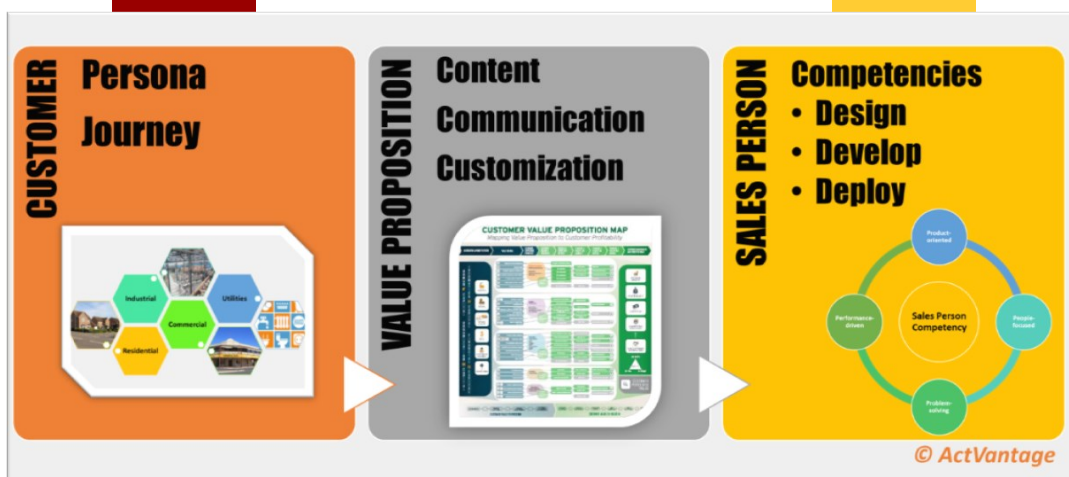


## **Case Study:**

# **Implementing Sales Enablement Best Practices for an Industrial Distributor**



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# Case Study: Implementing Sales Enablement Best Practices for an Industrial Distributor

Industrial Wholesale Supply (IWS) is a regional industrial distributor with a presence in five Eastern states and 11 stocking locations in the United States (*this real distributor's name and market channel have been changed to protect its identity*). Established in the early 1980s, IWS is one of the largest independent distributors in the region. The company sells full product line selections of pipe products (carbon, stainless, and allied steel), fittings, flanges, valves (ranging from low to high pressure), and drilling products for chemical, offshore-drilling, and land-based drilling operations. IWS provides in-depth industry knowledge to help customers develop comprehensive solutions in a fast-moving, rapidly changing business environment. The company's 11 branches are grouped under four regions.

**The challenge.** IWS is growing rapidly with its energy and industrial market customers. Its end markets include refining, chemical, mining, pharmaceutical, food processing, agricultural, pulp and paper, and land-based and offshore drilling. Its recent acquisition of a fluid power distributor brought new product lines to its portfolio. The fluid power distributor had industrial business and there were many overlapping product lines and end markets. The distributor regrouped products and services, considering both firms. The additional end markets included general manufacturing, construction, wood products, service and repair, and government institutions.

IWS' traditional product orientation posed greater challenges in identifying growth opportunities, as product managers were not familiar with all end markets. Because the sales force was structured around geographies, their focus on end markets was scattered. The distributor decided to assess how sales enablement efforts were performed, how information was provided to the sales force for execution, and how the hand-off was dealt with. They would identify opportunities for best practice implementation based on this assessment. Best practices would be chosen and implemented over time depending on their link to shareholder value. This would enable IWS to align resources and business processes with market forces.

**The goal.** IWS wanted to meet the following goals in implementing the project:

1. Identify the optimal way to organize sales enablement efforts.
2. Determine resource requirements (both people and technical).
3. Develop resources and establish the connection to sales force collaboration.
4. Perform sales enablement best practices and identify low-hanging fruit.

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### **IWS – At a glance (Key Statistics)**

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Distribution channel	Pipe, valves, and fittings
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Revenue	\$250+ million
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Number of locations	11
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Number of active customers	10,000+
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Type	Independent distributor
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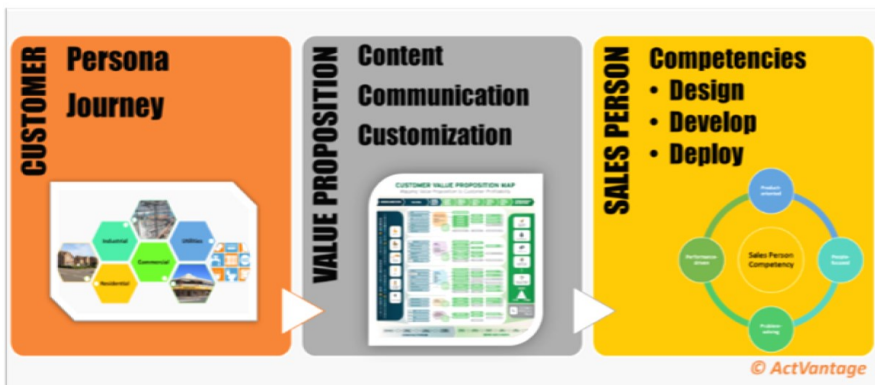
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**The Solution.** The distributor identified the following actions to address the problem.

**1. Identify the optimal way to organize sales enablement efforts.**

Traditional product orientation limits market visibility for distributors, hence customer-level synergies are missed. For instance, a customer

## Sales Enablement Aligning CUSTOMER, VALUE PROPOSITION and SALESFORCE



Sales enablement is a **cross-functional capability** that equips your sales force and marketing team with the ability to have **consistent, value-based interactions with the right set of customer stakeholders** at each stage of the customer's journey. It integrates **three dimensions** of salesforce effectiveness: **Customer Needs, Company Value Proposition and Salesforce Competency.**

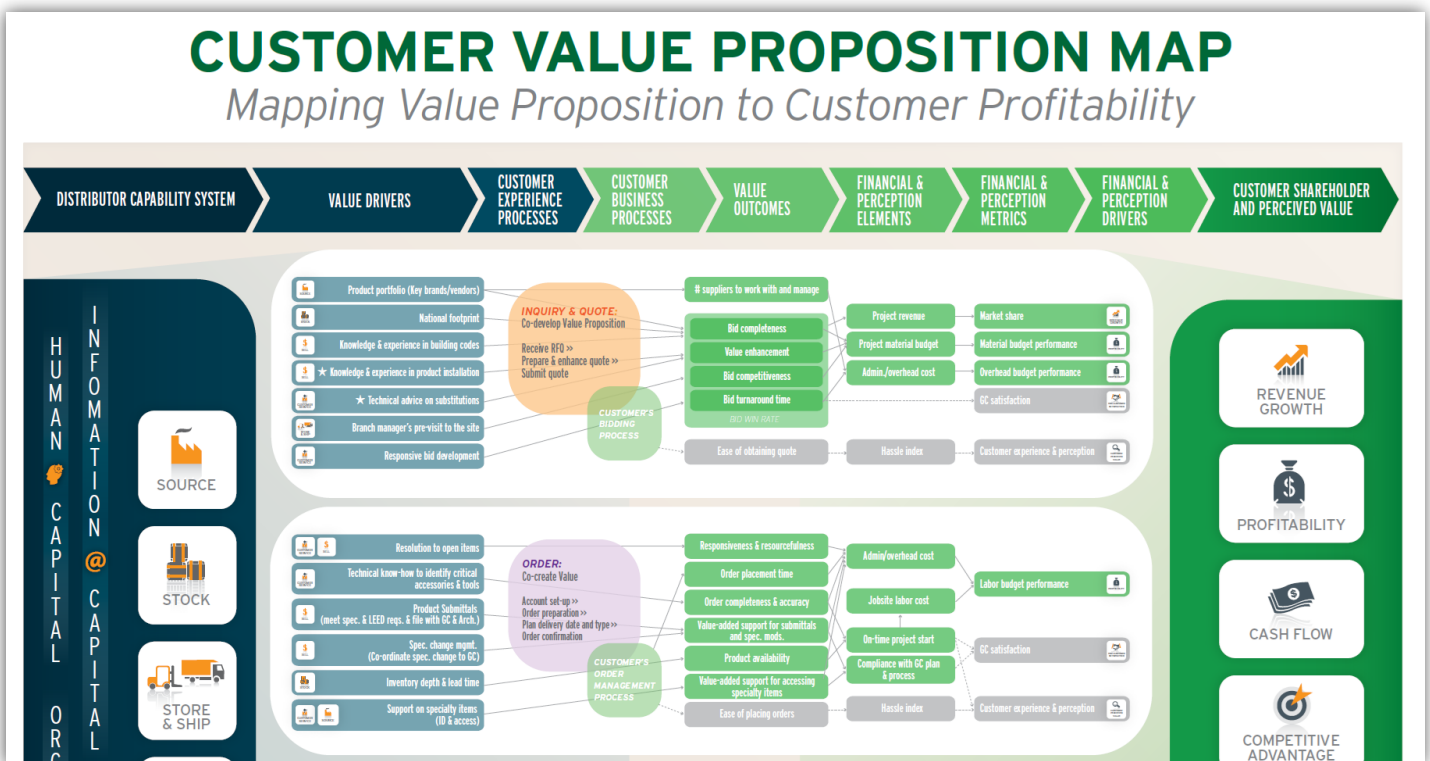
from the food service industry may require multiple product lines (valves, fittings, hydraulics, motors, drives, controls, sensing, and so forth), but product managers could not see the synergies and hence limited application knowledge was passed to the sales force. The other

opportunity was to organize sales enablement around customer end markets; but the customer had too many industries, and dedicating the resources would be challenging. This distributor struck the balance by establishing platforms. A platform is defined by a group of products and primary end markets. By organizing sales enablement efforts around this platform setup, growth opportunities could be found with greater market visibility and in-depth application knowledge. (The sales force is still organized around geographies) Managers established five platforms --automation, fluid power, pipe solutions, industrial supplies, and supply chain services. The product lines and corresponding primary end markets were grouped under five platforms.

**2. Determine resource requirements (both people and technical).** In the organization's previous structure, loosely defined product managers worked with corresponding suppliers without much visibility into end markets. With the platform setup, new roles and responsibilities were defined. A sales enablement manager was established to manage each platform. The sales enablement manager's job function is:

- **Existing market segment management**
  - *Existing & New customers:* Perform analytics to understand existing customers and their cost-to-serve. Identify growth opportunities based on customer classification and other attributes.
- **Existing products and services management**

- o *Purchase-based & Revenue-based rebates*: Establish and maintain cost recovery processes to eliminate profit losses.
- **New products and services development**
  - o *Supplier and Customer relationships*: Identify new product introduction opportunities with strategic suppliers and service opportunities with core customers.
- **New market segment development**
  - o *Market and Portfolio mapping*: Perform market segmentation and identify new market opportunities in terms of new end markets and new geographies. Identify new end market opportunities by analyzing market portfolio of strategic suppliers and core customers
- **Sales force collaboration**



- o Communicate validated growth opportunities to the sales force through weekly meetings.
- o Follow-up for execution and report progress.

The distributor defined required qualification, knowledge, skills, and experience to suit the job functions. All sales enablement managers are now required to report to a vice president of sales and marketing. Key performance metrics are growth and profitability improvements with corresponding platforms.

**3. Develop resources and establish the connection to sales force collaboration.** Three of the company's existing product managers were promoted to the new sales enablement roles. The firm recruited the remaining two managers from the industry. In recognition of the expanded job functions, the firm decided to educate and train sales enablement managers for the following skills and abilities:

- Market knowledge; Financial knowledge; Cross-functional decision-making; Complex program/project management; Analytical skills; Communication/presentation skills

Sales enablement managers identify growth opportunities through analytics, but the sales force must act on those opportunities. IWS realized the need to understand these complimentary roles and their unique skill sets: **sales enablement**--identify growth and profitability opportunities through complexity management by analyzing thousands of products and hundreds of suppliers and customers; **sales force**--

execute those opportunities through exceptional selling skills with the right value proposition. IWS recognized the need for tight collaboration between these two groups and performed many team building activities to align the two resource groups to company objectives.

**4. Perform sales enablement best practices and identify low-hanging fruit.** As a starting point, IWS preferred to focus on existing customers and understand cost-to-serve dynamics before delving into gap analysis or market segmentation. Managers performed customer stratification at market-segment level to determine core, marginal, opportunistic, and service drain customers. This helped the firm understand its penetration into each market segment. Of the company's 9,900 active customers, 7% were in the core category and 87% were marginal; 4% and 2% of customers fell under service drain and opportunistic, respectively. This enabled the firm to perform gap analysis along four dimensions--geography, customer class (core, marginal, service drain, and opportunistic), product line, and market segment. Managers performed the following combinations of gap analysis:

- Customer type versus product line for each platform and across the company. They performed gap analysis with their top 1,000 customers (who account for roughly 80% of total revenue). The gap analysis highlighted customers who were not buying all product



lines; it also highlighted service drain customers among the top 1,000.

- Customer type versus market segment for each platform and across the company. Again, the analysis was limited to the top 1,000 customers by revenue. This gap analysis highlighted customers who were not buying across multiple segments and where the firm had very little presence.

The team validated the primary findings through the sales force and then presented them to top management for further actions. They collaborated with the sales force through an “opportunity dashboard”. The sales force redeployed its efforts based on the gap analysis findings and captured new revenue streams from each platform. The sales enablement team decided to develop expertise on other processes (rebates, market segmentation, and so forth) for the coming quarters.

**The Results.** IWS realized growth (3.5% for each platform) and profitability improvements in the following quarters, as a result of increased focus on market opportunities. For each platform, the initial investment into human resources reached a break-even point in the first two quarters. This proactive approach allowed the firm to identify opportunities that typically went unnoticed or were executed by chance. IWS thus set a new path for sales enablement and is well underway in leveraging analytics and market knowledge--a key competitive advantage in the emerging world of consultative selling.

## Action Time !

- Does your company perform gap analysis to identify growth opportunities? Who is responsible for this function?
- How do you communicate the growth opportunities to sales force?
- Is there any strategic focus on increasing service revenue in your organization? If so, who is responsible for identifying new service opportunities? Is this linked to their performance metrics?
- Does your firm map market segments covered by your strategic suppliers, core customers, and Industrial/national competitors against your target segments?
- Does your company have a sales enablement position? If not, who performs the four business processes discussed here? Can this position help your firm develop a competitive advantage in the market place by identifying growth and profit opportunities?

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**Sales Enablement Workshop**  
Connecting CUSTOMER-VALUE PROPOSITION-SALES FORCE  
using our 'VALUE BUILDER' tool & '4P' model

<b>What?</b>	Sales Enablement Workshop – Aligning CUSTOMER NEEDS, YOUR VALUE PROPOSITION & SALES FORCE COMPETENCY
<b>When?</b>	Nov 12-13, 2019 (1.5 Days)
<b>Where?</b>	Dallas, TX
<b>Who?</b>	Sales & Marketing Executives CEO / President / C-level

**ACTVANTAGE**

**Sales Enablement – 3 Dimensions**

- CUSTOMER JOURNEY** (Persona)
- VALUE PROPOSITION** (Content Communication Customization)
- SALES PERSON** (Competencies: Design, Develop, Deploy)

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