



# A Case Study in Selling at the Executive Level

By Stephen J. Bistriz, Ed.D.

## **Phase 1 – Opportunity Qualification**

You are a salesperson for TRK Systems, a leading provider of complex, end-to-end computer network solutions. TRK Systems has experienced continued business success over the past seven years, except for the last 18 months when they experienced a reduction in both revenues and profits. For the period of 1997 – 2002, the company experienced significant increases in the year-to-year growth of annual revenues. The full-year sales revenues in 2005 were \$2.5 billion USD, growing from less than \$300 million USD in 1997.

Your client, JKEA International, is a major kit furniture manufacturing company headquartered near your office in Singapore, with six fabrication and assembly plants strategically located throughout the world. The locations, in addition to Singapore, include Toronto, Canada; Sydney, Australia; Nice, France; Oslo, Norway; and Raleigh, North Carolina in the United States. More than 80 sales offices throughout the world are connected to these manufacturing plants, with each office connected to a specific plant on a geographic basis, in an attempt to “be close to the customer.”

JKEA sells mainly into three target markets; namely, office furniture for business, office furniture for the home and customized furniture for schools and universities. JKEA has seen several new competitors enter each of those three markets within the last five years, including entrants who sell primarily via the Internet. While JKEA has also experienced a recent “softness” in revenues, as well as net income, over the past two years, it is convinced that all three markets will experience a turnaround in the short time frame. However, the company’s financial position remains secure, despite this recent slump in both revenues and profits.

### **JKEA International Revenues and Net Income (in millions USD)**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Revenues</b>	1,400	1,350	1,270	1,050	850
<b>Net Income</b>	55	50	107	95	78

To prepare for the market turnaround—and in response to focus groups conducted with key customers across all three major markets—JKEA has taken the unusual step of concurrently revamping all three of its product lines. Nine months from today, the company will announce a series of revolutionary new products that it expects to have a major impact on each of its three target markets. It is also expected that these new product announcements might have a significant negative impact on JKEA’s channel partners, which include retail outlets such as Office Depot and Staples in the U.S., for example. It is feared that some of those retail chains could become more aggressive competitors, rather than partners.

JKEA’s Chief Financial Officer, Benjamin Wu, placed his personal reputation on the line by approving the massive funding required for these unprecedented parallel product initiatives. It has been reported in the press that Wu is a top candidate for the CEO position when the current executive retires in two years.

Mr. Wu is concerned that the current network infrastructure within JKEA’s Information Technology department (located in Singapore) will not support the expected increased demand for worldwide customer orders. Wu also sees a limited “window of opportunity” for JKEA to capitalize on the new markets created by the forthcoming product announcements. Wu is also concerned about the

company's key suppliers and their ability to meet JKEA's demand of a JIT (Just-In-Time) inventory system.

Dave Powers, JKEA's I/T Director, recently gave a major presentation to the JKEA executive team and convinced them that the current network is adequate and will easily accommodate the increased order demand. The current network has been in operation for nearly four years and was sold to JKEA by one of your predecessors in the account. It has been rumored that Powers is not interested in implementing new processes within his department because of his impending retirement.

You have a close working relationship with Powers and several members of his technical team. One of them provided you with a short introduction to Benjamin Wu in the company cafeteria; however, you have never had a formal meeting with him.

The value you bring to JKEA is a strong knowledge of their business, their key markets and their top competitors. In addition, you have a thorough understanding of their current I/T network and systems, as well as its short- and long-term capabilities.

You also possess a keen knowledge of your company's solutions and their capabilities. It is your assessment that the dated I/T network installed at JKEA will not support the increased demand for customer order activity that will result from the introduction of the three new product lines. You estimate that the cost to upgrade JKEA's network installation will exceed \$700K USD.

## **Questions for the Salesperson**

- How would you qualify this opportunity?
- What is the client's application or project that may require a new solution?
- What is the potential payback to the client or what are the potential consequences of not implementing a new solution?
- What is your specific business value (beyond your product or service)?
- What is your current level of executive access and credibility? What does it need to be in this scenario?
- What additional information must you gather to effectively pursue this opportunity?

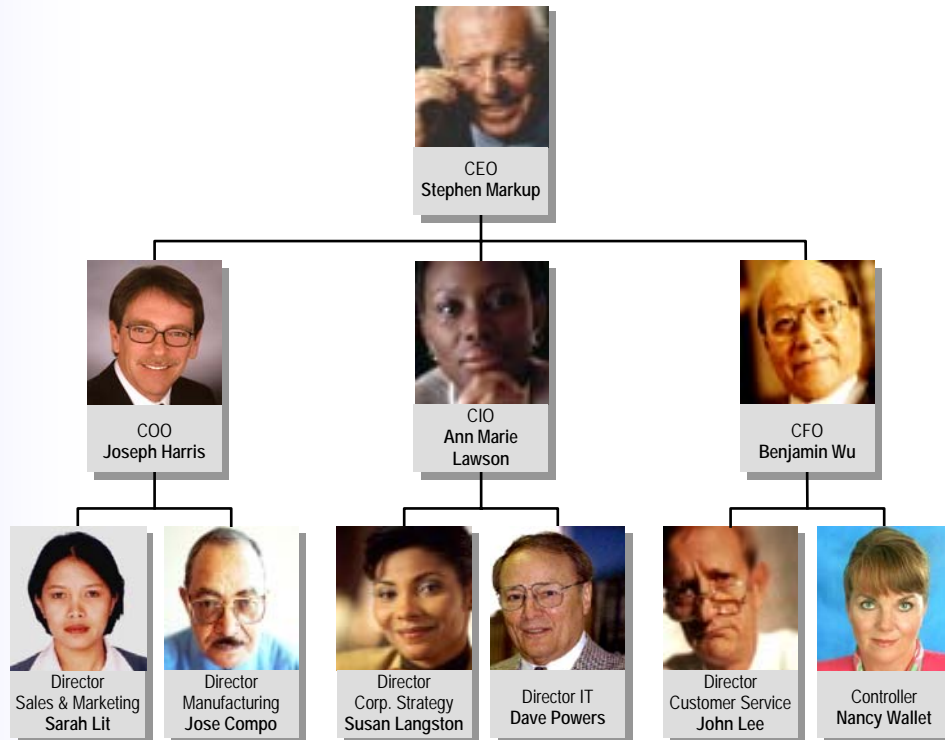
## **Phase 2 – Executive Alignment**

You've been calling on JKEA International for the past 15 months. Your predecessor on the account sold them their current I/T network and when it was installed it was a leading-edge solution. From your perspective, it is highly unlikely that the installed system will be able to accommodate the expected order volumes associated with the announcement of the three new product lines.

Your primary contacts in the JKEA organization have been at the I/T Director level (Dave Powers) and below. You have had minimal contact with Susan Langston, the Director of Corporate Strategy. You have also had numerous contacts with people at lower levels in JKEA. Most of these people report to managers in Powers' organization.

Following is an organization chart, depicting JKEA's executive team.

## JKEA International Executive Team



## Key Players at JKEA International

### *CEO, Stephen Markup*

Stephen Markup, 55, was appointed CEO of JKEA eight years ago. Markup was actively recruited by JKEA's board of directors after spending nearly 20 years at Price Waterhouse Coopers, where he had been named one of their youngest partners after only six years with the firm. Markup is a graduate of the Harvard Business School and earned his advanced degree at Oxford.



Markup is known as a strategic thinker who recently orchestrated the company's vision of dramatically and concurrently revamping their three major product lines. His vision took shape at an executive workshop conducted by Markup for his direct reporting personnel and several additional key players nearly six months ago. While profits and revenues had been declining for the past few years, Markup saw this period of time as an opportunity to take advantage of an upturn, when it occurs. Markup's prediction was that the market would turn around within the next 12–15 months. He also saw this as an opportunity to leave his legacy at JKEA, because he anticipates retiring in approximately two years.

Markup is a strong supporter of the use of information technology at JKEA and was very satisfied with the installation of the existing TRK network. He is somewhat apprehensive that the current I/T infrastructure will be able to support the anticipated order demand generated by the new product roll-

out; however, he is guided by the advice given him by the executives who are responsible for the operational aspects of those systems. He has, however, expressed the view that JKEA is not taking advantage of the current e-business capabilities of the Internet.

## *CFO, Benjamin Wu*

Benjamin Wu, 50, has been with JKEA for nearly seven years and has already achieved some significant accomplishments at the firm. He has a strong background as a financial analyst, having been in a number of key financial positions at other firms since he earned his MBA from Duke University in the United States nearly 20 years ago. At JKEA he was instrumental in nearly doubling the profitability of the firm through the 2002 calendar year, through a series of successful cost-cutting initiatives.



Wu has been rumored to be a leading candidate for the CEO position, when it is vacated by Markup. Wu has worked well with his peers on the executive team at JKEA and has shown that he is a team player. When Markup proposed the concurrent revamping of JKEA's product lines, he turned to Wu and asked him to find the funding to support that plan. Wu was able to justify the funding required for the concurrent new product lines, based on an extensive analysis developed by several key members of his staff.

Wu has expressed concern about the ability of the existing I/T system to handle the increased demand that would be imposed by these new product lines. Wu has indicated, however, that he is depending on the judgment of a peer executive, namely the CIO, Anne Marie Lawson, regarding the capabilities of the existing I/T system.

You have had a brief introduction to Benjamin Wu, but you have had in-depth meetings with key members of his staff over the past year. One of those meetings involved a comprehensive review of the capabilities of the existing I/T systems, and several managers who reported to Wu came up to you after the review to comment on your professionalism, as well as your thorough approach.

## *I/T Director, Dave Powers*

Dave Powers, 60, came to JKEA International 15 years ago as a manager within the I/T organization. Seven years ago he was promoted to his current position of I/T Director and was in that position when the current I/T system was installed.



He has been a key supporter of TRK Systems but over the years has made numerous modifications to the existing system. Some people on his team now feel that these modifications have significantly reduced the system throughput and degraded its performance. While that may be the case, Powers is adamant in his conclusion that the existing system will support the new product introductions because he can implement additional modifications to the system, if they are required. He usually supports the status quo and is openly cautious about new technology until it proves itself.

You have always had a good relationship with Powers and his staff and, in fact, you took Powers and some of the key members of his staff to a World Cup soccer game last month. Needless to say, a good time was had by all!

Powers reports to the CIO, Anne Marie Lawson and has indicated to her that he plans to take JKEA's early retirement offer and will leave the firm some time in the next two years.

## *CIO, Anne Marie Lawson*

Anne Marie Lawson, 48, joined JKEA two years ago as the result of an executive search. She is a conservative thinker, doesn't have the detailed technical knowledge of information systems and tends to take a skeptical view of new technology, until pressed into action.



She is under pressure from the rest of the executive team to make certain that the existing I/T systems will support the new product introductions. She feels that her relationship with Powers is being strained because of some of the in-depth questions she has posed to him about the capabilities of the existing system. It was clear to Powers that some of those questions were given to her by other members of the executive team.

You have had only two interactions with Lawson, and both times the meetings included Dave Powers. You think that Lawson has an open mind; however, you're beginning to think that she now concurs with Powers' assessment of the capabilities of the current system.

## *COO, Joseph Harris*

Prior to joining JKEA last year, Harris worked for several small manufacturing companies and developed a track record of rapid growth at each firm. In one of those previous assignments he worked closely with JKEA's current CFO, Benjamin Wu, who was instrumental in recruiting him into his current position.



One of the reasons Wu brought Harris to JKEA was his reputation for creativity and innovation. Harris' background includes a number of assignments in key financial positions in several manufacturing companies. Harris will readily admit that part of his success at his former jobs was his ability to effectively leverage the application of information technology in many of his key projects. Harris is clearly viewed as an innovator, particularly when it comes to information technology. His vision is that the expanded use of information technology will represent the key to JKEA's profitable expansion on a worldwide basis.

It is clear that Joseph Harris and Benjamin Wu are close allies on the executive team, and Harris typically supports Wu's decisions, especially those associated with technological issues.

### **Questions for the salesperson**

- Which key player would you call on to shorten the sales cycle for this opportunity? Why?
- How would you access that executive?
- What would you do to prepare for that call on the executive?
- What vision would you articulate to the executive (regarding the implementation of your solution as it addresses his key application or project)?
- How would you envision the outcome of the call? How would you ensure that happens?
- What follow-up actions might be necessary to ensure your success in the sales campaign?
- What are the political ramifications of a call on that executive? To what extent might you jeopardize lower-level relationships?
- How would you assess your opportunity at the end of the call on the executive?
- How would you describe the value you (as the TRK Systems salesperson) offer the client?

## **Phase 3 - Setting a Competitive Strategy at JKEA International**

There are three companies competing in the sales campaign at JKEA. Their current position in the sales campaign is outlined below.

### **Centrex International**

Centrex is a French-based company, known for the overall reliability of their solutions. Their annual sales exceed \$1.5 billion USD.



Joseph Harris had a positive experience with a Centrex installation in a previous position at another company. After initial discussions at JKEA, it became apparent that Centrex will be able to offer a solution that addresses many of their I/T requirements; however, they will probably have to find new areas of focus for their solution, where they could still provide compelling business value to JKEA

### **Zentrum Technology**

Zentrum Technology is an aggressive, fast-growing German company with a reputation for developing customized, leading-edge solutions, as well as their low prices. Their annual sales are approximately \$750 million USD.



Zentrum frequently competes in major sales opportunities with TRK Systems and Centrex and is typically very aggressive in approaching client executives. Very early in their sales campaign, and without totally understanding the client's requirements, the Zentrum salesperson proposed a solution to JKEA's CFO, Benjamin Wu. While Wu was extremely impressed by one facet of their solution, he was disappointed by the salesperson's knowledge of JKEA's business environment.

As a result, Zentrum may now seek to develop another strategy in this sales campaign.

### **TRK Systems (Your Company)**

TRK Systems, based in Singapore, has a reputation for producing leading-edge solutions accompanied by superior customer service. Current annual sales volumes are \$2.5 billion USD.



JKEA's current I/T system has worked well since it was installed four years ago. While you are the incumbent I/T solution-provider, you have isolated yourself to a degree by limiting your relationships to personnel at low levels in the JKEA organization. However, your knowledge of JKEA's current I/T and business environments should clearly be to your advantage and enable you to advance this sales campaign.

### **Questions for the Salesperson**

- What strategy is each competitor using? What strategy should you implement?
- Identify 2–3 action items you would implement to advance your sales campaign and complement the strategy you described.
- How would you now assess your chances of winning the sales campaign?