

BRANDING AND THE SALES-DRIVEN ORGANIZATION

By Martin E. Thoma

Many of the organizations I consult with share a common branding malady—you might call it “salesitis.” They’re what I call “The Sales-Driven Organization.”

These companies approach their business from a completely sales-oriented mindset. Their philosophy is, there are buyers out there for anything we make. It’s just a matter of finding them and selling them.

The way you find and sell is to launch an opportunity-seeking, revenue-guided missile: a salesman or saleswoman.

The answer to any revenue shortfall, goal, target, plan is to increase sales staff, increase sales incentives, increase sales quotas. If you’re not making your targets, beat the hell out of your sales force until they produce the results you want.

In the sales-driven organization, marketing is a stepchild, customers are means not ends, products are simply vehicles for sales and the only investments worth making are directly measurable in sales results.

The great fallacy here is that because everything in the sales organization is directly measurable—commissions, cost of sales, revenue per salesperson—all other revenue-expansive activities are ignored or devalued. And the returns that branding and marketing could potentially make are ignored or never capitalized upon.

What happens?

Salesmen create their own collateral. Every salesman needs collateral. But because every salesman creates his own sales materials, you get dozens or hundreds of different looks, presentations and sales arguments.

We completed an audit of a large, regional bank’s trust department and inventoried more than 300 unique sales elements. There were hardly two that appeared to come from the same company.

When we completed the repackaging of their sales system, the bank had roughly three dozen unique sales pieces, neatly organized into three selling systems. And everything looked and sounded alike.

The company is focused purely on finding customers—versus helping customers find them. Have you experienced the difference between following up on a warm referral and pursuing a cold call? If psychic energy could be monetized, there’d be a lot less cold-calling and much more referral grooming in the sales world. Branding and marketing is totally focused on helping qualified, needy customers find you—preferably with a predisposition to buy.

This is an expensive proposition. But anyone who says marketing is expensive hasn’t really studied their total cost of customer acquisition. Especially when selling to unfamiliar, aloof, disinterested, disengaged prospects.

When sales is focused on buyers with identified needs and a favorable predisposition to your company, the cost of sales goes down.

I’m reminded of a McGraw-Hill trade ad featuring a gruff purchasing manager. He’s glowering at the camera, “I’ve never heard of you, your product or your company. Now, what did you want to sell me?”

The sales-driven organization tries to jump directly to market share on our Brand Equity Pyramid. You don’t need awareness, you don’t need positive associations, you don’t need preference. Just bang on enough

doors, accumulate enough frequent flyer points, make enough calls and you can get to the numbers needed to make your business work.

In the early days of VoIP (Voice over Internet Protocol—or phoning via the Internet), we tried to help a Taiwanese telecomm manufacturer get a foothold in the U.S. Focusing primarily on public relations, we sought to get their name out in the market and lay foundations for credibility. Our suggestion was to start six months prior to get awareness growing. “No, we have to get our sales organization built, and when we get a few sales, we’ll announce and start ramping up then. When we get some positive cash flow in the U.S., we’ll fund PR from that.”

Meantime, Avaya, Lucent, Cisco, Nortel and all the other huge, entrenched telecom manufacturers were buying pages of ads and flooding the trades with new product announcements.

Our client never got traction in the U.S. and eventually retreated to focus solely on Asia and Australia. In climbing the Brand Equity Pyramid, you “do not pass Go, do not collect \$200” without putting in the hard work and the real dollars down in the unglamorous foundation levels of awareness building and image-making.

THE LOSE-LOSE DEAL

Jim and his colleagues are actually suffering two “little deaths.” Unwittingly, they are leaving large sums of money on the table by giving away much of the value they create for customers. But even worse, they’re giving away vast amounts of corporate esteem and self-confidence—real engines of growth and success in any business. It was written throughout the self-deprecation: Jim views himself, his colleagues and his business as vastly less than what they already are—to say nothing of what they can become.

THE SLIPPERY SLOPE OF SALESMANSHIP

Jim has been quite successful. Years of hard work, persistence, ingenuity and problem solving—not only for his clients but within his own organization—have built his company into a good solid business.

He has excellent people working for him. His personal charisma and his reputation for integrity attract great people. He’s built up a steady clientele—mostly manufacturers who trust his company’s “smarts” and like the products he delivers.

But in the past five years, he has begun to experience a steady erosion—first around the margins, but lately encroaching on his largest and longest-term accounts.

It started with just one or two deals a year. He and his team, while upset about the losses, wrote them off as anomalies. Over time, however, the problem didn’t go away. New entrants—manufacturers from Taiwan and Germany—began establishing distribution in the U.S. Their new distributors grew quite aggressive in calling on his customers, exhibiting and entertaining at trade shows and generally making a nuisance of themselves. Competing, in other words.

Jim had to start cutting prices just to stay in the game. His manufacturer would discount a little to retain a sale, but it was rarely enough. Jim had to start cutting his commission to get the price down to make the sale.

Jim is caught in gravitational field of commoditization, and he’s launched himself down a slippery slope. It’s not an unfamiliar position for the successful sales organization. No matter what business you’re in, there’s always going to be someone willing to do it cheaper. There are four billion of us on the earth now. There’s always going to be someone willing to do it cheaper.

SO WHAT'S A SALESMAN TO DO?

Most sales organizations—led by Willie Lomans and Jims alike—will respond to this situation as they've always responded—work longer, fly farther, make more calls, look for ways to survive on thinner commissions. In other words, do more of what's already not working anymore.

The problem is, as self-improvement guru Wayne Dyer has written, “You can't solve a problem with the same mind that created it.” You have to change your mind first.

The fundamental problem is that the sales commission is going away. For a couple of years I watched Dan Taylor, an entrepreneurial coach, tell a room filled primarily with financial consultants, “The commissioned sale is going away. You know the commission has been shrinking steadily. Tell me what you're going to do for a living when your commission goes to zero. And it will go to zero!”

Mostly the financial planners just shook their heads in disagreement. To a person, these were guys making more than a quarter of a million dollars a year on pure commission. No way, their heads swiveled in disagreement. Yet I passed a billboard just the other day advertising free trades for Bank of America customers.

The ad agency world is reeling from the same dynamic. Advertisers are asking agencies to take smaller and smaller commissions—the old standard of 15% has been whittled to 7.5%, even 5% by specialized media-buying firms. Any historically commission-driven business is suffering the same fate.

SO WHAT'S A SALESMAN TO DO?

I know I just asked that question; it's still here. The answer is not going to be found in the sales process. It's going to be found in the value-creation process. Let's go back to Jim. What is the true value he's creating? He's solving fluid dynamics problems. He's providing engineering consultation via a team of certified P.E.s. But he's not getting paid a dime for that value creation.

It's time for Jim and his team to package the value they are truly delivering, present that to the market and begin earning revenues on it. It won't be long before he can eliminate the commission altogether on the pumps. That will be a tiny fraction of his revenues anyway. And by then, it won't really matter so much what manufacturer he represents—he might represent all of them. And he might be ready to branch into some electrical, air-handling or environmental engineering solutions his customers need.

When Jim has done this, he will have defined and articulated a unique, branded position for his company.

And until he does, Jim's going to keep sliding down that slippery slope of the sales-driven organization.

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