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Eliminating SE Leadership

“Never Again”

This summary article written with permission of an MTS client. We altered a few peripheral facts to preserve anonymity, but otherwise “it is what it is”. This is also likely to be somewhat controversial, and MTS was certainly involved in the post-mortem fact gathering. Those facts are why my client decided it was worth publishing – to save other SE executives the pain and heartache that his organization suffered. As they say in the US, “your personal mileage may vary.”

During early 2017, an external Management Consulting organization was tasked with reviewing and optimizing the sales and presales operations of the European - Middle East - Africa (EMEA) Region. This resulted in many excellent tactical and operational recommendations and two key organizational structural recommendations that greatly affected the presales team.

Specifically:

1. Increase the average span-of-control of sales leaders
2. Eliminate the local and regional SE leadership

This led to the consolidation of personnel under the auspices of either country managers (for larger markets) or Regional Sales VPs for smaller cross-country markets (such as the Nordics). The primary drivers of this reorganization were financial and industry best practices. As noted later, neither proved to be the case. The modified organization lasted for 15 months and was then reorganized back to something that resembled the previous structure.

1. Financial Benefits

Twelve SE Manager (SEM) positions were released. Two SEMs gained positions within Product Management, Three filled open headcount as Senior Architects / Subject Matter

Experts, Two became Country Managers and Five left the company. The top EMEA SE leader joined a major competitor, as did three of the other SEMs. Assuming full credit for the twelve positions and that existing open headcount was filled, the gross fully burdened savings amounted to €4,000,000.

2. Best Practices

In researching best practices of other large technical presales teams, both inside and outside of our immediate market, we were unable to find any organizations that conformed to the consultant's recommendations. The list of references we spoke with was lengthy, including companies with SE teams sized from 40 to over 400 individuals.

THE NEGATIVES.

- We estimate the entire reorganization effort cost us 12% of revenue growth and a 32% reduction in viable pipeline.
- SE Turnover increased from single digits to almost 25%. That included 8 identified high potential SE performers.
- #1 reason cited in exit interviews was *"no prospects of career progression/promotion"*
- #2 reason cited in exit interviews was *"sales manager had no understanding of the position or requirements."*
- The loss of the SE VP and three hi-po's to one of our prime competitors cost at least 4 transactions of > €100,000 monthly recurring revenue.
- Country managers were unwilling to release their technical resources to help other regions. Resulting in multiple deals slipping from each quarter and a definite, but not fully quantifiable decrease in win rate. Most notably in heavy Proof Of Concept deals.
- After expressing initial support for the change, account executives noted they were unable to get the right people at the right time due to country/region resource allocation.
- Product training time for SE's decreased from 5 days/quarter to 2.7 days/quarter due to sales being unwilling to release time for such training. Caused a 0.8 decrease (on a 0-10 scale) in technical readiness over 12 months.
- Partner satisfaction decreased by 17 NPS points due to reduction in enablement, support and general technical sales coaching. (Partner SE's were reassigned to direct transactions)

ANONYMIZED SUMMARY:

HIGH LEVEL POSITIVES AND NEGATIVES OF ELIMINATING THE SE LEADERSHIP POSITIONS AND HAVING FIELD SE's REPORT DIRECTLY TO SALES MANAGERS/COUNTRY MANAGERS (EMEA ONLY)

POSITIVES	NEGATIVES
Direct Elimination of Headcount	Increased Attrition Rate Of Key SE Performers
Country Managers Felt "More in Control"	Reduction in SE Morale / Satisfaction
Alignment with "Best Practices"	Increase in Hiring Cycles-Time
	Less Product Training For SEs
	Minimal "Practical Coaching" For SEs
	Pipeline Reduction
	Less Import/Export of Knowledge Across Countries
	Negative Feedback from Direct Sales and Partner Organizations
	Disruption of SE Operations and Infrastructure
	Overall Decrease in Revenue Growth
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In the words of our client. *"Please tell others about this. It should never happen again. If anyone, including high-priced consultants, should ever question the value of first-line presales management then the extreme case study is to examine what happens when the position entirely disappears. It is a disaster!"*

"It is the province of knowledge to speak. And it is the privilege of wisdom to listen"

Oliver Wendell Holmes

Talking Points is a monthly column authored by John Care, Managing Director of Mastering Technical Sales. For more information on this and other Sales Engineering topics visit the website at www.masteringtechnicalsales.com.

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