Cloud research

Sociology, Empowerment

Though they worked together for a year, Peterson struggled to bridge the distance between Www and herself. Over lunch, Peterson praised Wow's efforts to broaden his professional skill set by attending weekend sales seminars and networking with colleagues to better understand the business. These efforts, she noted, surely contributed to his success in retaining his large, but only, client. Peterson then reminded Www of her concerns. " Fred, I'd Like to remind you that your primary focus should be on new business. It seems as If you re spending too much time managing your one client, and that's not your job. Peterson continued, " As Vive mentioned before, I'd like to be kept abreast of your development efforts, so I know when and if you need help from me, or someone else In the company. I expect you to summarize your efforts every few days on our online sales tool, like everyone else on the team. If you spent more time in the office, I'd have a better sense of your business. Plus, I'm confident you'd glean some helpful selling techniques from your colleagues. " Finally, Peterson questioned the value of the expensive add-on services Www had sold to his client so early In the relationship.

Www assured Peterson that all revenue booked? including additional services? originated at his client's request. He emphasized that the networking heed done in the Chinese community was about to pay off: he expected to sign three major new clients In the coming quarter. Www then stated that, because he was about to become the most successful sales executive In the Plano office, he needed his own sales assistant to answer his phone and perform administrative tasks. Peterson hoped her face didn't register her dismay at Wow's request.

Only the most senior salespeople at Accountancy, some of whom Juggled more than 30 accounts, had their own sales assistants. The rest of Accountancy's salespeople shared assistants. What was Www thinking? Solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental. Copyright 0 2013 President and Fellows ofHarvardCollege.

To order copies or request permission to produce materials, call 1-800-545-7685, write Harvard Business Publishing, Boston, MA 02163, or go to http://www. Hobs. Harvard. Deed. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted, without the permission of Harvard Business School. This document is authorized for use only by Chugging You in Fall 2014 Engaging and Empowering People taught by Bobbie Ships Texas Christian University from September 2014 to October 2014. 913-560 | Wendy Peterson Accountancy: Background Accountancy was founded in 1988 by Will Gleason, a former accountant, and Travis

Harriman, a software engineer. Gleason, a senior executive at a large national accounting firm, felt that many of the back-office accounting functions his firm provided to clients could be automated. Gleason envisioned, and Harriman built, a back-office accounting software product designed for what they felt was an undeserved market: small- and medium-sized businesses, especially those with ambitious growth targets. It was easy for businesses to adapt the Accountancy product as their needs changed or expanded, thanks to the modular design of the software and a comprehensive suite of add-on options.

Gleason cultivated relationships with local investors and venture capitalists to gain exposure to possible clients. The founders believed that their competitive advantage would come not only from their superior software but also from their strong client relationships, a combination that companies making off-the-shelf accounting products or large accounting firms were unlikely to replicate. The founders also believed that a flat organizational structure and collegialculturewould minimize office politics, strengthen employee morale, and heighten company performance.

Soon their business model began to pay off. The product was " sticky': once businesses implemented the software (a one-time installation cost between $25, 000 and $100, 000 depending on the scope of desired services) and trained employees on its use, they were likely to renew their annual contracts. Accountants client renewal rate was 25% above the industry average, and most clients retained services for at least four years. In 2010, the firm earned nearly $100 million in revenues, and employed more than 400 employees in ten regional offices located in southern California, Arizona, New Mexico, and Texas.

That same year, however, the proliferation of inexpensive, off-the- hell accounting software, combined with a faltering economy, drove down revenues; three of its regions. The founders retired and the new CEO was determined to reignite the company's growth. He replaced the vice presidents of sales in a number of offices with the company's most enterprising young sales directors. Each was given aggressive growth targets. If the revenuegoalswere met or exceeded, the new leaders and their sales teams would receive a substantial bonus.

Wendy Peterson was one of the promoted employees. She was named vice president of sales for Accountants Plano, Texas, office. After consultation with her superior, one of four regional senior vice presidents of sales, she agreed to grow the revenues of her underperforming office by 40% in two years. Accountancy Sales Organization Salespeople (generally referred to as sales executives) invested a significant amount of time getting to know clients and their businesses before submitting an initial proposal and turning the account over to a dedicated service team.

Once a member of the sales team signed or renewed a client contract, day-to-dayresponsibilityfor product implementation and service transferred to an Accountancy account service am. Sales executives communicated with account service teams to keep abreast of implementation challenges and of potential add-on services that their clients might need. For new salespeople, the initial focus was outreach. Although some of the salespeople came from competitors, most came from sales or product management positions in other software or services Wendy Peterson | 913-560 companies.

New salespeople were expected to mine and leverage their personal networks and to research, cold-call, and cultivate their own lists of local prospects. Unlike most of Accountants employees, who were salaried, annual compensation for sales employees (about 20% of the company's employees) included a base salary component (50% of annual compensation) and a commission component (50% of annual compensation). Escalating incentives existed for exceeding target revenue goals.

If sales employees met or exceeded their annual financial targets and stated professional development goals, they were eligible for base salary increases. Although the salespeople mostly operated independently of each other, there were regional sales employee received a flat bonus payment ($7, 000 in 2010). Total insemination ranged from $100, 000 for first-year salespeople to $1 for Accountants most experienced sales managers. Background Peterson Joined Accountancy after graduating at the top of her Ivy League university class in 2000 with a degree in economics.

A tireless worker with a curious mind, she excelled as a Junior manager on a series of account service teams and earned stellar reviews from both clients and colleagues. By age 28, Peterson was managing account service teams herself. Said Peterson: After six years working on and managing client engagements, I was ready for a change; sales seemed a challenging, and potentially curative, opportunity. I was nervous, though, about fitting in with the sales organization; after all, I'd never worked in direct sales or closed new business.

So I read books on varying sales strategies, attended weekend sales seminars, and requested to shadow two of the most successful sales directors (a small number of sales executives were promoted to the title of sales director to reflect their exceptional performance or tenure) in my office for the first month. Vive often been described as a " doer"? if I see a chance to help, I don't Just suggest an idea and wait for someone else to take charge. I like to do things myself. After Joining Accountants sales team it struck me that our senior sales staff benefited most from recurring revenue from our largest, longstanding customers.

Their business was steady and required little effort. Junior-level sales executives like me, on the other hand, worked overtime to land new accounts and earned far less than experienced sales directors. As the pressure from management to drive new business increased, I spearheaded a volunteer mentoring program between Junior and senior sales professionals. The more experienced professionals imparted sales and client management wisdom to their Junior counterparts, in return for " free" assistance on large accounts.

Camaraderie spiked and, I think, an unexpected benefit was that focusing on new business again invigorated senior members of the sales team. I was one of the few sales employees who brought in lots of new business to Accountancy in 2008 despite the global financial crisis; soon after I was promoted to manage the Plano sales organization. To me, the Plano team I inherited seemed disengaged; I believed that changing the culture? by making my team closer and the office more collegial? would boost productivity and revenues. Under my direction, our performance improved, and the team exceeded 2010 targets for new business by 15%.