

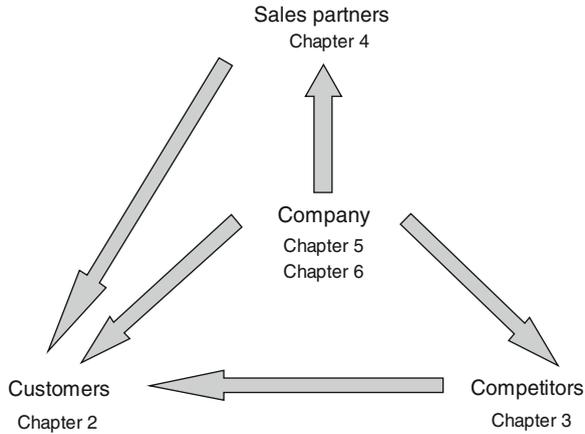
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## Part II

# Sales Strategy: Setting the Fundamental Course

Professional sales activities must be based on a clear sales strategy (on the concept of strategy, see, inter alia, Welge and Al-Laham 2007; Becker 2009; Homburg et al. 2009). It sets the course for day-to-day business and reduces the risk of actions being carried out too often based on a “gut instinct”. Six basic requirements for a sales strategy need to be emphasized here:

- The sales strategy “must exist”. This may seem obvious, but we have observed many companies with explicitly formulated marketing and product strategies, yet without a clear plan for their sales management. This is particularly evident when staff and management, when asked about sales strategy, simply shrug their shoulders or give contradictory statements and cannot answer questions related to the competitive sales advantage that their own company enjoys.
- The sales strategy must be based on market conditions. If sales activities previously focused mostly on products, they are now focused sharply on customers. Identifying and satisfying customer needs is the basic requirement for market success. The sales strategy must express this with perfect clarity.
- The sales strategy must be dynamic. Markets are changing more and more quickly – in large part because of the Internet and other forms of technological developments. It is, therefore, scarcely possible anymore to define a sales strategy for a period of 10 years or more. Rather, it needs to be revised almost continuously.
- The sales strategy must provide guidance for all sales-related tools. This ensures an uniform appreciation among the employees and a consistent market presence.
- The sales strategy must be *lived*. In many companies, day-to-day activities are completely disconnected from the sales strategy. Often, the strategy is committed to in writing and then filed away. Managers are rarely able to reproduce its main content off-the-cuff. However, if there is a failure to breathe life into the sales strategy, the sales activities can hardly be aligned. Acting in an unsystematic, uncoordinated manner and presenting an inconsistent picture to the customer is then inevitable and potentially devastating.
- The sales strategy must be communicated. To promote acceptance of the strategy in the Sales group, it should clearly carry the signature of Sales. In many sectors, the influence (and the language) of marketing dominates the sales



**Fig. 1** The reference points of the sales strategy

strategy to a large extent. In addition, care should be taken to ensure that the sales strategy is communicated clearly and relates sufficiently, in terms of format and language, to the operational sales business.

Figure 1 shows the different reference points of the sales strategy, distinguishing customers, competitors, sales partners and the company in question.

Chapter 2 analyzes the customers and how they are taken into account in the sales strategy. Starting from a definition of who the customers are, we will discuss ways of creating customer benefits. We will then turn to customer segmentation and point out the significance of customer retention in terms of the sales policy.

Chapter 3 deals with competitors as another reference point for the sales strategy. We will present the potential competitive advantages that a company can establish through sales management. Chapter 4 discusses strategic sales decisions with regard to sales channels and sales partners.

Chapter 5 addresses the necessary sales-related decisions associated with pricing policies. Such decisions usually have a strategic quality and are therefore treated as a sub-area of the sales strategy.

Chapter 6 presents a framework of figures for sales targets and internal sales resources. The sales strategy must define what quantifiable targets should be set as well as what resources should be allocated and how those resources should be applied.

Each chapter poses pivotal questions that a sales strategy needs to answer. Companies can use this set of questions to formulate, update or supplement their sales strategy. The figure below provides an example of what the result of this process – a sales strategy – can look like (Fig. 2).

**A sales strategy of an office furniture manufacturer**

1. Our customers are specialist wholesalers, specialty stores for office supplies and large corporate customers.
2. Our customers expect furniture that satisfies the highest ergonomic and qualitative demands, at an acceptable price.
3. We want our customers to be able to sit comfortably and healthily on our chairs and to be able to work well on and with our other furniture.
4. We differentiate our customers based on their benefits expectations and attune our market development to this. We have identified three main segments: the price-conscious, the quality-conscious and the health-conscious.
5. We particularly want the quality-conscious and health-conscious customers to actively commit to us. We have a number of customer retention programs for this.
6. We want to set ourselves apart from our competitors, in particular, by fulfilling even individual customer requests flexibly.
7. We sell directly to major customers. All other customers are looked after by our sales partners.
8. Our sales partners are responsible for advising customers and for closing sales. Our wholesalers also undertake logistical tasks such as warehousing and transporting the products to the customers.
9. Our sales partners must fulfill the following criteria: have a good reputation for quality and service, a well-rounded product range in office supplies, and the proper professional and social skills to work with our end users.
10. In the value-added chain, we undertake the functions of after-sales care and customer service, advertising and gathering market information. Our sales partners store our products, perform the sales function and deliver to the end user.
11. We strive for a close business relationship with our sales partners and attach importance to the opinion of our sales partners in market-related matters.
12. To look after our (potential) customers, we use highly qualified and motivated staff from our field sales force, a call center and our web pages. In addition, each employee who comes into contact with customers acts as a sales representative.
13. Our customers see us as being positioned in the high-price and high-quality segment. Our prices are based on customer benefits.
14. We differentiate the prices for our products according to the quantities that individual customers or sales partners purchase from us. Discounts and bonuses depend on the quantities purchased, the efficiency of the logistical cooperation and the support for our marketing promotions.
15. We offer our customers comprehensive services with respect to office planning, assembly and financing at a fair price.

**Fig. 2** Sales strategy using the example of an office furniture manufacturer