

# *configura*

A newsletter from Configura Sverige AB



*Profitability is falling despite all the advertising campaigns and new sales staff. Why? Johan Bengtsson, Marketing Director at Configura, explains the link and points the way forward.*

## Grow profitably...

**More sales staff, more** trade fairs and more advertising do not always equate to increased profits. The risk is that as volumes rise profitability falls- particularly at companies that sell complex products.

“The outcome of a marketing campaign would be considerably better if the company focused on building up a carefully planned sales organization in which expertise is used to the best advantage,” says Johan Bengtsson, Marketing Director at Configura Sverige.

If a company is to succeed, product knowledge must be passed on to the staff who deal directly with the customers.

**To win market shares,** a company often makes major investments to increase its advertising volume and participation in trade fairs. More sales staff are employed to prospect the market. According to Johan Bengtsson, such a strategy often fails because the company omits to ensure that sales staff have the capacity to handle the resulting increase in enquiries.

“At companies that sell systems, the sales process is often divided into different stages, with sales staff on the front line and tender engineers and product specialists further down the chain. Even though such a division is often

necessary, it makes the sales process both slow and ineffective,” states Johan Bengtsson.

**As volumes increase, profitability** decreases –sales and order costs outstrip profit. Sales staff who are anxious to win business provide other staff in the sales process with work. However, when the product specialists are swamped by quotation requests, the sales staff have to wait longer for drawings and quotation documentation. A negative spiral is set in motion that is difficult to control.

When the customer finally receives the quotation, conditions could have changed and the whole process needs to be repeated. At worst, the customer has got tired of waiting and gone elsewhere.

**Quotation enquiries at many** companies can be described using the 80/20 rule – 80 per cent of the quotations are relatively simple and could be produced entirely by the sales staff if they had the right tool. The time factor is crucial to whether an order materializes or not. “Allowing

the company’s engineers to work with these quotations is a waste of their expertise,” states Johan Bengtsson. “Instead they should be devoting more of their time to the remaining 20 per cent of the quotations that require their specialist knowledge.

“It is this type of problem that Configura can help its customers to solve. Using the Configura quotation system, the sales staff can make the calculations and assume responsibility for the whole sales process.

**Experience from our customer** projects shows that the lead time through to quotation can be cut by up to 80-90 per cent. ”More quotations can be produced, positive results from quotations increase and specifications are complete and error-free –factors that are of vital importance to the company’s profitability. “As a result, the company can grow and at the same time retain – and in many cases increase – its profit margin.”

