



DECIPHERING THE CODE

HOW TO GET DIGITAL SALES RIGHT
IN MANUFACTURING INDUSTRIES

Wolfgang Krenz, Juergen Reiner, and Wolfgang Weger

Manufacturers of industrial products have been slow to embrace the opportunities presented by the digitizing of their sales function. Misperceptions, as well as real challenges, are holding them back. But with the right focus and mindset, progress can be made quickly, and the benefits can be substantial. Here we lay out how.

Industries such as consumer devices, financial institutions, and even automotive have rapidly developed online offerings and digital sales channels. Products as diverse as laptops, insurance policies, and cars can today be configured to customers' needs and purchased online.

Manufacturers, however, have been hesitant to these changes, arguing that their complex products are simply not suitable to being "sold online." They are concerned with the risks, preferring to wet their toes slowly with minor digital projects. However, as we have witnessed in our work with pioneering manufacturers, many of the impediments to swift progress can be overcome. This makes speed even more crucial, as companies at the forefront will unlock significant value. Three principles should be kept in mind.

CUSTOMER EXPERIENCE AND CUSTOMER JOURNEY AT THE CENTER

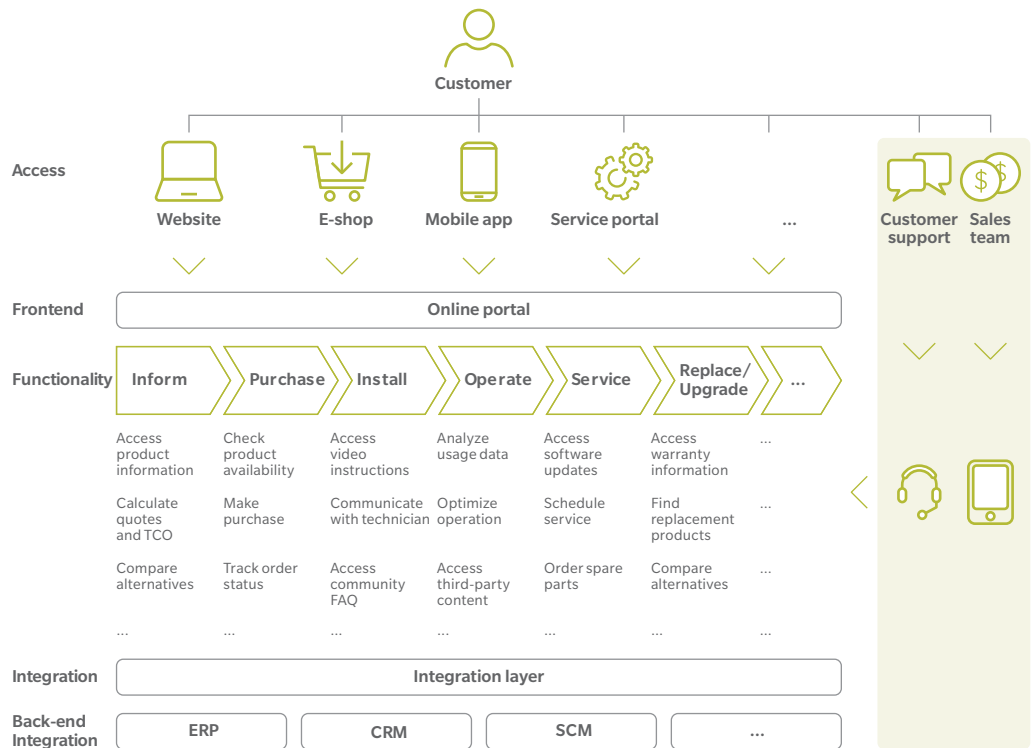
From introducing the product portfolio to customizing the offer, seasoned sales staff are convinced that clients value and demand "face-to-face" communication throughout the purchasing process, especially when complex products and systems require customization and calculation. This impression is indeed confirmed by customers, who look for direction as to what products are best suited to their needs. Facing limited alternatives, customers have little choice but to approach sales agents.

Recent studies, however, indicate that customers are changing: so too will their buying behavior. It is not necessarily the personal interaction that B2B customers seek, but rather the most effective form of communication. Thus, manufacturing companies need to rethink today's customer journey – the way a customer is guided through his online and offline interactions with a manufacturer. (See Exhibit 1.) Customer hassles ought to be addressed in a different, more efficient manner.

The aim is to offer the customer relevant choices and guidance at the right moments, fulfilling the desire for self-empowerment and speed while directing things ultimately towards purchase. Going further than B2C, the B2B customer journey must address the needs of multiple customer stakeholders: while the technical team may be interested in detailed specs, more commercially oriented members of the buying center will require easy access to a standardized set of relevant figures.

The future will be multichannel, combining the agility of personal interaction with the effectiveness of self-help online configuration and online tools. Customer enablement is key. We have seen this in many manufacturing industries already – from complex car configurations that are long-established to optoelectronics, specific custom semiconductor products, or embedded system controllers.

Exhibit 1: Customer Journey – B2B customer enablement via sales portal



Source: Oliver Wyman analysis

SALES FORCE SUPPORT, NOT REPLACEMENT

Many companies believe that only in the distant future will computers replace their human sales staff. But this should not even be the intent. Instead, companies should focus on the digital enablement of the sales force: partial automation and additional intelligence can be a key to unlocking a more efficient, customer-centric sales process. The aim should be the co-existence of human labor and technology, the latter delivering key information to sales staff for better informed decisions.

Consider the example of a large chemical distributor. Facing accelerated commodity price fluctuation and near-term performance targets, the company needed to increase its sales effectiveness. Historically, the firm had used a disparate set of tools and generally did not have a systematic margin management process in place. The company embedded an integrated analytics-based system that identifies and details sales opportunities based on a range of parameters, including price elasticity, churn, rebates and campaigns, supplier prices, and shipping costs; the system is used to consistently evaluate the “quality” of business and thus enable effective prioritization. To make this intelligence accessible to sales representatives, a suite of intuitive tools was developed in an iterative, “for the field, by the field” approach. The tools are used via tablet computer and support the front-line staff in pinpointing actionable opportunities. The value of the new tool was reflected in the adoption rate among sales staff, which reached 80 percent six weeks into deployment, compared to just 30 percent previously for a standard CRM solution – a truly “magnetic” tool. The annualized impact on margins 18 months into deployment was a 10 percent increase over base.

10%

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What can a manufacturing company learn from this chemical distributor? The lesson to be drawn is that data – aggregated in a user-friendly way – can produce a tremendous commercial impact. Leading players in manufacturing already apply some of these elements to increase success rates and push cross- and up-selling.

PRAGMATISM BEATS PERFECTIONISM

To get digital right from the start, some companies have begun from the ground up with a focus on fixing or advancing legacy systems first. The conviction is that the house must be put in order before more advanced technology can be deployed.

Reworking legacy systems, however, oftentimes makes for a slow and cumbersome process where the reworked solution yields only marginal impact. In fact, off-the-shelf and standardized CRM systems frequently fail in the context of manufactured B2B goods, where a comparably small number of customers maintains highly specific requirements. By starting with the use case in mind, simple and pragmatic tools can provide significant and rapid improvement.

Even when it comes to digitally enhanced solutions, it is often preferable to set them up specifically tailored to the requirements at hand and separate from legacy systems. The new solution might build on existing data but bypass outdated interfaces. Alternatively, middleware can be deployed to connect the two, acting also as a filter and validation layer towards the legacy system. Interfaces built into existing systems should be pragmatic and developed only as required. In any case, the development of digital solutions should be driven by the eventual use case, not by an effort to “modernize” all systems currently in use.

The opportunity for manufacturing companies to use digital sales approaches to cater to evolving customer needs and increase efficiency and effectiveness in the sales process is real. Leading companies demonstrate that smart use of data applied in a pragmatic, use-case oriented mindset produces results fast. For manufacturers, the time to embrace the change is now.

Wolfgang Krenz

Wolfgang.Krenz@oliverwyman.com

+49 89 939 49 403

Juergen Reiner

Juergen.Reiner@oliverwyman.com

+49 89 939 49 577

Wolfgang Weger

Wolfgang.Weger@oliverwyman.com

+49 89 939 49 430