

Making and Taking Time for Category Management

By Stephen K. Fisher

Category Management Gets A Lot of Press

Everyone is talking about the need for sales organizations to change in the face of new developments within the consumer goods industry. Much has been written, for example, about transforming sales associates into "business managers." Within that context, category management, in particular, looms as a large opportunity with key customers. Topics written about include:

- Forging alliances with key customers, thereby setting the stage for category management initiatives;
- Developing new information technology capabilities within sales, including state-of-the-art equipment and software for the field, as well as analytical support;
- Developing new category learning and unbiased programs, which salespeople can use to build business in mutually-beneficial ways with customers; and
- Teaching sales associates to meet the challenges of account-specific, information-based business management.

What Is Not Talked About?

With all of the discussion about category management, is there anything which does not get talked about, but which might be important for top managers and sales management to consider? Our point-of-view is: yes!

One issue that does not receive its fair share of attention is *time*.

And when we say time, we mean time in the sense of salespeople making time – or, rather, *taking* time – to become successful "business managers" and to employ category management approaches with their key customers. Time is a key requirement for category management success for several reasons:

- Training salespeople to better understand the customer's business perspective and to adopt business management principles and processes *takes time*.
- Introducing new category management tools, and training the sales organization to use them *takes time*.
- It *takes time* for salespeople to analyze their business in ways they never had to in the past.
- Identifying, prioritizing and planning against customer-specific opportunities *takes time*.
- Salespeople need *time* to develop category management-based presentations customized to account needs, even with laptop computers in the field and analytical support at headquarters. (Today's sophisticated category management business reviews take more time to create than traditional sales presentations.)
- Learning more about consumers and best merchandising practices of other retailers *takes time*.
- *Time* is also needed for category management implementation and follow-up in the field.

Why Is Time Such A Key Issue?

Many sales organizations are mired in traditional, internally-focused sales activities at the expense of more value-added, business-building activities. These internally-focused tasks include:

- Generating internal sales reports for headquarters.
- Troubleshooting customer service issues, such as deductions or order service problems.
- Handling unfiltered information requests from a variety of otherwise well-meaning headquarters staffers.
- Attending internal meetings, which often focus more on administration than on business building.

All of these activities steal time that could be better spent on the forward-looking, customer-focused planning and in-market activities which are necessary for category management success.

To become good "business managers," salespeople need to spend more time analyzing market trends, planning, identifying opportunities, working with customers, developing value-added business presentations, penetrating their accounts, and optimizing use of localized marketing monies. Leading-edge retailers are increasingly requiring more of this individualized business management attention.

The Evidence Is Clear

Dechert-Hampe & Company (DHC) has worked with several clients in recent years to study how both brokered and direct sales organizations *actually* spend their time. Typically, we look at three major areas: **Administration, Planning** and **In-Field**. Many activities are studied within each group, depending on client needs.

Administration	Planning	In-Field
General office tasks (mail, telephone, routine reports, etc.)	Forecasting	Customer calls on buyer
Troubleshooting (orders, directions, etc.)	Business analysis	Account penetration calls
Information requests	Account-level plans	In-market reviews
Administrative meetings	Presentation development	Retail audits
Work committee assignments	Call preparation	Broker/distributor calls
Personnel-related issues	Business planning sessions	Trade shows
		Travel

We can model these activities along a spectrum of internal versus external focus as follows:

Typically, most organizations estimate that they devote only 20% to 30% of total sales force time on Administration. Our studies show, however, that these same sales organizations actually spend 40% to 50% of their time *or more* on Administration, depending on

the particular position. Retail representatives generally spend less time on Administration, while some sales managers have spent up to 60% to 70% of their time on this area.

As a result, precious little time is left over for true "business management," especially after less value-added Planning and In-Field activities are also factored out:

- Annual account plans written into 20+ page booklets, which are not continually updated.
- Business analysis using internal shipment data only.
- Business "planning" meetings which are more dog-and-pony shows than real working sessions.
- Routine account calls or retail work for business maintenance.
- Travel time.

Sound familiar? It should, because a lot of companies out there are like this. A DHC analysis of a Sales Effectiveness surveyed 31 major consumer goods manufacturers. We found that *only* 6% of our respondents – top-level general managers and sales executives – rated their company's sales effectiveness as acceptable. The other 94% said this area needed improvement, ranging from "some" to "extensive."

Other evidence comes from our observation of what can happen to sales forces committed to implementing category management. Implementation is often sporadic at best. Some people take hold of the information available and run with it; others struggle. Both lack of time and lack of knowledge are key reasons for category management failure.

Additionally, we observe management sending mixed signals. "We are committed to category management" can go hand-in-hand with "Anyone not clearing their deductions on time will be...." In many cases, sales associates get those deductions cleared first, while putting off the extra time needed to implement category management.

The Key Issue

Why does this happen? While key Administrative measures, such as resolving deductions, unanswered

requests and reports not filed, are visible to management and easy to track, monitoring progress on the transition to business management is more amorphous. How well is everyone *really* doing on category management? Who is penetrating their accounts? How well are opportunities being identified and prioritized? These are typically more difficult to measure.

What Can Be Done?

There are a number of steps organizations and the functions that comprise them can take to overcome the time dilemma:

- **General Managers** – Better understand how time is being allocated today in the sales organization. Is it really focused against the needs of your customers? Are the results of Category Management measurable and are they beneficial for both the customer and your sales organization?
- **Top Sales Managers** – Recognize that priorities *must* change. Time traditionally spent on Administration must now be spent on business and category management activities. Also, develop new measures and standards to gauge field success in implementing category management.
- **Administrative Systems** – Reduce the burden of administrative tasks through approaches such as the reduction of manual paperwork, clearing and eliminating routine reports, which do not elevate actionable issues by exception, and streamlining resolution of deductions.
- **Sales Support Staff** – Provide easy-to-use guides for field people to better use the category management resources available, and/or develop templates to help salespeople build better account-level presentations.
- **Sales Trainers** -- Recognize that ongoing training and coaching is needed. One or two seminars is not enough to transform people into true business managers.
- **Line Sales Managers** – Reinforce subordinates for their value-added planning and business development activities, and give them the technical and analytical support they need.

- **Sales Associates** – *Take time to do category management.* You can never *make* time, as time itself is a fixed resource. But you do need to *take* it as a priority for those activities which can provide a competitive advantage for the future. (Spending time on Administration is not such an activity.)

Conclusion

The best category management program in the world is of little value unless salespeople have the tools, including time, to really apply it and implement it in a valuable way for their customers. Time is often overlooked, yet it enables a successful transition to business management.