

MFB report

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TOPICS

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MFB Case Study

MFB

Manage Future Business

TOPIC:

Road to Recovery: How to Survive the Current Economic Climate and Prepare for a Turnaround

Germany's economy is still looking far from great, but it's also looking not nearly as dismal as it did back in December and January. In fact, like most industrialized countries, Germany could be in full recovery mode by the fourth quarter of this year if the current trend lines continue. Yet, the road to recovery will be slow and laced with lingering pain. Despite all signs of recovery, the financial and economic crisis has many industries firmly in its grip. For many small companies, the recovery will come too late, leaving them with sagging sales, declining market share and precarious financial conditions.

When the market recovers, it will be more competitive than ever. Corporate managers will have to shift gears and help steer companies through a whole new set of challenges. But a deepening recession is not all doom and gloom – while there are losers, there are also winners. In a downturn, flexibility, speed and decisiveness are key survival factors. Companies that react quicker to changes in the market will emerge as top performers post-recession.

Restructuring and Crisis Management: Master Your Operations

The credit crisis and its shocks to the real economy have put chief financial officers on the front lines, as they implement emergency measures to help companies survive the recession. Now, as an eventual recovery begins to seem more likely, it's time to master your operations, to address your company's strengths and weaknesses. A weak economy makes it easier to implement unpopular operational changes: companies have more leverage over suppliers and unions, regulators are more cooperative, and employees understand the need for change. Executives should challenge themselves to examine how much more restructuring might be undertaken to secure a company's overall market positioning for the medium term.

Because credit remains tight and customers tend to defer payments, many small and mid-size companies are operating with little or no margin for error. In such turbulent times, corporations need to consider reducing the sustainable cost base while maximizing profitability.





Monika Frick-Becker

Welcome and Guten Tag,

Current economic figures anticipate that we might see small growth through the rest of the year. The worst might be over, but initial recovery in industrial production will probably be slow in reaching this sector.

To survive the current economic climate and start getting prepared for the inevitable turnaround, companies must quickly make the right decisions and act on them with conviction – a core characteristic of high-performance businesses.

Yours

Cash is the lifeblood of the business. A positive operating cash flow must be established as quickly as possible. Finance functions need to produce meaningful analysis of cost spent by a business unit to help identify maverick spending and waste.

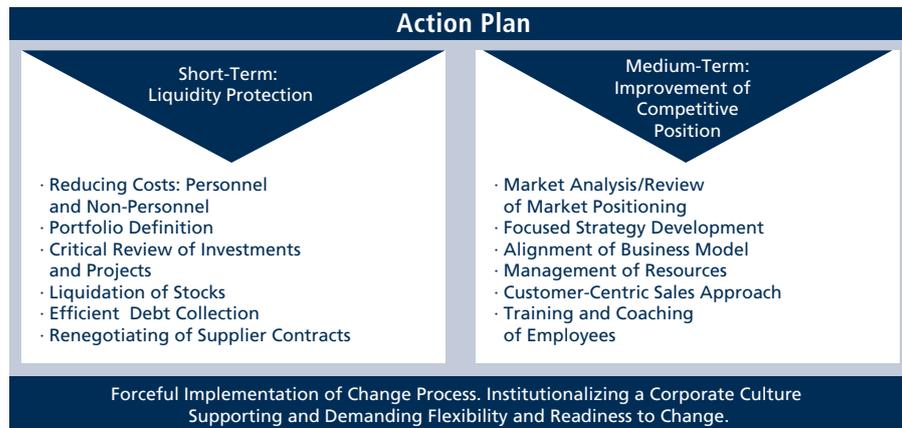
**Repositioning and Aligning the Business Model:
How to Manage Chances and Risks of an
Economic Recovery**

A possible recovery might create a whole new spectrum of legal, accounting, and financial considerations that impact the renewal process. Companies will witness increased pressures from customers and suppliers demanding new challenging business models and additional offerings. Overall, increased competition, cyclical and volatile financial markets, and economic trends have created a climate in which no business can take stability for granted. As once-stable, profitable, and competitive companies struggle to improve operational and financial performance, executives must constantly adjust and optimize their company's market positioning and business model to stay successful.

towards stability. These professionals can spot problems that may not be visible to company insiders and, together with the management, implement solutions, opening new potentials for growth and revenue.

**Cycle Management as Early Warning System:
How to Identify Economic Changes Early On**

Successful companies carry out appropriate planning and scenario analyses and regularly review their risk profile. They work with early warning systems based on macroeconomic and company-specific indicators. And they include their competitors in the scenario planning. This enables them to spot opportunities for acquisitions early on. It also helps them to recognize sales options for volatile business segments. By building partnerships through outsourcing and strategic alliances they establish flexible production networks and act against volatile business cycles – and stay ahead of the competition. In this way they improve both their standing on the market and their risk position.



On the other hand, possible legislative changes and volatile customer trends will create new chances for dynamic and innovative companies ("cash for clunkers", "100.000 solar roofs"). Organizations that are quick in recognizing and grabbing new opportunities will be well positioned for recovery. An outside specialist, operating as either an interim manager or consultant, may support the decision-making processes of a company to lead it

Cycle management is not an end in itself. Companies that pull the right levers not only ensure that they can adapt quickly to changing business environments and survive the downturn. They also put themselves in a position to improve their competitive position and boost profitability in a targeted way. Flexible organizations incur lower costs during fluctuations in the workload. And they enjoy bigger margins than their competitors in the same seg-

ment. They are in a position to react quicker to new market opportunities and, therefore, are well positioned for the recovery.

Sales Acceleration: How to Prepare Your Sales Force for Recovery

Now is a great time for managers to start thinking about a turnaround plan for their company’s sales if they are lagging behind expectations. A sales turnaround could mean refocusing your resources on those market segments where your best opportunities are. Sales optimization

also means to reenergize your sales team and realign your people with changing market conditions. With the right sales strategy, process and team you will meet your operational goals; i.e. grow revenues faster, gain market share and generate more profits. Customers and their needs are key priority, particularly in a downturn as competition intensifies to hold on to the most valuable clients. The goal of a professional sales force is to offer added value to customers. To achieve this, a customer-centric approach needs appropriate strategies and the implementation of an action plan. This could mean offering new products and services or aligning the business model.



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Successful sales teams help their clients to find solutions that are exactly on target with their needs. They can rely on flexible management structures and salespeople who honestly listen to their clients’ needs and show interest in more than just the business. With a good relationship in place, working out details is a breeze. Establishing a profitable customer relationship means knowing and understanding your client’s business model, his processes, customers, and markets.

Best in class companies do a great job by spending regular time analyzing their pipeline, recognizing each customer opportunity, and prioritizing the allocation of resources to make sure that those best opportunities can

Finding and Retaining Top Talent: Maintain Your Competitive Advantage by Training and Qualifying Your Employees

When the market recovers, it will be more competitive than ever, so managers need to ensure that their employees’ skills are sharp. Ongoing and useful training is one of the most beneficial things you can do for your staff. It can have tremendous impact on the productivity of your organization and keep your staff “on their toes” as far as new and potential client needs and new technologies go.

In tough times, motivating employees and maintaining productivity levels is a major challenge. A critical first step is to identify talent that must not be lost during or after the downturn and implementing appropriate retention strategies immediately. To wait until the economic climate improves is not an option. If you don’t provide for your best people now, you will lose them. The flip side is that it may be a good time to poach good people from troubled competitors.

Now, it’s the right time to review every facet of your business activities, assess your competitive position and take a fresh look at your sales performance. Experienced consultants can support your management to implement a strong and flexible business model, optimize your sales function and prepare your employees for the economic rebound.

MFB Case Study

Improving Margins Through Sales Excellence: A Mid-Size Manufacturer is Well Positioned for Recovery

A medium-size supplier to the automobile industry was severely hit by the recession. Incoming orders, export business and product volumes were all showing double-digit decline, leading to eroding profits, layoffs and short time working. The company was facing serious liquidity problems. The management concluded that its largely ineffective sales organization was a major reason for the company's acute problems.

MFB Resultants was brought on board to revamp the sales force and prepare it to make a strong contribution to the client's turnaround. The sales organization should become more flexible to react quicker to market changes. This would help the company to stay solidly in the black even during a downturn and contribute to a strong performance when the market turns.

Close to Customers

The MFB experts experienced that the client's sales organization had become a patchwork of roles and processes that no longer represented the best use of resources. We developed a sales turnaround plan that focused on the client's customer strategy and the performance of his sales team.

Because of the company's precarious situation, top management and employees were open for a whole new set of changes. To achieve top-line growth, MFB Resultants together with the management developed tools and methods to identify and penetrate profitable customer segments and to offer products and services tailored to customers' needs.

Analysis and Teamwork

The client adopted an approach to customer centricity driven by customer insights. Based on strong analytics, the frontline staff learned how to gather information on prime customer segments. Based on this information, the sales management was able to provide detailed customer profiles and meaningful profitability scenarios.

To create a common approach for all countries and sales groups, MFB Resultants developed a training program that could be disseminated throughout the sales organization. The MFB experts trained and coached more than 200 individuals across 6 countries. The team held meetings every week with area and branch managers to share results and best practices.

Results

The analytical rigor of the change process as well as the degree of the integration of the tools developed for our client ensured the development of a clearly structured, action-oriented strategy that will help to acquire, grow and retain the most profitable customer relationships. 9 months after the start of the program, the client's market share has grown by 3%. The perception of his products and services has improved steadily. Equally important, people across different functions and countries now have a common language and common perspectives on the business, allowing sales teams to deliver more compelling and effective messages to their clients. The mid-size manufacturer is well positioned to survive volatile business cycles and to benefit from the next growth wave in his industry.

Literature

A recession is not all doom and gloom. For flexible and committed companies it is a rich opportunity to reinvent their organizations and lay the groundwork for future growth. **Geoff Colvin** shows that smart, practical steps are needed to keep businesses strong and distance them from the pack for years to come. **The Upside of the Downturn: Ten Management Strategies to Prevail in the Recession and Thrive in the Aftermath, Portfolio 2009.**

The volume **Building a Winning Sales Force: Powerful Strategies for Driving High Performance, Amacom 2009**, gives sales leaders the critical tools they need to create successful sales organizations in these turbulent times. The authors **Andris A. Zoltners, Prabhakant Sinha, and Sally E. Lorimer** provide real world examples for the sales manager who is willing to step back and reorganize.

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