUESTIONS PLEASE?

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LVMH
MOËT HENNESSY. LOUIS VUITTON

P&C Russia (Seldico LLC)

Effective Sales Teams
Natalia Stepina
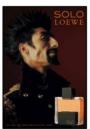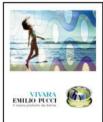
History & Key Highlights

- **SELDICO** LLC– **registered** as a Russian legal entity in January 1998

- Jan 1998 – Jan 2005: exclusive distribution of **Givenchy**, **Guerlain**, **Dior**, **Kenzo**, **Lalique**, **Bourjois**

- Jan 2005 – **SELDICO** becomes part of the **LVMH group**

- Launch of new brands **Make Up For Ever** (Nov 2008) and **Benefit Cosmetics** (Feb 2009)

- Now – 10 brands represented by **SELDICO/LVMH P&C**

- 830 employees

- Multibrand structure

- Offices in SPB, Samara, Yekaterinburg

- Presence in **26+ cities**

Our vision

Strong growth and leading market shares

Dominant ranking:

          * *Dior № 1*

          * *Givenchy / Guerlain № 3-4*

          * *Kenzo & Loewe top 10*

Crisis is a chance to strengthen our:

• *Leadership on the market, building our brands*

• *Leading Visibility in Stores*

• *People management & development*

• *Leading execution and customer service*

© Parfums Christian Dior

Sales force

Sell-in
- KAMs

Sell-out

- Regional Representatives
- Sales representatives
- Beauty Consultants

Back Office

- CRM
- Statistics specialist
- BC coordinator

© GIVENCHY / Mert Alas & Marcus Piggott

Key sales factors in Stores

Visibility and assortment
• *Merchandising (out of stock, planograms, testers)*

• *Product range (novelties and right product mix)*

• *Authorization & personalization of store space (corners, additional equipment etc)*

• *BTL + POS materials*

Active sales and consultancy by field staff
  (Performance of beauty-consultants, team-captains and sales reps)
• *Daily activity*

• *Promo activities (Gift With Purchase, animations, launches etc)*

• *Loyalty programs (CRM)*

Qualitative growth by people management & development

HR solutions

- *Recruitment*

- *Compensation & Benefits*

- *Corporate training and coaching for sales staff*

- *KPIs for BCs and Sales Representatives*

- *Career growth (grades for BCs, potential vertical growth for Sales reps)*
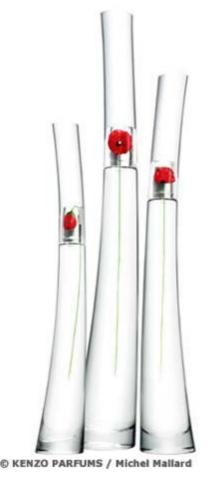
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Introduction of grading system for BCs and TCs

Goals:

To upgrade the process of selection, development and assessment by introduction of 7 basic criteria and 4 levels

•*Operational experience by industry*

•*Operational experience by brand*

•*Special skills: for instance, make-up, skin care etc)*

•*Regular behavior and performance*

•*Team work: interaction with customers and clients*

•*Communication skills*

•*Product knowledge*

Levels are determined during selection process and after annual assessment during the year

© KENZO PARFUMS / Michel Mallard

Compensation and Benefits

Motivation Components: individual performance and company performance.

1. Company performance

2. Individual performance criterias:

• *Collective targets setting*

• *Personal development (skills, behavior, discipline)*

• *10 LVMH competences for line-managers*

© MAKE UP FOR EVER

Introduction of bonus system by summing quarterly KPIs for Sales representatives

KPIs (total 100%, percentage is evaluated by Importance in estimation)

- *Stock/testers*

- *Visualization of brands in Stores (planograms, slides)*

- *Sell-out increase*

- *Photo-reports to brands*

Corporate trainings for sales people

"Art of sales"
Duration: 6 days (48 hours)
Goals:
•*To systematize participants experience in sales and to develop their communicative competence*

•*To develop ability to faultless perception of the information*

•*To drill ability to reveal client's needs and persuade the client*

•*To form skills to deal with client's objections and doubts*

•*To perfect ability to resist the pressure and manipulation*

• *To develop abilities to effectively support long-term contacts with clients*

Additional trainings:
Project management, time-management, stress-management, communication skills

Team-building (rope course), 2 days
Number of participants (including regions): 71 people in 6 groups

RESULTS
•*Effective interaction, increase of personal responsibility for common result*
•*Development of informal attitudes and loyalty to company*
•*Team-spirit formation*

DEFINE – MESURE – REALIZE

SALES ASSESSMENT & DEVELOPMENT CENTERS: COMPETENCIES & SKILLS.

THE RIGHT PEOPLE IN YOUR TEAM.

SHL

Leader
in the Area of Objective
Assessment of Personnel
Globally

- SHL provides services to 87 out of 100 major international companies

SHL IN THE WORLD

shl|russia

- Over 700 consultants

- 44 countries

- 30 languages

SHL Poland
SHL Norway
SHL Sweden
SHL Denmark
SHL Netherlands
SHL UK
SHL Russia
SHL Ireland
SHL Canada
SHL Korea
SHL France
SHL Hungary
SHL Portugal
SHL Germany
SHL Japan
SHL USA
SHL Greece
SHL Spain
SHL Mexico
SHL Italy
SHL Hong Kong
SHL Europe
SHL Singapore
SHL Jamaica
SHL Belgium
SHL Turkey
SHL Indonesia
SHL South Africa
SHL Australia
SHL New Zealand

- About 7500 corporate clients

DEFINE – MESURE – REALIZE

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shl | **russia**
BUSINESS PSYCHOLOGISTS
define - measure - realize

- American Express
- KMB-Bank
- Alfa Bank
- ABN Amro
- Bank Trast
- Citibank
- International Moscow bank
- Mars
- Coca-Cola
- Pepsi-Cola
- Motorola
- Ericsson
- Philip Morris
- Basic Element
- BAT
- Gallaher
- 3M
- Frito Lay
- Philips
- JTI
- Gillette

- KPMG
- Ernst&Young
- PricewaterhouseKoopers
- Stockman
- Nokia
- British Petroleum
- Mobil Oil
- Metro
- Severstal
- Danone
- JamilCo
- Bank of Moscow
- Westdeutsche LandesBank
- Nestle
- Microsoft
- Indesit
- Dirol Cadbury
- Nizhfarm

  Etc.

- Perekriostok
- TNT Express
- TNK-BP
- Campina
- Reebok
- Sladko
- Lukoil
- OMK
- Svyazinvest
- Istok
- Transmark
- M-Video
- Ward Howell
- WBD
- News Outdoors
- Ford
- Astra Zeneka
- Sibneft
- RusAl

DEFINE – MESURE – REALIZE

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Does the company have a Competency Model?

10%

90%

■ YES, 90%

■ NO, 10%

Corporate Competency Model

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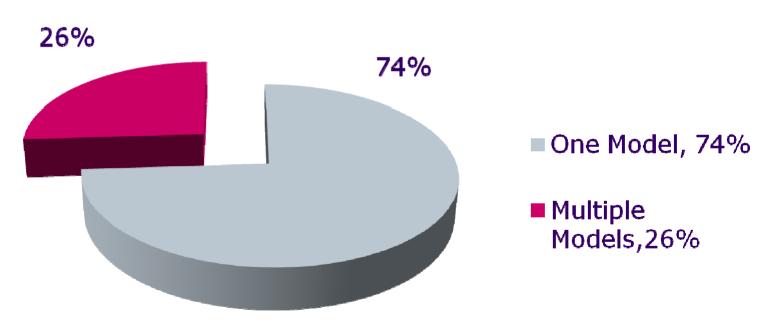
One for all job levels or different models for different levels?

26%

74%

■ One Model, 74%

■ Multiple Models, 26%

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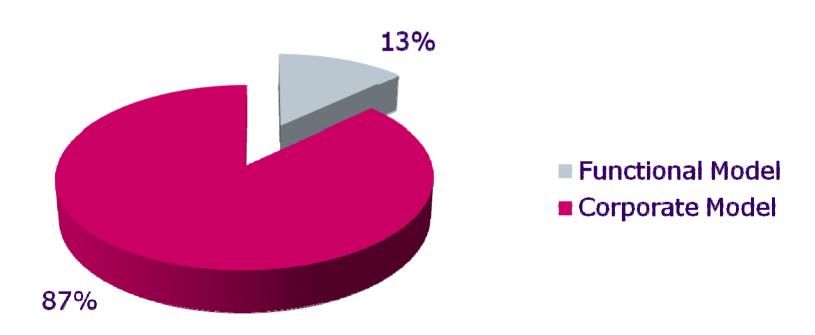
Functional Competence Model

- Functional Model
- Corporate Model

13%

87%

DEFINE – MESURE - REALIZE

The "Standard" Competence Model

- Action Oriented
- Effective Team Management
- Problem Solving
- Developing Direct Reports
- Personal Learning
- Communication & Influencing
- Composure

DEFINE – MESURE – REALIZE

Communication & Influencing

- Asks open questions
- Elaborates and explains his point of view
- Persuades, using concrete information
- Checks understanding
- Speaks clearly and logically
- Varies personal communication style according to context

DEFINE – MESURE - REALIZE

Selling & Persuasion Skills (advanced level)

- Able to formulate and execute persuasion strategy
- Understands the *psychology* of buying process and can approach the sale from the customer's point of view
- Clarifies decision-making criteria and able to influence customer perception in the favor of his offering
- Develops customer's need recognition through persuasive questioning techniques
- Understands the nature of customers concerns and deals with them effectively
- Demonstrates probing closing techniques appropriate to the context. Knows how to get reasonable customer's commitments and obligations.

DEFINE – MESURE – REALIZE

Negotiation Preparation and Planning Skills

- Demonstrates strategic approach to analyzing and managing the power balance, applies techniques of influencing perception of power balance

- Understands limitations of Win-Win and knows what to do if the other side plays Win-Lose

- Explores a wide range of possible trades and how they are to be negotiated

- Understands and works with key concepts, such as BATNA, LEVER, Range of Possible Agreement, Common Ground, etc.

- Bargains effectively, demonstrates good concession strategies

DEFINE – MESURE – REALIZE

Communication style

- Deals firmly with aggressive or unreasonable behavior by the other side

- Checks understanding and summarizing

- Uses Behavior labeling consciously

- Avoids counter-productive behavior: such as unsupported statements or personal attacks or reacting to suggestions of the other side by immediate counter proposals

- Deals with deliberate manipulations skillfully

Thank you!

DEFINE – MESURE - REALIZE

Alina Yermolaeva, Sales Trainer, **Ph.D.**

3M Russia experience: how to inspire and involve employees into development cycle

Опыт 3M России: как мотивировать и вовлекать сотрудников в процесс обучения и развития

3M

One of the most successful companies

Показатели компании 3М используются при составлении расчетной базы индекса Доу Джонса

Компания 3М занимает:
1 **место** среди компаний лучших для лидеров
Best company for leaders
(Chief Executive и Hay Group, 2009)

3 **место** в рейтинге промышленных конгломератов
Third place in the list of industiral conglomerates
(Financial Times (FT 500), 2008)

3 **место** в рейтинге самых инновационных компаний мира
Third the most innovative companies in the world
(BusinessWeek, 2007)

3 **место** среди компаний с лучшей деловой репутацией
Third company with the best business reputation
(Wall Street Journal, 2007)

3M

3M Company is….

... Более 100 000 продуктов
More than 100 000 products

... Более 40 технологических платформ
More than 40 technological platforms

... Более 24 000 патентов по всему миру
More than 24 000 patents in the world

...и более 100 новых продуктов каждый год
more than 100 new products every year.

30% дохода составляют
продажи продуктов,
выпущенных за последние
4 года
30% of income are 4 years old
products

Worldwide known brands

6 major businesses

Товары для
дома и офиса
Consumer&office

Здравоохранение
Healthcare

Материалы
для транспорта и
промышленности
Industrial & Transportation

Системы визуальной
Коммуникации
Display & Grafic

Электротехническое
и телекоммуникационное
Оборудование
Electro & Communications

Материалы и средства
для обеспечения
Безопасности
Safety & Security

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3M

The training process in 3M Russia

- Needs assessment

- Ensuring employees' readiness for training

- Selecting training methods and creating a learning environment

- Ensuring transfer of training (trainings follow-up)

3M

3 key human factors for successful training and development

- Employees' desire to learn and to create self-management strategies

- Manager support

- Excellent rapport between a trainer and an employee

3M

Needs assessment. IDP procedure

- IDP doesn't mean the list of certain trainings

- The goal is to develop skills rather than to participate in training

- IDP discussion makes employee speak out about his\her development needs regarding current job as well as growth opportunities

3M

Needs assessment. IDP procedure

We want the employee to elaborate self- management strategies of development. To make it possible, we

- Create IDP guide

- Ask employees to assess the level of their skills and make suggestions on the ways of development

- Discuss with the managers when the training is the correct solution to "pressure points"

3M

Needs assessment. IDP procedure. IDP guide

- Step 1. Identify development needs

- Step 2. Identify development goals

- Step 3. Create action plan

- Step 4. Discuss your plan with supervisor and HR specialist

- Step 5. Lead your plan into action

3M

Needs assessment. IDP procedure. Person analysis

- The main indicator of the need for training is the gap between employees' current performance and their expected performance

- We ask the employees first to identify the gap

- We inspire employees to take the development needs positively

3M

Competences	Proficiency Level Self assessment	Proficiency Level Supervisor assessment	Index of development need
Selling Process Management	4	3	0,5
Account Planning/Account Plan Management	2	1	1,5
Opportunity Identification	1	1	3,0

3M

Ensuring employees' readiness for training

Right time,

Right individual's focus on learning

and Right motivation

- We set up the training calendar in the beginning of every year and put the selected trainings into employees' LN calendar

- We involve employee in pre-training activities one month before the training

- We ask managers to ensure that employees' motivation to learn is as high as possible

3M

Ensuring employees′ readiness for training. Creating focus on learning

- We provide the participants with the literature on learning subject (one month before)

- We ask the participants to fulfill the knowledge test or perform certain homework (self-observing of skills and attitudes)

- We conduct individual pre-training discussion (30 minute each)

3M

Individual pre-trainings discussion

- Letting employees know that the purpose of training is to try to improve performance rather than identify the areas of incompetence

- Providing as much information as possible about the training program and purpose of training prior to the actual training

- Focusing employee on individual development tasks

- Ensuring employees that they have the ability and responsibility to manage development process by themselves

3M

Ensuring employees' readiness for training. Creating motivation

- In general we keep the motivation to development high through the system of acknowledgment and feedback

- We enquire the managers about the learning tasks for their employees prior the training

- We ask the managers to discuss these tasks with the employees

3M

Selecting training methods and creating a learning environment

- Active learning techniques

- Opportunities for practice

- Feedback

- Observe experience and interact with the others

- Self-reflection

We create environment where employees are encouraged to speak out, to experiment, to create smth new during the class

3M

Ensuring transfer of training (trainings follow-up)

- We facilitate recall of training content after training (workbooks, articles, follow-up tests)

- We gather commitments (action plan for further development)

- We provide the employee and the manager with feedback and recommendations

- We provide the employee individual coaching conducted by the trainer or by the manager

- We ask the managers about whether or not the long term effect of the training takes place

3M

Ensuring transfer of training (trainings follow-up)
2 Key points: Individual feedback and individual coaching

To this point it's important to have built trust and rapport between the trainer and the employee. On that basis

- We use psychological approach to provide feedback (to modify behavior, skill or use of knowledge)

- We use GROW coaching model during the coaching

3M

How to inspire and involve employees into development cycle

- Create learning environment

- Provide pre-training, training, and follow-up activities

- Encourage employees to

  - *Design self-strategies of development*

  - *Participate in the training in co-trainer role rather than in role of elementary school student*

  - *Continue self and professional growth during coaching sessions*

3M

Thank you!

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3M