

ORIGINAL SITUATION

Customers were becoming more interested in business issues, and Tellabs needed a strategy and a process to bring their sales force up to speed on skills like negotiation and understanding buying styles in order to maintain sales growth.

BUSINESS IMPROVEMENTS

Tellabs' judicious approach to sales training by consistently investing in building sales competencies over time has enabled them to develop a tenured and experienced sales force capable of meeting 50% sales growth.

Eating the Elephant.

How Tellabs Secured a Niche in a Mammoth Industry.

Even at \$1.5 billion in sales, Tellabs, a manufacturer of voice and data transmission products, is still just a small player in the world of telecommunications. Yet they boast some significant achievements, with an operating profit margin of 25 to 30 percent, and stock averaging an annual return of 91.3% over the last five years. The longevity in their sales organization, on average of nearly eight years of experience among their account managers, is the envy of their competitors. How did they get here? Roger Shope, Vice President of Western North American Sales, compares their approach to "eating the elephant one bite at a time."

Unwavering Commitment

Bob Parks, Partner at Strategic Enhancement Group (SEG) in Chicago, noticed there was something different about Tellabs right from the start. The partnership to develop Tellabs' sales and sales support functions began in 1985.



“The relationship convinces the customer of your capability to deliver.”

ROGER SHOPE

Vice President of Western Northern American Sales, Tellabs

RESULTS ACHIEVED



in sales



percent operating profit margin



annual return on stock price



average experience of account managers



sales growth per account executive

"Many companies want you to 'fix them' in six months," he says. But Tellabs understood the value of a more judicious approach to sales training, consistently investing in building sales competencies over time.

The long term sales development plan at Tellabs started with a change in strategy that occurred around the time that the demand for SONET-based, higher bandwidth communications began to grow.

"We decided to really stretch from an R&D standpoint," says Shope. Tellabs changed their focus from selling circuit packs, an electronic module product that sold for a few hundred dollars, to selling complete remote switching systems priced at more than \$5 million. To make it work, they spent a disproportionate amount on R&D, far more than any of their competitors on a consensus basis.

"With a lot of little bets, you can afford to waver," says Craig Speak, Vice President of Eastern North American Sales. "We decided to make a big bet. We made an unwavering commitment to be successful."

It was this commitment that made Tellabs successful among competitors ten times their size.

"Companies our size have to focus and execute," says Speak.

One Step at a Time

Finding a new way to sell was a key focus for Speak, Shope, and Bill Bartholomew, Vice President of Northern American Sales, as well as for Chris Cooney, Vice President of Corporate Sales.

According to Cooney, "the relationship sell associated with most startup companies was fading. Customers were becoming more interested in business issues, and we needed a strategy and a process to bring our salesforce up to speed on skills like negotiation and understanding buying styles."

Tellabs' sales management team knew that building a better salesforce wouldn't happen over night, and they wanted a training partner willing to stick with them. Bartholomew says they chose SEG as their training partner because of their "chemistry, content and longterm commitment."

"We knew we couldn't turn this ship around in a year," says Bartholomew. Rather than trying to teach account managers

a lot of new skills in a short amount of time, Tellabs decided instead, to work with SEG to begin building a foundation of sales skills.

"Cramming stuff down peoples throats doesn't work. It's a waste of the client's time and money." Parks says, "people get frustrated, cynical and burned out. At Tellabs our approach was, 'We'll access what you need, give you what you can manage. Master this first, then we'll move to the next level.'"

"...we needed a strategy and a process to bring our sales force up to speed on skills like negotiation and understanding buying styles."

CHRIS COONEY

Vice President of Corporate Sales, Tellabs

The first level of selling skills, consisting of Wilson Learning's *Counselor Salesperson* and *Versatile Salesperson*, included discovering customer needs and understanding customer buying styles. Since then, additional layers of selling skills, including negotiation skills and higher-level, strategic and consulting skills, have been added each year to create a confident salesforce with a common language and sales process. Today, the Tellabs salesforce is among the most respected and successful in the industry.



COMPANY PROFILE

Connecting. Today and tomorrow.

Connecting is more than switches and cables.

Connecting is expertise, applied. More and more enterprise and government entities see the dramatic advantages that passive optical solutions have over traditional copper-based infrastructure. Whether it's for home or hospital, corporation or college, hotel or government agency, Tellabs has the expertise. Tellabs helps customers connect through our optical network technologies.

Tellabs expertise is built on a legacy of leadership. For years, telecom companies have deployed fiber-based networks and have trusted Tellabs to help them deliver carrier-grade reliability and performance.

Access today. Connected for tomorrow.

Real Relationships

Speak and Shope are quick to agree on what makes the Tellabs salesforce different from those at other high-tech companies.

Speak describes it as a "real relationship with the customer." In Shope's words, it's "a genuine concern for the customer."

However you describe it, the ability of Tellabs' account managers to penetrate customer accounts and maintain strategic customer relationships is a key factor in their success.

As Shope explains, a purchasing agent can get away with a mistake when buying a single relatively inexpensive item. But when each sales event is valued at hundreds of thousands of dollars, there's no opportunity for doubt. In the Tellabs selling environment, where customers may engage in a series of major sales events during the course of a year, a strong strategic relationship provides comfort. "The relationship convinces the customer of your capability to deliver," says Shope.

Return on Investment

In a high-stakes environment, like telecommunications, where losing a single customer can make or break your business, account managers must be at their best all the time. At Tellabs, account managers are expected to reach high growth levels of 40 to 50 percent each year. While such pressure could be seen as discouraging, the numbers tell a different story. There's low turn over and high performance among Tellabs' salesforce. It seems that their salesforce not only contributes to the organization's success, they stay with the organization because it is successful. That's the payoff for the consistent, longterm training and development strategy in which Tellabs has invested.

Growing the Culture

Outside of the sales organization, there is evidence everywhere at Tellabs of the value they place on training, developing and motivating all employees.

When a Tellabs engineering office in Finland reorganized recently, Tellabs developed an assessment process and then worked with Strategic Enhancement Group to customize Wilson Learning's *Leader Navigator* assessment technology. Tellabs took the opportunity to gather 360-degree feedback to assess employees and bolster decisions regarding their roles within the new organizational structure.

"There was a feeling that we hadn't paid enough attention to developing our Finnish engineers," says Dan Stolle, Director of Human Resources. "We wanted to get a group profile of their strengths and weaknesses so we could target developmental areas for the group. We also used the information to help each employee put together an individual development plan."

Throughout the organization, there is a strong belief in the value of the 360-degree feedback method, which is an integral component in Tellabs' management development curriculum.

"In order for an adult to engage in learning, particularly for a management employee, who typically feels they have earned their position by performing well, there needs to be a very personal motivation," says Stolle. Information obtained from a 360-degree assessment like *Leader Navigator*, in which direct reports, managers, customers and peers evaluate the employee's performance, is very helpful in providing focus for their development plan.

What is the Secret?

Tellabs' success can be partially attributed to an element of luck; they chose the right direction at the right time, went for broke, and reaped the benefits. But far beyond luck, their success can be linked to their commitment to long-term employee development.

"A lot of companies get seduced by their own environment," says Parks. "Our world is changing so rapidly, products are changing rapidly, customer needs are changing rapidly, people make the leap that our people have to change rapidly, too, in order to keep up. But you have to remember that these aren't computer chips. They're people."

"It's counter-intuitive, but often times, the slower you go, the faster you progress."

To learn more about these concepts and how Strategic Enhancement Group, Inc. can help you in addressing these issues, contact us at (630) 377-4300, (888) 668-9382 outside of IL or StrategicEnhancement.com.