

AVOIDING MISALIGNMENT BETWEEN CORPORATE STRATEGY AND THE SALES PROCESS

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In business today, companies spend considerable time and resources to develop a well-defined strategy that highlights their core competencies, maximizes their development dollars and focuses on the right priorities. Unfortunately, it frequently is assumed that the sales organization will know what to do within that strategy and how to do it. It is this assumption, though, that all too often leads to a disconnect between what should be happening and what is actually happening. We will cover here how to successfully align the tactical plans of the sales organization with the overall strategy so that corporate objectives are met and the overall strategy becomes sustainable.

There are a host of reasons for creating a clear and concise corporate strategy:

- It establishes an overall vision and direction for the company.
- It integrates and focuses all business functions (sales, marketing, production, technology, etc.) on one set of goals and objectives.
- It maximizes the effectiveness of R&D efforts by analyzing and allocating technology resources based on market potential and competitive advantage. It can also impact success rates and speed-to-market for projects so that growth and profit objectives are met.
- It identifies clear commercial objectives and guides the organization in creating tactical plans.

A direct fall-out from the strategy creation is usually a series of metrics that organizations use to measure their progress or lack thereof. These will, of course, include many of the standard metrics, such as sales revenue, unit volume, unit contribution and market share. There may be metrics for return on invested capital, return on assets, return on R&D dollars, etc. Finally, there also might be metrics for cash flow, productivity, inventory turns and DSO. In every case, the strategy has usually outlined an expectation, with the interim numbers indicating whether or not corporate actions are netting the desired results.

Over time, ChemQuest has developed a proprietary model to analyze strategic alignment within an organization. This involves a number of proven Critical Success Factors to evaluate business units, market segments and product development projects. These include:

- For projects:
 - Technical feasibility
 - Commercial feasibility
 - Value to the customer
 - Market attractiveness
 - Competitive advantage
 - Cost attractiveness



- Total sales for the last full year
- Percent profit for the full year (or current year projected)
- Total profit dollars for the last full year
- Cumulative projected 3-year growth in profit dollars
- Overall strategic fit

The criteria highlighted above all require input from the sales organization. But, unfortunately, they often neither have good input, nor are asked for it.

To begin to understand this problem, one needs to look at how sales activities have historically flowed within corporations (see Figure 1). This traditional one-directional flow of information becomes a source for strategy-tactic misalignment, as it is predicated on the following:

- The assumption that the Strategic Plan is sufficiently understood by all to be adequately factored into the Sales Plan, the Territory Plan, the Account Plan and the individual Call Plan.
- The assumption that, in the heat of the day-to-day “battle” it is even remembered that there was a Strategic Plan in the first place.
- The assumption that all of these sales and marketing activities happen in a “perfect vacuum” devoid of outside influence from the economy, the competition, the customer, etc.
- The assumption that “no news is good news”.

In actuality, the Sales Process is very dynamic and should, in fact, be multi-dimensional (see Figure 2).

The first thing to notice is that each step in the Sales Process has defined Measures and Metrics that are created with the corporate strategy in mind. For example, if the strategy is to limit efforts in one market segment in favor of another that is deemed to have better growth prospects, there is now a mechanism to gauge whether or not resources are being utilized in line with the strategy. This procedure thus allows the strategy to be factored into all facets of the Sales Process down to the Call Plan where the strategy truly “hits the road”.

The other important feature to note is the Strategic Feedback Loop. While in a lot of ways this should be self-evident, the fact is that many companies do not require a regular and steady flow of market information from their sales organization. This unfortunately deprives the corporation of valuable intelligence that is (1) vital to gauging the success of the strategy, and (2) crucial to making any strategic adjustments that are necessary in response to changing market dynamics, technology developments, competitive responses, etc.



As noted earlier, ChemQuest has identified a number of Critical Success Factors that impact a strategy. Many of those require input from sales, and it is our belief that no strategy can be successful without that crucial input. Such things as “Value to the Customer”, “Market Attractiveness” and “Competitive Advantage” can only be understood if the Sales Process has Measures and Metrics built into the tactical plans that are aimed at gathering the requisite feedback.

These inputs are also important in making any needed adjustments to the strategy itself. To paraphrase the famous Prussian General von Clausewitz in his classic book *On War*, no plan survives contact with the enemy. Strategic plans are never meant to be static, particularly in such a competitively dynamic global economy. Thus, the company that does not recognize the need to continually evaluate and adjust its strategy as necessary based on solid and timely feedback from the marketplace is vulnerable to being eclipsed in that same marketplace.

So, unless a company institutes Measures and Metrics within its Sales Process that are directly aligned with the goals and objectives outlined within its strategic plan, it risks finding itself misaligned – with Sales marching to a differ cadence than the rest of the corporation. In addition to the resulting frustrations, there is a further risk that the corporation may fail to adjust and adapt to changes in the market because it failed to see those changes coming.



Figure 1.

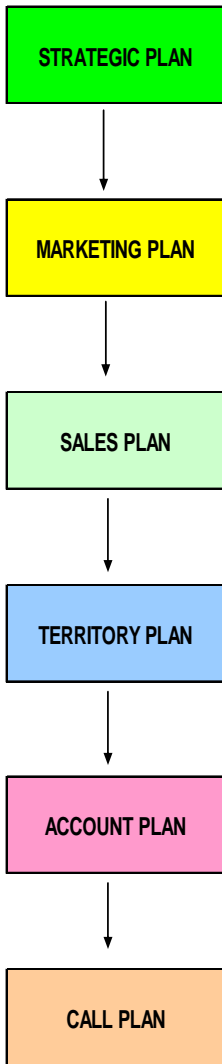
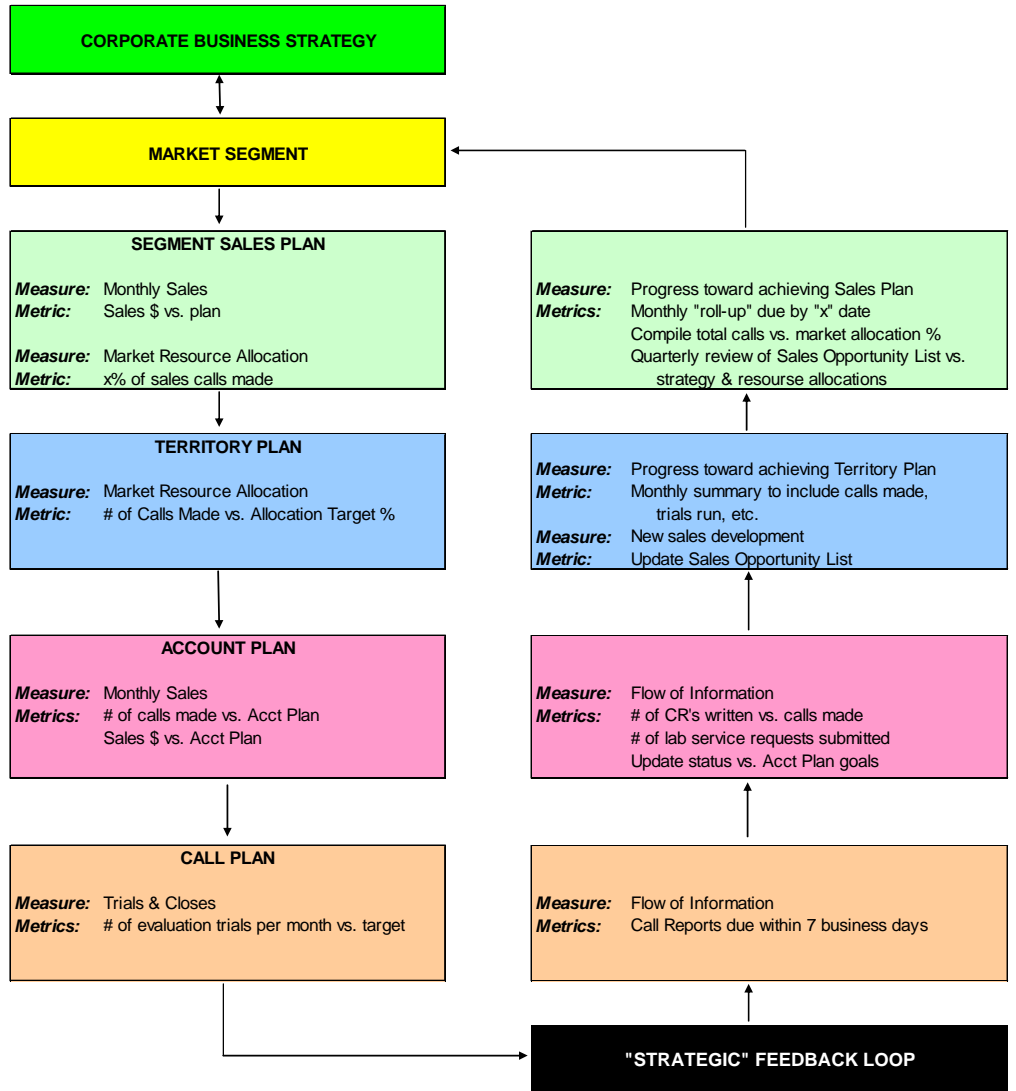


Figure 2



About the Author



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Rick Jones joined The ChemQuest Group, Inc. as Vice President in 2006. He spent the previous twenty-nine years in the coatings and adhesives industry working for PPG Industries, Valspar Corporation, Lord Corporation and Sovereign Specialty Chemicals/Henkel Corporation. His entire career has focused on business management, marketing and technical sales within automotive, aerospace, industrial and wood markets. Rick has extensive knowledge and experience in creating successful business strategies, and successfully launching profitable sales and marketing programs for technical products into domestic and international OEM markets. Rick is a member of the Adhesives and Sealants Council, National Paint and Coatings Association, Society of Protective Coatings and RadTech. He holds a B.S. degree from Allegheny College (Meadville, PA).

The ChemQuest Group, Inc. is a strategic management consulting firm that has been a respected source of information pertaining to the coatings, adhesives and sealants markets since 1980. It has continually monitored the changes in market size, technology developments, raw material trends and the emergence of growth opportunities in these complex, fragmented industries. The firm is “top-line” focused, offering such services as strategy development, market analysis and mergers & acquisitions. ChemQuest is headquartered in Cincinnati, OH and has offices in Raleigh, NC; Boston, MA; London, England; Düsseldorf, Germany; and Guangzhou, China.

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