



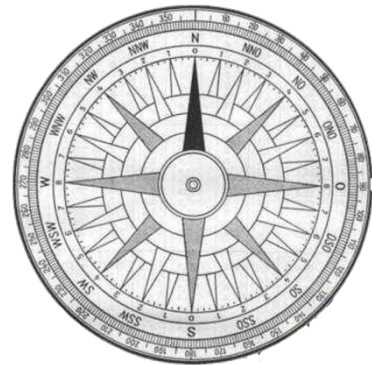
REFERENCE PROJECT 1

» Leadership is about how we shape futures that we truly desire, as opposed to try as best we can to cope with circumstances we believe are beyond our control.«

Peter Senge, Massachusetts Institute of Technology

LEADING AND NAVIGATING THE NEW

NAVIGATING SUCCESS



30 MILLION OF NEW REVENUE WITH EXISTING CUSTOMERS? NO PROBLEM!

OUR STARTING POINT

A very successful service provider, the market leader in its industry, was faced with the following situation: Owing to its high standard of performance and the good sales work of its sales team this company already possessed 80% of the market shares of its industry.

Market surveys had shown that 10% of the rest of the market were not interesting for this company as these market shares were not tied to any special services and therefore could essentially only be acquired through a price battle with competitors.

These surveys had moreover shown that interesting potential (approx. 10%) was mainly available among the existing customers. This potential was due to various factors. On the one hand, our customer was not the only supplier of its special services for the majority of its customers. On the other hand, a broad-based internal examination of sales controlling had shown that many of the customers had price structures which had developed owing to historically grown relationships and were in part alarmingly low, no longer up-to-date and did not depict their current demand structure.

Above all this last factor caused considerable agitation in the organization, even a great deal of trouble. Operations accused the sales department of selling services at prices which in many cases did not even cover the production costs, which had been far too low in contribution margin 1 already.

This of course was a very simplified way of looking at the situation. The extremely complex services, which were strongly oriented to the customers' needs, required complex calculations. In addition, the company had grown more than average in the last 10 years. This had led to the fact that in many cases price situations had been produced which in some cases were substantially below and in other cases substantially above fair market value. Over the years they had simply slightly lost track. This was now to be corrected.

THE CHALLENGE

The management now had to face the following task: on the one hand they had to implement substantial price increases with the majority of existing customers. On the other hand they had to try and exhaust the remaining market potential amongst existing customers.

The price increases moreover made it necessary for Sales, Operations and Controlling to cooperate very closely together in order to even determine the correct price structure for each individual customer. This represented a special kind of challenge as these business units traditionally do not communicate or communicate very badly with each other, which by the way was also one of the factors that had led to the "strange" price structure. Each department also had considerable reservations and prejudices towards the other departments.

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OUR TASK

Our customer formulated the following task for us:

1. Work with the current sales team and find ways to implement the new, mostly substantially increased prices without losing business or customers.
2. Develop entirely new pricing strategies for our 40 Top-Accounts. These strategies should be oriented as far as possible to our current method of production and standard use of production capacities. Operations must also be included in order to carry out this convergence of price-performance purposefully.
3. Coach the Top-Management on selected points where necessary.

THE SOLUTION

After the first stakeholder interviews we perceived a hardly existing willingness and ability to cooperate within the departments as well as between Sales, Controlling, Operations and Customer Service. The working environment was marked by prejudices, sometimes a “service by the book”-attitude and unproductive delimitations (“Us against them.”). As long as these emotional obstacles and antiquated patterns of belief had not been removed, there was no point in tackling objective issues. This is a repeatedly confirmed experience from process facilitation.

Then we wanted to turn our attention to the concept of “profitability” as perceived by the sales employees. Only a very few sales employees actually had managerial competences and were able to plan and implement their actions to the extent that they were also successful from a business management point of view. The new motto was: Enough of the fairy tales of supposed synergies; each individual business transaction has to pay off.

With the means of **leading and navigating the new** we carried out three workshops, several training courses, individual coachings as well as 3 leadership tanks, during which the executives created completely new communication structures, ways of cooperation and learning environments for the whole company.

RESULTS

At the end of the fiscal year a great deal had changed. The management had been able to establish a new meeting culture. Meetings now took place under the principles of **appreciation, non-linearity, creativity and effectiveness**. There was more alignment and above all a much better orientation to the targets and the paths leading to these.

A ‘cooperation mode’ had established itself between the departments, which then was also reflected in a changed organization (organization technology of the **Double-Linking**). This way the know-how of each individual was used to an optimum extent and for the first time it was possible to form actual know-how synergies. And all this happened in a friendly and pleasant environment.

In addition, this led to extremely short reaction times to certain market challenges.

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Some of the more important learning environments which had been set-up at the beginning in order to support the whole process were subsequently taken over and firmly established. It had been recognized that these forms of reflection had a high rate of return; also a return on business.

Our customer was able to record a growth in revenue of € 30m solely through price adjustment measures amongst its existing customers. (For comparison: The business volume of the previous year had been € 420m. Our activity had brought an increase in profitability of approx. 18% on average.) And on top of this there was new customer revenue of approx. € 20m.

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