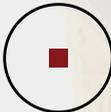


DRIVING SALES ACCELERATION

A Proven 4-Step Plan for
Re-Igniting Growth



 **AVALON**
Consulting

 **Cordence**
WORLDWIDE MEMBER

Growth is fundamental to the development of a sustainable business. While one could debate whether sales growth is desirable at the cost of profits, business value is most often determined by a combination of sales growth, profits, RoCE and cash flow - hence there is no denying the primacy of sales growth as a metric of business health.

However, **it is not easy to sustain sales growth over an extended period.** Companies which have achieved rapid growth in the past based on specific competitive levers e.g. differentiated products or superior marketing or supply chain etc. often get blind-sided by other emerging factors which they have not acknowledged or managed well. These could include disruptive technologies, new competitors or poor internal processes and systems which are inadequate to deal with the changing market landscape. Often such crises are highlighted when the external environment turns unfavourable, such as in an economic slowdown. "A rising tide lifts all boats" but once the environment turns unfavourable the winners are separated from the also-rans.

“ It is not easy to sustain sales growth over an extended period - companies which have achieved rapid growth in the past often get blind-sided by emerging factors. ”

Prominent industry examples in the western market include:

1. Kodak's inability to respond to changes in the photography market
2. Nokia's poor product-customer strategies and its inability to compete in the smart-phone market
3. Firestone Tyres' failure to compete cost-effectively in the radial tyres market
4. Sears, once the leading big-box retailer in the US is heading towards financial failure as it is unable to compete with Wal-Mart and the advent of online retailing

“ Kodak, Nokia, Hindustan Motors, Moserbaer and HMT are cases where we have seen a rapid sale decline and a slide into oblivion. ”

Closer to home, we have once-dominant players like BPL (Consumer Durables), Hindustan Motors (Passenger Cars) and Moserbaer (Magnetic/ Optical Media Data Products) which could not withstand the pressures of a changing marketplace, technological evolution and aggressive global and local competition. Similarly, there was a rapid decline in the fortunes of Indian cell phone manufacturers against the superior products, distribution, marketing and overall customer proposition of new Chinese entrants.

In all these cases, industry leaders were **unable to respond to changes in customer needs, technology and superior processes and systems** unleashed by new competitors.



To understand this further, we looked at **industry data over a period of 20 years to assess the consistency of sales growth of players across sectors.**

Sales growth data of over 1100 companies (with sales > Rs 100 Cr) reveals an interesting trend: **The list of top players by sales growth undergoes significant churn every 10 years. This is true across industries and sectors.**

We looked at data for two-time periods - 1997-2007 and 2008-2017. We analysed the performance of the sales growth leaders in the first decade (top 33% of the companies in 1997-2007 in terms of average YoY sales growth %) to check how many of these companies were able to maintain sales growth leadership in the second decade as well.

The data is stark and conclusive - in most cases, companies do not maintain their sales growth leadership over time. In our analysis, only 35% of the high growth companies in 1997-2007 were able to sustain their position in 2008-2017.

Sector	Total Companies	Top 33% of Companies by Sales Growth in First Decade (1997-2007)	Performances of Top 33% Companies in Second Decade (2008-2017)		
Consumer Products	151	50	38%	30%	32%
Engineering & Capital Goods	90	30	30%	40%	30%
Textiles	78	26	35%	31%	35%
Trading	77	26	8%	31%	62%
Chemicals	72	24	38%	33%	29%
Fibers and Yarn	66	22	50%	36%	14%
Pharma	63	21	29%	29%	43%
Auto Components	57	19	37%	5%	58%
Construction	57	19	21%	32%	47%
Plastic Products	55	18	44%	22%	33%
Metals and Minerals	52	17	53%	29%	18%
Steel and Steel Products	48	16	38%	31%	31%
Diversified	31	10	50%	30%	20%
Paper and Newsprint	28	9	22%	22%	56%
Cement	25	9	33%	33%	33%
IT and Software	25	8	38%	38%	25%
Agrochemicals	24	8	25%	50%	25%

Remained in top 33% of companies in second decade

Moved to next 33% of companies in second decade

Moved to bottom 33% of companies in second decade

Source : Prowess Corporate Database & companies > Rs.100 Cr. Turnover in 1997; Avalon Consulting Research and Analysis

AVALON'S SALES ACCELERATION FRAMEWORK

Based on Avalon's work in helping clients create systems for sustainable sales growth, a few characteristics of such successful companies (which are able to sustain sales growth over extended periods) can be identified:

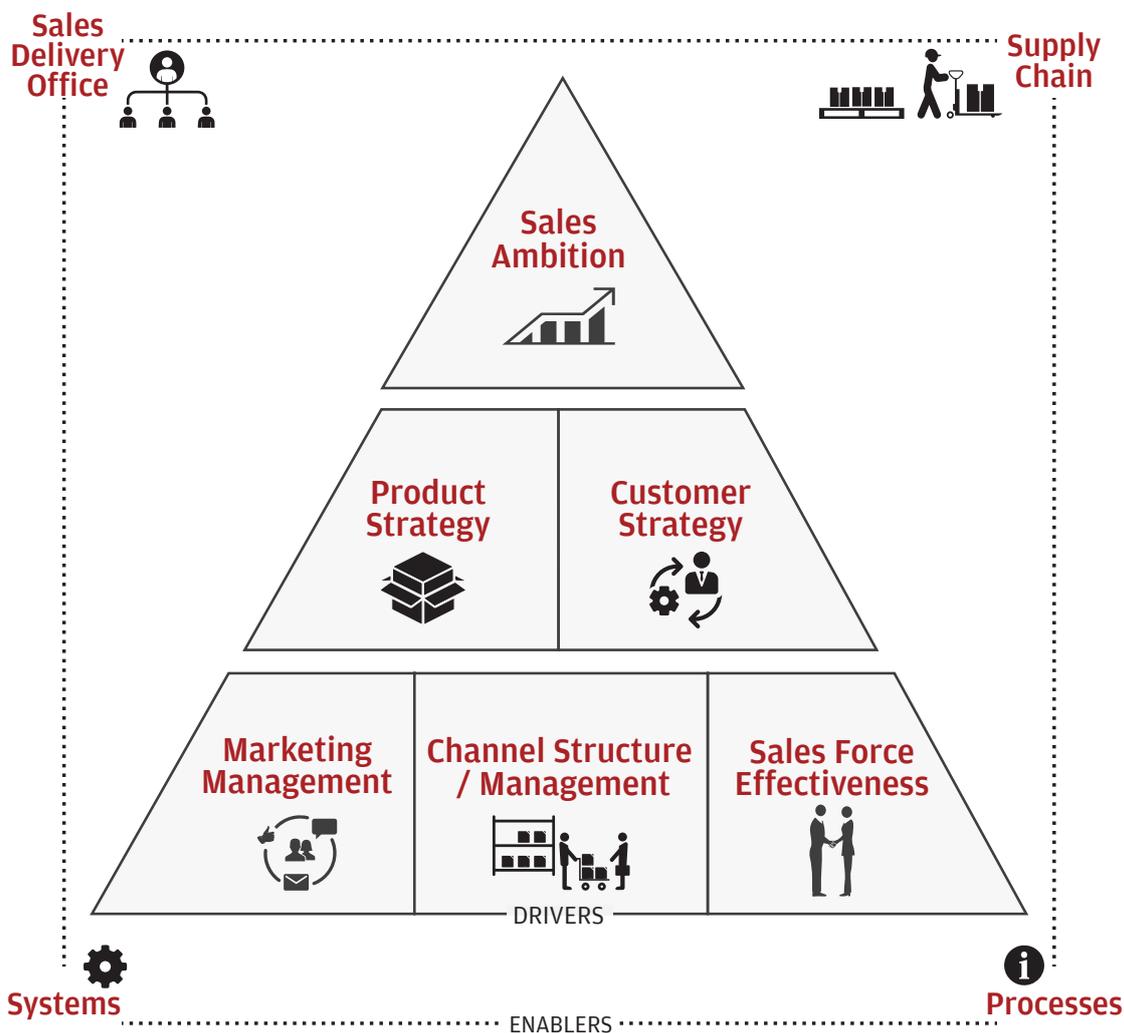
1. They create a winning proposition that generates a new demand
2. They develop deep customer insight to predict and cater to latent and untapped needs
3. They experiment with and disrupt existing models - by relooking at vision and strategy
4. They institutionalise robust systems and processes to manage change

Based on learnings from client engagements over the years, Avalon Consulting has developed the **Sales Acceleration Framework**, a comprehensive toolkit for diagnosing and solving sales growth related issues in an organisation.

Avalon's Sales Acceleration Framework defines the following diagnosis areas which comprehensively address pertinent issues that could be impacting sales growth:

“The Sales Acceleration Framework identifies the “burning platforms” which need to be addressed and progressively drills down to specific issues to identify the key levers of change and develop the solution for driving rapid sales growth”

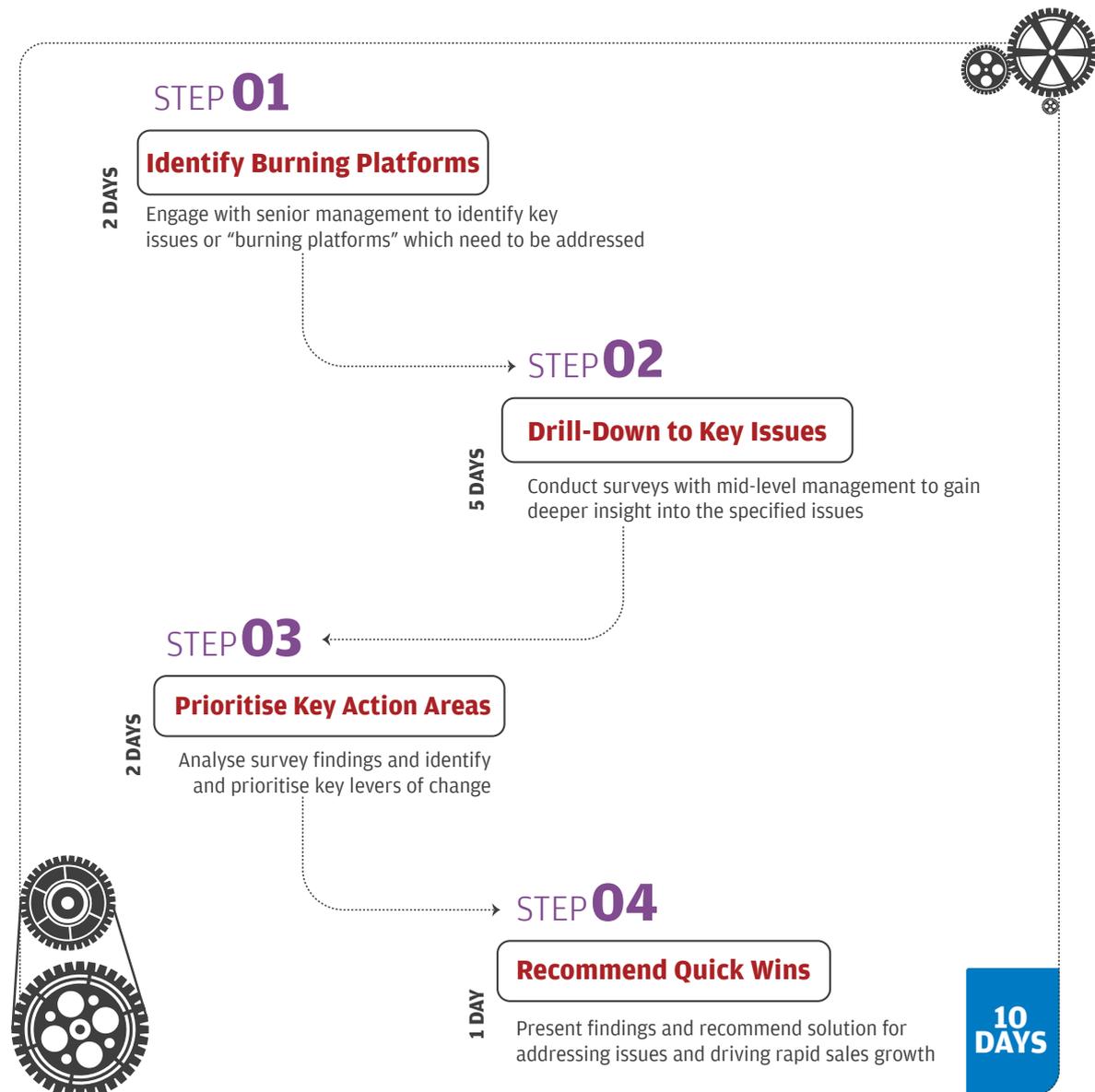
SALES ACCELERATION FRAMEWORK



The Sales Acceleration Framework identifies the "burning platforms" which need to be addressed and progressively drills down to specific issues to identify the key levers of change and develop the solution for driving rapid sales growth.

The entire process is conducted in an efficient, time-bound manner such that problem areas are quickly identified and solved and quick impact is visible. **Our sales acceleration program goes from hypothesis to data gathering/analysis to insights, in 10 days.**

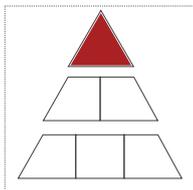
AVALON'S APPROACH TO SALES ACCELERATION



The outcome of this process is a set of key action areas that companies can pursue to boost sales growth. This should ideally be followed with a more detailed solution development process, with targets and accountability.

STEP 1 - IDENTIFY BURNING PLATFORMS

Step 1 involves a preliminary discussion with senior management / promoter to identify the key areas which need to be addressed. Several such areas may be identified, and the key ones need to be prioritised. These discussions will typically focus on various issues such as:

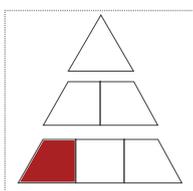
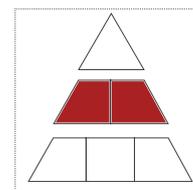


Sales Ambition

Is your senior management group aligned on vision, mission, strategy and key differentiators? For example, is there a shared sales ambition across your organization?

Product/Customer Strategy

What is your perspective on your organisation’s product and customer strategy? Is there a well-defined customer needs-based segmentation and strategy mapped to the product portfolio and market segments?

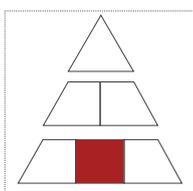
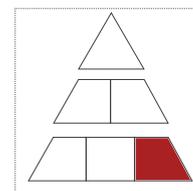


Marketing Management

Do you have an effective marketing strategy which is linked to your product and customer strategy? For example, how effective is your approach to aspects like promotions, pricing, influencers, branding and digital marketing? Are they all aligned to a common product and customer strategy?

Sales Force Effectiveness

Have you implemented best practices in account management, hiring, training and performance management? For example, do you have a well-defined plan of action for each of these aspects?

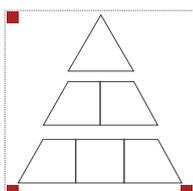
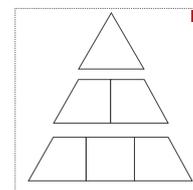


Channel Structure/Management

How well defined is your company’s channel strategy? For example, are you appropriately addressing issues like channel configuration, channel management, channel training, etc.?

Supply Chain

How adequately is your company’s supply chain aligned to its sales ambition and strategy? Are you actively looking for ways to optimize your supply chain network configuration, S&OP and inventory management?



Sales Delivery Office, Systems and Processes

How in tune are your company’s systems and processes with your overall strategic objectives? For example, are IT systems and SOPs aligned to your sales ambition? Do you have a Sales Delivery Office to develop and implement your sales growth initiatives?

Based on the gaps identified in the above diagnosis, key issues will be identified for further analysis. Subsequent steps involve a detailing of these key issues and developing and implementing the solution. These could be across one or more prioritised areas depending on the situation observed.

STEP 2 - DRILL-DOWN TO KEY ISSUES

Step 2 involves further detailing of the key issue(s) identified in Step 1. This detailing will be done through surveys targeted towards a broader section of management that have direct oversight over the key issues that have been identified. While the surveys form the foundation for data gathering at this stage, they may be supplemented by further on-the-ground research when necessary.

For each diagnosis area, Avalon has developed questionnaires that are designed to shed light on fundamental drivers behind gaps in performance, while still being easy and quick to complete for participants. For example, if marketing was identified as a critical problem area in Step 1, a survey that includes, amongst others, the following aspects would be conducted with the Marketing Department and/or sales team:



Promotions

Do you have a well-defined promotion plan to drive sales? Is your promotion plan having a quantifiable impact on sales growth, and how are you monitoring this?

Pricing

Does your pricing strategy cater to different customer segments and needs? For example, different customer segments may have different levels of price sensitivity and may require different approaches to pricing.



Influencers

Are you benchmarking your influencer outreach programs with the competition? Is your organization budgeting what it needs for its influencer program?

Branding

Does everyone share the same understanding of the company's brand positioning? How systematically do you measure the impact of brand advertising across different media/channels, and how does this feed into the overall branding strategy?



Digital

Are you leveraging digital technology to the extent possible throughout the sales and marketing cycle? How well are you implementing best practices in the usage of digital tools?

Recent examples of companies employing innovative marketing strategies to boost growth include:

AXIS BANK™

Axis Bank has been an industry leader through its digital banking strategy, consistently improving customer experience through its digital products and service. This mindset has permeated its promotion strategy as well, where increased focus has been dedicated to non-traditional, digital channels

TOMMY HILFIGER™

Tommy Hilfiger recently partnered with F1 Champion Lewis Hamilton to design and promote a new clothing line around a central theme of diversity, thereby integrating promotion, global influencers and branding into a cohesive marketing strategy

TATA STEEL™

In 2017, Tata Steel launched an innovative influencer campaign to promote its newly launched product, Pravesh Steel Doors. The campaign, #DoorsofIndia, involved six renowned travel journalists - Amrita Das, Divyakshi Gupta, Swati Saxena, Vinayak Grover, Kaushal Karkhanis and Shubham Mansingka - visiting 46 cities of India and sharing stories of culturally significant doors on their social media accounts

STEP 3 - PRIORITIZE KEY ACTION AREAS

Step 3 involves utilizing Avalon’s proprietary model to analyse the findings from Step 2 and identify key levers for change.

1

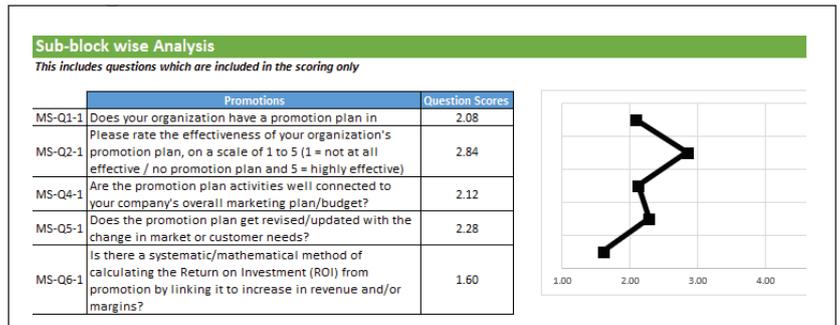
*10 Does your organization have a well defined customer segmentation strategy?

- Yes - We have clearly defined strategy which is relevant and actionable
- Customer segmentation strategy is there but is not very well defined
- No
- Not Sure

Respondents complete an **online survey** that is customized according to the interactions held with senior management in Step 1. The survey is designed to take a **targeted approach to drilling down to key issues** and takes 15-20 minutes to complete.

Survey results are fed into **Avalon’s proprietary Sales Acceleration model**, where participants’ answers are **filtered, processed and evaluated** to arrive at meaningful conclusions on the performance of the company in specific areas.

2



3

Marketing Strategy Results

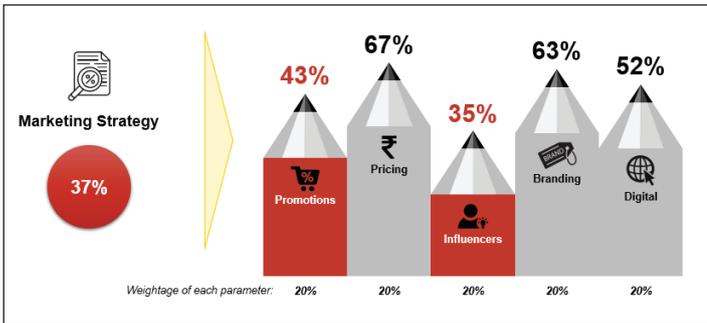
Total respondents based on filter	25	
Base Score	5	
Marketing Strategy	2.06	
Sub-Block	Actual Score	Benchmark
Promotions	2.18	4
Pricing	1.44	4
Influencers	2.27	4
Branding	2.14	4
Digital	2.28	4

The outcome of the model is a **quantifiable score of the company’s performance** in a specific area (such as Marketing), as well as scores for sub-areas (like Promotions, Pricing, etc.). These scores will form the foundation for **identifying remedial initiatives** to address problems and boost sales.

STEP 4 - RECOMMEND QUICK WINS

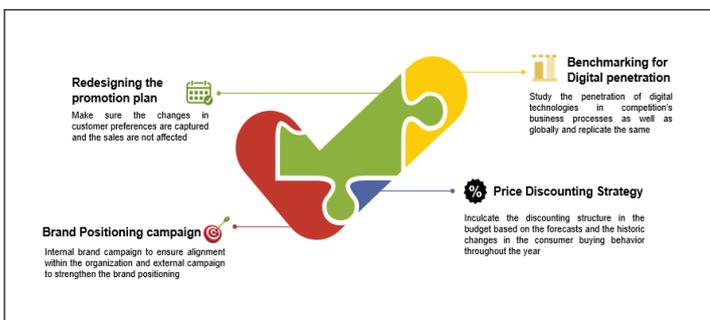
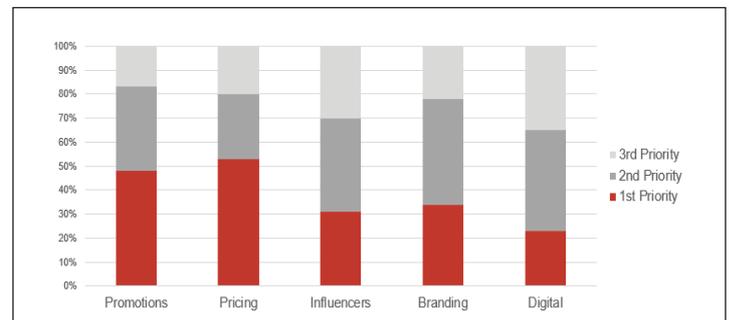
Finally, a seasoned team of consultants will develop a report based on the findings and analysis conducted, as well as Avalon's understanding of the **specific circumstances of the organisation** and **international best practices**. The report will include key priorities that the organisation should focus on to re-ignite sales, as well as practical, actionable initiatives that management should consider to address key issues.

For example, the following are some illustrative examples of what may be included in a report on Marketing Strategy:



Marketing was found to be a weak area for the company. The company scores particularly low in **promotions** and **influencer engagement**.

Promotions and **Pricing** have generally been identified as top priorities for the company. Regional sales offices prefer to focus on the Pricing Strategy before proceeding to Promotions and Influencers, while the head office believes branding to be a key priority.



Avalon has identified four initiatives to help re-ignite growth- redesigning the **promotion plan**, launching a **brand positioning campaign**, benchmarking **digital technology penetration** amongst competitors and implementing a **price discounting strategy**.

CASE STUDIES

Avalon has used the Sales Acceleration Framework in multiple projects. The following are two such examples. After using the Framework as an initial exercise, specific areas of intervention for Avalon were identified, leading to quantifiable impact.

Using the Sales Acceleration Framework – Case 1

We worked with the leading glass producer to drive a sales turnaround of its key product



Situation

- ❖ Dominant leader in Reflective Glass – now facing market slow down and competitive pressures
- ❖ Missed sales target for first time in 5 years and faced with uncertain future growth

Diagnosis

1. **Product-Customer Strategy** :
Lack of clarity on target customer – product linkage
2. **Channel Management** :
Transactional / push-based sales; no focus on dealer relationships
3. **Systems and processes** : Sales and marketing activities ad-hoc and unstructured

Avalon Intervention

- Implemented a plan for targeting end-users directly
- Revamped key sales and marketing processes
- Implemented a Dealer Relationship Management programme

Impact

- Exceeded sales growth targets for the year without sacrificing margins (17% growth)
- Turnaround in performance of a majority of the 137 dealers which had declining sales growth
- Rolled out action plans in 3 districts and laid a foundation for sustained future growth

Using the Sales Acceleration Framework – Case 2

Driving a comprehensive sales turnaround program with a leading plastics products company



Situation

- ❖ Leading producer of plastic water storage tanks, sections and doors, auto-components etc.
- ❖ Witnessing 2 consecutive years of stagnation after 8 years of healthy growth

Diagnosis

1. **Product-Customer Strategy** :
Gaps in product portfolio
2. **Channel Management** : Poor distributor management practices
3. **Supply Chain** : Broken S&OP processes
4. **Systems & Processes** : Lack of systems for sales team & channel management

Avalon Intervention

- Identified products in mid-range-white spaces
- Distributor management system (IT tool) implemented
- Revamped S&OP processes for forecasting, production and logistics
- Implemented production planning model
- Improved channel management processes - payments and replacements
- Channel financing implemented

Impact

- First year of implementation resulted in 18% sales growth after 3 years of stagnant sales.
- Healthy EBITDA margin maintained
- Established a foundation for sustainable growth



CONCLUSION

Sustaining sales growth over an extended period remains a formidable challenge for most players. Rapidly evolving forces of customer, competition, technology, costs, regulations as well as poor internal processes and systems etc. result in new players replacing the old and older players stagnating and sometimes dying. However based on our client work **we believe that companies going through a period of stagnation can drive a turnaround and accelerate growth through a structured and holistic approach** which identifies the key issues and details these further to develop and implement the appropriate solution(s). Companies which are willing and able to undertake this journey (shepherded through internal or external change agents) will witness a revival and lay the foundation for long-term growth.

Our Values – The Avalon EDGE

E

ENTREPRENEURSHIP

Enterprising ownership to transform ideas into pragmatic and profitable solutions

D

DEDICATION TO EXCELLENCE

Commitment to premier quality and highest standards in everything we do

G

GREAT VALUE CREATION

Focus on delivering maximum client impact through innovation and collaboration

E

ETHICAL APPROACH

Respect, fairness and transparency in all our interactions



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