

# From caution to strategic action

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How one company broke the rules to thrive  
in a stagnant market

*Part one of a five-part series*



There's nothing worse than feeling that you don't have the power to influence change. When an office supply company realized that its stagnant sales and lack of customer relationships were limited by a middle-man sales organization, they took control of the supply chain. Developing an inside sales team helped them increase sales with the beneficial side-effects of improved customer relationships and a stronger corporate culture.

The company's office supply market was stagnant. Sales were adrift in a sea of mediocrity. Worse, company management knew who their customers were, but felt alienated from them because of a middleman sales and logistics organization between the company and its end users.

There's nothing worse than feeling that you don't have the power to influence change, or in this case, boost sales. The company was more focused on the middleman than on how the end customers buy and use its products. The middleman had become a blockade, which went against the owner's desire to grow.

It was time to break the rules, specifically in the supply chain.

The company decided to significantly grow its own sales organization and deal more directly with end users. It was the "customer-intimate" approach that was going to improve sales and allow the company to control its own destiny.

The first thing they did was to hire the sales manager at the middleman to head the new direct sales effort. Instead of supplying 10 different competing products to a customer, he could spend more time explaining to that same customer how the company's more inexpensive products were just as reliable as name brands.

Hiring away talent and going around the middleman sounds risky, doesn't it? It was, but the middleman still maintains the role of warehousing and fulfillment, and more importantly benefits from higher volume from a more aggressive sales approach. The

company, meanwhile, regained direct relationships with customers that offered the ability to grow sales.

### **Get everyone on board**

The next step in creating significant change was to enlist employee commitment and excitement for the move. A series of meetings and a management retreat helped accomplish this goal and create a sense that it was the right thing to do.

As the plan came together and the employees began to rally around the new strategy, the owners realized that financial reporting and measurement were becoming more and more critical to their continued success. They hired a full-time chief financial officer to help fill that gap.

It had long been a goal of the owners to build a professionally managed organization that could survive their exit. Without realizing it, the hiring of the sales executive and the CFO had significantly helped with this transition.

In this case, the desired change in the business model required an equally significant change in the organization structure. It caused a deep cultural change within the company which was welcome because the owners instinctively knew that change was needed and they trusted their entrepreneurial instincts. A generally rising economy wasn't going to buoy sales along with it, so the company knew that change had to come from somewhere else.

### Break the rules: Lessons learned

Four new salespeople have been hired. An executive management team is in place. Sales are starting to pick up; new direct orders are coming in and the employees are buying into the new focus on customer service and knowledge of that customer. What were the lessons learned in this important reorganization?

- 1) Who do you know? They started the change by hiring a sales manager in their space who they already did business with. Sometimes talent doesn't come to you through resumes and job searches. Identify the talent that your business comes into contact with on a regular basis and decide whether to go after them.
- 2) Without capacity, opportunity dies. Too many companies have that go-to person who gets all the important assignments, but if you simply pile another important initiative on that person, the extra work won't get done. Make sure you have enough talent on board to handle all of your opportunities.
- 3) The plan is just the beginning. Leaders must dedicate time to change management or it likely won't happen. The pace has increased dramatically since the plan was developed. The owners were ready for it.
- 4) CEOs don't change rules, they lead change. The CEO isn't the one who touches the client every day, employees are and they have to believe and want the change as badly as you, the CEO.

In a stagnant economy, remember that doing nothing does have a cost. As John F. Kennedy said: "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction."

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