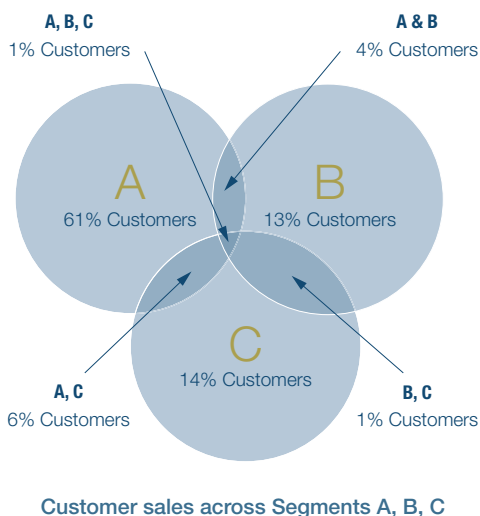


## An engineering firm chose a new operating model over continuous improvement to maintain growth

A successful engineered-product company with three product divisions was seeking to invest in a new phase of growth. Understanding where and how best to do so required a full understanding of true profitability; a challenging question, given significant shared Sales, various Service & Support organizations, national coverage, and products ranging from commodity construction materials to more complex engineered solutions. After an in-depth analysis of its front office, overhead, and channel performance, the company determined that, despite significant success over the last five years, the way it was organized to 'go-to-market' would not let it maintain growth and earnings in the longer term.

### The current, single sales force was no longer an efficient solution

The company had shifted to a generalist sales force to slash costs during an economic downturn. However, it had since acquired a number of new companies and product lines, expanding its offering and market reach. Going from two to twenty product lines in six years dramatically increased the required breadth of knowledge and competency in Sales and Service. While the overall business had performed well, the performance and profit contribution of each segment, product line, and sales person was much less clear. After studying the historical sales transactions, it was determined that only 1% of its customers actually purchased from all three of the company's segments (see below). This was contrary to what the company had believed, and the key driver for why they determined change was necessary.



### A new operating model for the front office was needed

1. Move from a functional-based to a product-based alignment for the Sales
  - The customer value proposition and buying processes were found to be different across product segments
  - While there was some cross-selling, the vast majority of customers bought products from a single product division
2. Split the back-office support to increase focus and remove complexity
  - Split Service in two with one group supporting two (of three) Sales divisions given their highly complementary processes and required competencies
  - Decouple certain order management and customer service activities to better align and organize skill sets while simplifying processes
3. Create a new Inside Sales group
  - Many customers did not need, nor did they prefer, a high-touch sales force
  - Given a significant amount of small quotes provided, many opportunities never were followed up with calls
4. Refine and improve use of distribution channel
  - A next tranche of customers either were small, buying single unit quantities, or substituting with other brands found more conveniently at distributors

### Results

By reorganizing the front office sales and support organizations, the company was able to reduce process complexity as well as maximize focus and accountability. Further, it was able to reduce its cost-to-serve while expanding capabilities and reach. Not only will costs to sell be reduced, but more aggressive revenue plans have been targeted. The expected three year benefit for the company is in the tens of millions of dollars.