

Hewlett packard computer systems organisation

[Technology](#), [Computer](#)



At the same time, content value providers and solution-providers session themselves on the highly profitable upstream business. In parallel, Ditz looks for new ways of developing the business and reducing sales and support costs. Consequently, Ditz undertakes an audit to Identify Coos possible opportunities. The audit reveals the reasons why Hap's present sales approach keeps the company away from these lucrative opportunities. Among others, it recommends CSS to change drastically its customer relationship management with its large enterprise customers.

Before going on for a new reorganization, Ditz wants to weigh the costs of implementation of a strategy that would go along with his thoughts of migrating: *From managing accounts to managing a portfolios of sales opportunities *From viewing the sales process from the Inside out to viewing it from the customer in *From trying to grow sales by adding sales actively to accelerating sales growth by Improving the efficiency and effectiveness of the sales process. II-problem Statement The case has stressed two main problems for CSS: 1 .

Sales processes and sales support system are lagging present sales strategy. 2. Sales department organizational structure Is not designed to look for opportunities. A-Sales Processes Lag Sales Strategy The reason of this problem is mainly due to an order processes management issue. Processes are inappropriately managed under sales reps supervision, which divert them from their main sales tasks. Consequently to this issue appear a time management problem and a treadmill feeling in sales work force. B.

Sales Structure Not Designed to Look for Opportunities The reasons of this problem are: 1 . Mismatch between sales organization and upstream business Traditionally, HP salesmen are more order takers than business developers. In addition, the compensation plan promotes short-term projects. Repurchase, replacement and expansion projects last between 2 weeks and 1 year. Completing an opportunistic project takes between 2 and 3 years. 2. DAML approach issue From a customer perspective, the purchasing and IT community wants to keep HP as a hardware vendor.

The first ones want to control hardware vendor pricing and the second ones want to keep control of relationships. 3. Perceived image issue Customers' senior executives do not consider HP brand as value-added supplier. 4. Poor knowledge transfer issue The customer is frustrated at having to educate different HP application specialists about each new innovation project opportunity. 5. No identification from sales representatives for opportunistic projects Sales representatives do not screen sales opportunities.

Additionally, the " sales opportunity conversion rate", high in repurchase and expansion and low for conversion reflect sales reps difficulties to stimulate sales for undefined needs. III. HAP'S CSS Business A. What Business is CSS In? Computer Systems Organization (CSS) is a division of HP that designs and manufactures computers, peripherals, system/application software, and networking products. To satisfy customer needs CSS entered into partnerships and acquisition strategies when internal offerings were non-existent or too lengthy to develop.

CSS RISC technology, a core technical innovation, that enabled HP to introduce computers more rapidly and positioned HP as the market leader in price/performance. Due to a decline in national (USA) spending and overcapacity CSS evolved into a global supplier of information appliances and solutions. HP's core competency resided in the technological features of their products and a price/performance advantage in hardware supply. Additionally, the level of trust and inference that IT customers placed on HP positioned their brand as a trusted hardware supplier. B.

Customers HP's customers are segmented into large (enterprise), small-medium (SEEM), and individual. Customers in the largest segment typically spent between \$0.5M-\$10M of their annual multi-million IT budgets with HP. The top 5% of customers in this segment accounted for over 40% of HP's sales. These customers frequently placed daily orders and consumed over 65% of sales force, which served them directly, total productive time. Customers in the SEEM segment typically budgeted less than \$0.5M for annual IT spending. A combination of sales reps and channel partners served this segment.

Individual customers were serviced exclusively by indirect retail channels. Considering the volume of sales generated by enterprise customers HP pondered the similarities and differences between the top enterprise customers in deciding whether to offer a standard product offering, customization, or an optimal mix designed to be able to benefit from cost reductions, stability, and improved profitability. C. Order Qualifiers and

Winners Enterprise customers spending on IT is comprised of four opportunities: repurchase, placement, expansion, and innovation projects.

The following table summarizes the order qualifiers and winners (from the customers perspective). One can see the similarities in winning orders between infrastructure and opportunistic opportunities. For example, both require a qualification step, however the approach to get it done is different. To win orders in infrastructure projects require different capabilities. In infrastructure opportunities the prospects and budgets are customer initiated and pre-assigned. Whereas in opportunistic ones prospects are initiated by a customer's business unit manager and a budget is reared. Table 1.

Enterprise Opportunities	Infrastructure	Repurchase	Meet customer specifications
Price	Delivery	Right time / right	intercommunicate the process
*Excellent service on current contract	Qualifying HP as an alternative	*Responses to Reps	*Secure support resources
*Sizing/configuring system	accuracy	Influencing the order process	*Right price
*Better terms than the competition	Servicing the customer	*Accurately guiding deployment	*Tracking issues
*Timely response to complains	Replacement	Expansion	Opportunistic
Innovation	proven capabilities	Responsiveness	Ability to advertising's the customer
Researching customer specific issues	*Developing leads and contacts within the organization	*Access to user groups	Qualifying opportunities
*Gather data on opportunities	*Rallying Hap's resources	*Ensuring customers' continued process in product	Differentiating Hap's capabilities
*Before customers IT and vendors perceive opportunities	*Offer		

differentiate solutions Influencing the purchasing process and completing the sales *Actively helping walk project through approval *Overcoming roadblocks erected by competitors Servicing the sale *Co-managing projects until results show Use reference site for other opportunities IV. Current Plan The current plan hinges on Hap's price/performance advantage as a hardware supplier. Entering a customer account was thus easier to achieve through downstream opportunities in the capacity of a product vendor. Hp would then migrate through the customers organization through expansion, replacement, and ultimately innovation solutions. The audit performed by Leap showed that HP was doing well in capturing the downstream business and increasing it's midstream business albeit costly.

Functional blocks within customer accounts, Hap's brand equity s a trusted hardware supplier, and the purchasing community's desire to control vendor pricing were preventing the evolution of HP into a value-added supplier. Level reluctance to include HP as an advisor were likely to prevent further migration. The current plan is strong in addressing the needs of existing customers. HP is able to capitalist on its repurchase position in offering expansion and replacement solutions. On the other hand the plan is by definition limited to existing customers and is time consuming with respect to selling to new customer at the downstream level and migrating upstream.

UpstreamMidstreamDownstream Environmentalism's Capriciousness's ""

Obviously"" \$g's"" \$g's (migration) V. Alternatives A. Fix the Current

Marketing Plan The current marketing plan demonstrates issues with sales processes, organization and time management. To fix these problems, an

alternative may be to implement a transaction processing system (TAPS) that would deal with basic non-value added operations of sales representatives. The TAPS will "streamline Coo's processes for servicing downstream business". Indeed, the TAPS will automate largely sales process. In addition, a Marketing Information System (MIS) could gather data to detect trends from customer's orders.

This data may be processed through statistical models, helping HP to refine its sales approach and identify early new sales opportunities. This solution will require a redefinition of position for technical support employees that may have to be in direct contacts with customers (but not systematically) and sales representatives who have to learn how to use marketing data to identify trends. To increase salesmen motivation to develop business, a revision of the compensation plan is proposed. Last but not least, the TAPS is a great opportunity for HP to demonstrate to customers that they possess the necessary capability to build a complete software-based solution for Customer Relationship Management (CRM).

1 . Implement an Information System A Transaction Process System The implementation of a TAPS for the down and mid-stream businesses should be as much as possible contacts with clients that send orders or quote requests on a daily basis (largely enterprise customers). Supposedly, they are the ones who increase the cost per order dollar as they place a lot of orders every day, which are time consuming for salesmen. The TAPS will be composed of an application running on clients' computers, in which the customer can enter all the data relative to his/her needs (type of equipment, number of required products,

desired date of delivery and so on...). The following process is described graphically in Appendix 1 .

Whereas he needs a quote from HP, the resource plan manager on the customer side can launch a request from a HP specially built application that would directly reach a technical support specialist. Two cases can happen: *If the support specialist estimates that the project is a standard one, then he can use the TAPS to process the request through the centralized system. If the support specialist estimates he needs more information, he can contact directly the customer to gather extra information. When the order is correctly filled, the support specialist just forwards the request through the centralized system. The sales representative would intervene only at the end of the process, to propose the client with a price. He may possibly adjust the price to some extent by himself.

The TAPS will enable the client to follow the status of their request through the application. This concept is interesting as the client can directly see the back office operations that take place if a support specialist needs to customize the offer. Through the application, the client is directly led to HP internal process flow and can perceive the value of the work done (which was not so obvious before, as the sales representative, by taking the lead of the request, was hiding HP internal processes). Figure 1 summarizes the effects the implementation of an Information System would have on HP's customer relationship management, namely by adding value to sales services.

The customers will see Hap's value-added back office tasks which are performed by support employees. In addition, TAPS will handle all the non-value added tasks performed by sales representatives, thereby transferring these tasks to back office. A Marketing Information System to screen sales opportunities Linked to the TAPS, an MIS can gather all data from client orders. Whereas sales representatives spent in the past a lot of time screening orders to detect sales opportunities, the automatic processing of data can detect trends automatically, by possibly correlating information retrieved from large numbers of orders or request representatives' Job to confirm these trends and actual client needs through direct intact.

Advantages of the information system Calculations from Table A of the case show that the TAPS will enable salesmen to save time from time consuming and unproductive tasks (refer to Appendix 2). The TAPS, by automating the flow of information enables sales reps more time for productive tasks, like developing customer relationships and looking for new sales opportunities. Supposedly, most of sales costs are due to unproductive time sales reps spent on dealing with orders. Expectedly, by giving more time to salesmen for business development, costs of orders will decrease (for a fixed number of orders for ululations before and after the implementation of the TAPS).

Risks of the information system CSS will have to face some financial uncertainties. Indeed, it is expected that the company will have to support the costs of implementation of the system to convince clients to use it. Beyond the technical challenge for HP to develop this system on its own, it will also have to deal with customers, technical support specialist and sales

reactions, who by rejecting the system, could make it a sunk cost for HP. 2.

Refine the Organization The success of the implementation is largely based on the acceptance of the system by HP employees. Sales Representatives

From the case, one can notice that sales people feel themselves

uncomfortable in the new system that was implemented in 1991.

The success of the implementation will depend largely on Disk's capacity to convince salesmen that the IS system is a solution to their present problems, but they need also to show pro-activity by accepting to redefine their daily tasks and by learning how to use efficiently MIS data. Time saved up from unproductive tasks should decrease the pressure. With clients, their role will be a little bit more complex as earlier. They will have to guess from MIS data what are untold customers issues, and how they could collaborate with HP to find solutions. Accordingly to these new expectations from salesmen, HP will have to develop a new compensation plan to motivate salesmen that will aim at promoting the customer lifetime value.

This plan will take into account parameters like " revenues from newly completed projects with already existing customers" that promotes the development of customer intimacy. Technical Sales Support they should be ready to contact clients directly in case of missing information in linen orders or quote requests. Possibly, a name of a support specialist could be automatically linked to any customer requests even though the direct contact is not always required. The support specialist will have to be trained to learn how to deal with customers. A risk would be that clients think that

support specialists replace salesmen as entry point for any request to HP. This should be strongly avoided.

It is a question to educate the clients to use systematically the application and to demonstrate to them that such behavior will enable both of the companies to gain efficiency in their relationships. Possibly, the new definition of support specialist will require a new compensation plan for this category also. One indicator of their quality of services could be a ratio like: (Number of projects where they had to intervene and that was completed with success) / (Number of projects where they had to intervene) The compensation plan can also be linked to a client survey checking at their perception of the quality of service from sales support people.

Table 2 illustrates the advantages and risks that go along with the implementation of a -reps. Table 2: Advantages and Drawbacks of Using a Transaction Processing System B. Modify the Sales Strategy The second alternative proposes to build special teams to deal with -and only with- upstream business. Seemingly, these projects are initiated accordingly to senior executive (for instance, business unit manager) on client sites. HP will develop a special sales-tasks force that will have the capacity to manage customer relationships at higher level, compared to existing relationships in downstream and midstream businesses. Entering the Market from the Upstream Business Figure 2 illustrates this strategy.

Highly experienced salesmen with large networks of customers will be responsible to develop long-lasting and strong relationships. Due to the reluctance of the IT community's desire to control vendor relationships and

executive level reluctance to include HP as an advisor (which has been a migration strategy block), HP needs to step back to approaching value content and solution providers (such as Anderson Consulting and Sap respectively) instead. These value content and solutions providers already possess the relationships HP seeks and will from midstream and downstream businesses will also be ready to make their leagues aware of any opportunity detected at their level of an upstream business.

The special sales force will work in a monitoring mode. On a technical point of view, this specific sales-tasks force will be supported by a centralized unit of consultants that will have the expertise to build entire software-based solutions. The special sales force will call them as soon as they detect any signals about a possible upstream project. The primary objective of this strategy is to penetrate the upstream business, which is more profitable in terms of revenues over sales working hours. (CB. Appendix 3). It may happen that an upstream project generates also some business at the middle and low level. For instance an innovative project would require more and faster machines. Figure 2.

Strategy to Attack the Upstream Business A Portfolio Approach To approach the upstream business, CSS could use a portfolio approach, with different semi-standardized solutions. This approach demonstrates several advantages like: *It helps sales people to identify sales opportunities on client sites. Indeed, whereas salesmen working on upstream business have to detect unidentified clients' needs, the portfolio approach gives a reference in term of Hap's know-how and possibilities. Afterwards, semi-standard

solutions from the portfolio can be customized depending on client needs. *It enables CSS to estimate its costs to realize first parts of upstream projects. By having thought in advance of solutions, Coe's technical experts have specified some requirements that could be identified and estimated in terms of costs.

Sales Department Reorganization The strategy requires from Ditz to create two new units: *The special sales forces will be composed of experienced salesmen, that demonstrate high talent in lobbying and are intuitive enough to signal any potential opportunities. Expectedly, Ditz should find these rare persons in the present sales forces. *A centralized unit with technical consultants should be formed, which might be trickier. Indeed, it is required that HP gathers in this unit highly skilled people that can work possibly on different systems (SAP, BAN...) to build highly customized solutions. It is not certain that CSS can build such a unit without having to hire external people or possibly outsourcing some part of projects, which might be costly for the organization.