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Fribourg, Switzerland—February 17, 2004

## Revolution in sales management

**SSM may save many businesses and turn the economy back to growth**

### Cataclysmic impact

60 million years ago a giant meteor hit planet Earth at what is now the Gulf of Mexico. This sudden cataclysmic event changed everything on our planet. The species that failed to adjust to the totally new and different environment became extinct. Those that did adapt to the new conditions survived.

It is time to recognize that a cataclysmic shock, as powerful as a giant meteor, has hit the business world. That cataclysmic shock is the Internet. Back in 1999 in a *The Economist* article, Matthew Symonds said, "Within a few years, the Internet will turn business upside down. Be prepared – or die."

### The sales function has been hit by that same shock

"The sales function has been hit by that same shock", say Bill Woehr and Dieter Legat from the Delta Institute in Fribourg, Switzerland, "but many business leaders have failed to realize that their sales management has been made obsolete by the Internet." Many sales managers think that the Internet for sales just means "customers now buy via their PC". They hope that one day things in sales will be back as they were. No way! Some business functions (manufacturing, finance, engineering, supply chain management) have adapted; sales still functions as it always did. Sales have been hit by the cataclysmic shock and the business world is reeling from it.

### The Internet makes "classical" sales management obsolete

In one instant the Internet has made obsolete several key principles on which managing sales was built since centuries. The knowledge power has moved from the seller to the buyer. Business tasks move from customers to suppliers or the other way round. Businesses link themselves up with customers and suppliers as global value networks. Suppliers must offer and deliver "on demand" as IBM® precisely terms it.

Has business today caught up with the new and different environment? IBM® explains the evolution in its brochure *On Demand Business: The Executive Guide*. IBM® says, "...most companies...are just beginning to operate on demand". Woehr and Legat show, in their book *Unblock the Power of Your Sales Force!*, how antiquated assumptions and management practices fail to cope with the Internet economy and thus cause sales of their companies to slow down or even shrink. Shouts and accusations blaming the economy are a mistake confusing cause and effect. In reality, obsolete management methods are ruining the party. Businesses are being led into trouble resulting in an economy in trouble.

### Managing sales is no fun any longer

Agreed, managing sales today is no fun. The job of sales executive has become one of the most unpleasant ones in any enterprise. Gone are the days where the sales executives were the heroes. Now they have become the scapegoats for the lack of success on the market. Not reaching sales targets creates more and

more pressure on sales executives and their teams “to perform”. Gone are the days where you could honor your best of the best in “clubs of excellence”. In all the cost-cutting frenzy, many controllers say “There is no money left for frills and fun”. Gone are the days where the sales goal for the month was achieved by the 25<sup>th</sup>. Now you have to fight for every last penny you get in your order book. Gone are the times where your biggest problem was to find enough people to staff your sales force. Now a tidal wave of “restructuring”, “rightsizing”, and “redundancy programs” hits sales executives and their teams.

## Sales management mistakes in the Internet era

### Replacing sales professionals by PCs destroys “sell through” business

Some companies have seen the Internet as an opportunity to “replace sales professionals by elaborate I.T. systems” claiming they would increase sales force productivity. They have dearly paid for that mistake with a drop in sales. Instead of understanding their sales systems more, they have understood them less. Increased productivity and profound knowledge can only be contributed by people – sales professionals. The Internet can handle the transactional (“sell to”) selling, but in no way can provide “sell through” services, which contribute to customer’s added value in his business network.

### Matrix management increases sub-optimization

Others have hoped that matrix management would resolve the issue. Using matrix management to manage the sales system makes things much worse rather than better. It leads to increased sub-optimization by imposing individual fiefdoms, each driving towards their goals at the expense of others and therefore, the whole system. Management is expected to bring out the best in people – matrix management, however, brings out the worst.

### CRM fails to contribute to more sales

Much hope and investment was put into CRM. Sales managers were seduced into believing that CRM tools can deliver more than they promise. Unfortunately, there are few cases to be found which show proof of success demonstrated by strongly increased sales as return on the investment. The *Financial Times* (Jan. 29, 2004) even doubts any contribution of such investment, seeing a strong downside, stating “choked to death by data surfeit”, and continues; “these massive software programs contribute to data overload but do not provide information”.

### Sales processes and training do not address the whole system

What about all the methods for deal management, funnel management, account selling and other sales processes? Why are they not resulting in increased sales? Each of these tools has the potential to deliver excellent results but fails to do so because they address only singular elements, not the whole sales system. Therefore these investments have often failed to increase sales. In addition, many of these concepts were designed for the pre-Internet era, and now are failing to contribute in the new world of the Internet.

## The SSM Revolution

### A revolution – not an evolution

“IBM® is both right and wrong at the same time”, say Woehr and Legat, “they are right in calling one key aspect of the phenomenon “on demand”, and they are wrong in calling it an evolution. It’s not a simple matter of natural evolution in business concepts, processes and buying PCs for every employee. The consequences of the Internet are a revolution affecting the economic and political systems of our planet. The impact will be felt for a long time in all levels of society and everywhere around the world.”

### The revolution into Sales System Management (SSM)

The SSM revolution will demand a complete redefinition of how we are used to manage sales. It will cause a new profound understanding of the sales system. Every function, every process, every manager is part of the sales system and influences how much a company sells in your own, and in your customers’ and your customers’ customers organizations. SSM will revolutionize the task of managing sales and shows HOW the sales systems must change in a different world than yesterday. Sales managers must manage the whole

system, not only the process but also the rules, which guide them. It will revolutionize the task of managing sales. The task is to lead the way to remove the sales system's constraints.

### **Not a matter of T-shirts and posters**

This is not a matter of a simple, motivational program with T-shirts and posters hanging in the office encouraging everyone to do better. This is a revolution, taking courage to face up to the realities of the new world. Webster's Dictionary defines revolution as "An **asserted momentous change** in any situation. A **sudden political overthrow** brought about **from within** a given **system**. Especially, a **forcible substitution of rules of the ruling clique**."

In the SSM revolution, **asserted** means top management must take the ownership for managing the sales system; **momentous** means this will not happen gradually, they must shock their organization by demanding growth now; **change** means the way they will manage their sales system will change completely; **sudden political overthrow** – power in the enterprise will be used in a very new way; **from within** – they must do it, not delegate this to a "process expert", or even worse, to a software. A **system** – the new SSM; **substitution of rules** means managing sales as a system and questioning all rules which block them from selling more; **of the ruling clique** – their management team must change, or be changed.

### **The SSM revolution is needed everywhere and it has already begun**

The SSM revolution is needed everywhere, in every industry, in every type of selling and it has already begun. Today in every industry there are a few players (Dell, Wal-Mart, Easyjet, GM) who are growing profitably while their competitors still blame the economy. "While their competitors go blaming the weakness of the economy, the root of the success of these companies is that they have embraced the key elements of SSM, and are using them to wipe out their competitors.", say Woehr and Legat. "Our studies have shown us that the obstacles to sales growth are caused by how executives manage the sales system, not by the lack of demand. This is very encouraging news because it means that business leaders do not need to consider themselves victims of the economy any longer. These data were consistent across industries and across the world."

## **Executives must lead through the revolution**

### **CEOs and Sales Executives must lead**

Only revolutionary change will lead business back to growth. CEOs and their sales executives must break through to a revolutionary approach to managing sales. They are the experts in selling. They are the ones who must take the lead. They must master SSM and they must acquire profound knowledge about how to manage the whole sales system of their companies – as they have learned to master the complex business systems of engineering, manufacturing and supply chains."

### **To sum it up**

**"Businesses are in trouble because the sales system is being managed by assumptions and methods which are obsolete in this new era of the Internet."** say Woehr and Legat. **"It's not the economy causing weak sales. It's antiquated sales management, which prevents businesses from adapting to the new era of the Internet. Sales executives are responsible to lead their companies out of the crisis by applying SSM. If they don't, they are to blame for the demise of their companies"**. But of course, **"survival is not mandatory"**, as Dr.E.Deming, the famous teacher and revolutionary in systems management, once said.

## About Bill Woehr and Dieter Legat

Dr. William A. Woehr and Dr. Dietrich (Dieter) Legat have been selling all their lives - at Rockwell, Honeywell, AEG-Telefunken and HP. Selling their designs as young engineers, selling their projects as project managers, selling products and solutions as sales reps and finally as sales managers.



In early 2002, they founded the DELTA Institute in Fribourg, Switzerland, a meta-consulting company, which offers licenses for advanced management methods to consultants. In addition Bill Woehr and Dieter Legat speak at executive and management seminars and coach companies in-house on the principles of DELTA T-Selling®.

Recognizing the cataclysmic effects of the Internet on today's business world, with studies in over 100 B2B sales teams worldwide to prove it, they have designed and successfully implemented DELTA T-Selling®, the first, revolutionary application of SSM Sales System Management based on TOC (Theory of Constraint).

The DELTA Institute is active in the United States, Europe and Asia. In Japan, they are represented by MORE THROUGHPUT Inc., a leading consulting company in the field of TOC.

## About DELTA T-Selling®

DELTA T-Selling® is the world leading SSM solution for the B2B sales system. It applies the principles of TOC (Theory of Constraints) which was developed first by E.Goldratt author of *The Goal* and has since been applied very successfully in engineering, scientific research, manufacturing and supply chain management around the world.

DELTA T-Selling® is especially designed for the complexities of virtual sales systems which are now dominant in the "on demand" virtual types of business run by most companies today. It is designed by experienced sales executives and therefore is simple, easy to use and fast to implement. Most important of all: it delivers increased sales rapidly.

## The book about SSM and Delta-T-Selling®

A book about DELTA T-Selling®, *Unblock the Power of Your Sales Force!* (ISBN 3-7083-0082-3), was published in English in 2002 and German in 2003 and is available in book stores and directly from the DELTA Institute.

"If you're a sales manager who wants to grow your business, particularly in tough time, you need DELTA T-Selling®." Bill Russell, former VP at HP.

"Selling more while the economy declines? Unblocking sales energy by getting rid of sophisticated internal fiefdoms? Sounds like another magic trick, but DELTA T-Selling® has two strong points. The concept is based on sound theory, the theory of constraints, and it works in practice." Prof. Dr. Ursula Schneider, Head of Institute of International Management, University of Graz, Austria