

Siemens One: Sales Force Deployment and Customer Coverage

Integrating multi-unit sales efforts to
cover complex, strategic opportunities
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An interview with Siemens One CEO and President Ken Cornelius

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Through training workshops, online resources, and research materials, The Sales Management Association addresses the management issues of greatest concern to practicing sales managers. The Sales Management Association's focus areas include management leadership, sales force performance coaching, sales planning, sales process management, enabling technologies, incentive compensation, and sales force support.

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Integrating multi-unit sales efforts to cover complex, strategic opportunities

For global sales organizations with a diverse set of sales opportunities, few challenges are more daunting than providing adequate customer coverage. Siemens Corporation addresses this challenge with its Siemens One division, which integrates the multi-unit sales effort required for complex, strategic opportunities.

Like many multi-division firms selling complex solutions, Siemens struggled with redundant sales coverage - sales teams from different divisions calling on the same customers. In an effort to bring greater clarity to its coverage model, Siemens established Siemens One in 2001. Focusing on key accounts and strategic vertical markets in both public and private

sectors, Siemens One is a wholly-owned subsidiary of Siemens Corporation, integrating the sales efforts of its corporate parent's disparate selling units and solutions. Siemens now finds it far easier to identify and close on strategic cross-selling opportunities – while its customers are provided more complete and integrated solutions.

Siemens Corporation is a global technology and infrastructure company, marketing an impressive breadth of technologies, services, and systems to customers in 192 countries. The firm has an annual global R&D spend of US\$6 billion, focusing in the areas of power, automation and control, transportation,

information and communications, lighting, building technologies and water technologies.

Dimitri Kapelianis, Assistant Professor of Marketing at Atlanta's Goizueta Business School and Sales Management Association board member, discussed Siemens One's sales structure with Siemens One CEO and President Ken Cornelius in this interview. Their conversation yields much insight into sales organization design, sales force deployment models, and optimal customer coverage as a means of driving growth.

Kapelianis: *What role does Siemens One play in Siemens?*

Cornelius: Siemens One is the integration arm for the 13 different major operating companies that Siemens operates in the United States. In this country, each operating company is a separate legal entity and there are solutions that we can bring to customers that involve combining a variety of our technologies and products.

The best example, or deepest penetration into a market, is in healthcare, where we have the diagnostic equipment, imaging technology, software, workflow engines, building technologies, and the power distribution technology to run a hospital. What we do is look at vertical markets or large customers and say, 'is there a competitive advantage in putting the different Siemens offerings together?' Then we can take a holistic approach. For instance, for vertical market bundling –healthcare, airports – we can also bundle security, communications, and power generation.

Kapelianis: *Can you give us an example of a vertical application?*

Cornelius: A good example is the digital hospital concept: you could call for an appointment for an ultrasound from your home and that information would get routed to the proper person for the test. When you drive into the hospital parking lot and slide a smart card in the system, it alerts everyone who needs to know that you are there. When you walk in, all your records are up and the ultrasound room is ready for you. In the last several years all of the Siemens business units [began employing] the same software platform, so integration is easy.

A solution like smart cards can go across vertical markets. We concentrate on areas where we have some process expertise --healthcare and airports are areas where we have high vertical bundling opportunity.

Kapelianis: *How is the sales force structured?*

Cornelius: Siemens One is a virtual organization, where one business developer coordinates multiple sales people from the different divisions for a specific project or account in a vertical market or in a particular region. They would also have a team of operating company field people [selected] to support the opportunity.

These teams don't have a continuous life.

This differs from account management in that the Siemens One team is very opportunity focused. Account management is the way to go to develop relationships, and it takes a long time. [Account Managers] focus on one set of technologies or products and services. The Siemens One sales team focuses a variety of technologies or products on a specific opportunity.

Kapelianis: *What was the impetus for Siemens to move toward solutions?*

Cornelius: During the late 1990s, the CEO of Siemens was being pushed by Wall Street analysts to sell off pieces of the company and focus solely on telecommunications. They said there was no value in the conglomerate structure and that Siemens should be a 'pure play' by selling the company's Medical and Power Generation divisions. Fortunately, Dr. von Pierer said no, and embarked on a strategy to increase our stake in each area, effectively creating two of the most successful business units for Siemens. Our portfolio of solutions has become a strength. Every acquisition and investment we make has to be meaningful to the organization and our customers—especially those we already do business with. Back when we started Siemens One in 2001, we did an analysis and found that one third of our business came from our top 160 accounts. When we looked carefully at them, we found that 154 of those account [relationships] were held by single Siemens operating companies. Only six of them had any crossover.

We decided to concentrate on accounts where somebody in our company had a relationship and could bring in others; or [look at] vertical markets where we had the deep process knowledge or owned the key technology, such as the medical business.

Siemens is in a unique position; we are one of a handful of companies that can actually do this (bundle solutions across a broad range of technologies). We can deliver major savings [and a compelling] value proposition.

Kapelianis: *How do you guard against customers demanding discounts for bundling an entire solution with Siemens?*

Cornelius: Our customers understand that the value we bring is not through 'discounts' but through cost efficiencies derived from centralized project coordination and bundled technologies. For example, when we won the contract to put in all of the electronics at Reliant Stadium, we saved the customer \$1 million in start-up costs.

Having said that, we understand that discounts are the first thing many customers consider. So we do spend time educating prospective customers about the financial benefits of working with Siemens and our own internal structure. For example, there is no margin stacking. We are a cost center for the company, so we pass back all profit and sales. Nothing is kept. We pass the market level margins back to our operating companies and we're able to give market level prices, individual prices, to the customer without having to mark anything up.

For example, in healthcare, we can show how doing things a certain way in a hospital – so many beds, so many procedures, implementing certain technologies – will save them money. We are able to put the value propositions of each [business unit] together in one program and say, 'If you [integrate] these areas, and buy everything from Siemens, you can gain \$18 million of annual operational savings.' That gets their attention.

Kapelianis: *How do you manage the RFP process?*

Cornelius: The key is to get in early in the opportunity cycle so we can influence the RFP. If it's already coming out, it's often too late. For instance, one of our account managers recently heard about a switching gear opportunity for a plant's power distribution. We got in and were able to differentiate ourselves from the other guys who were offering [only] switching gear by doing a Siemens One presentation and showing all of our capabilities.

If you look at the whole company, we're a pretty good partner to have. We're not just a big company that makes a lot of stuff—we're financially stable. If you want to build the same plant in the United States, India and Latin America, there's only one company that can do that realistically. The financial stability means that we can see problems through.

The size of the opportunity is important. If it's not critical enough to have executive level attention...if the operating savings potential is not substantial, it is often not a good [opportunity] for us.

Kapelianis: *Can you explain how far you go with expertise bundling? For instance, do you include services and maintenance?*

Cornelius: If it's a critical process, like a power company building a new transmission plant, or a healthcare company building a new hospital, that's an opportunity for us. We'll take over for a steel mill or paper mill, where it's our process and say we'll run this process for you and share in the savings. Those are very specific processes that we have. We'll outsource the IT functions and anything [that can be] consolidated into shared services.

One of our horizontal solutions is to go into a customer and say we'll outsource maintenance of their technical machinery, and their IT and security. If you put any one of those individual opportunities on a piece of paper, it has its own value. But group them and it adds up to about 5 to 6 percent of their right column expenses. It gets real interesting to see. The first couple of meetings with C-level folks, it might be, 'So-what? So if we do that, what good is it?' You have to have somewhere in the \$10 million savings range to make it a significant [value proposition] for a Fortune 500 company. I tell our people we need a dictator with a vision. Our best customer is someone who can make a decision and run it through the system.

Kapelianis: *For a sales person, solution selling takes much longer. How do you compensate the Siemens One and operating company sales people for one of these deals?*

Cornelius: There are a couple of challenges: one is that they (the sales people) still have their normal job—so our people (Siemens One) take on the orchestration of the deal to make sure to get the follow-up. We also navigate Siemens for them. We have 70,000 people in the U.S. and we work to identify and bring the right resources into the deal. We take the administrative and project management off of their plate.

Both sales teams are compensated. There is a Siemens One incentive for our own people—they are very motivated. The operating company sales people [also gain] other benefits, namely, it is interesting and exciting to be involved in a large sale, as they often get to deal with a different [higher level] level within their account.

Kapelianis: *Can you give an example of a major win? How did you organize, and what was the outcome?*

Cornelius: After 9/11, Congress passed a law mandating that checked baggage moving through the 429 airports around the country and the territories would need to be inspected for explosives. The Transportation Security Administration (TSA) was under a tight deadline to implement the protective screening and put the bid out to all their normal major contractors—Lockheed, EDS, Northrop. The Department of Transportation was familiar with Siemens from our projects building light rail systems in Portland, San Diego, Sacramento, etc. Because of our relationship there, they knew us as a big company that might be able to provide a solution, and our reps called Siemens One and asked if we could handle the job. This is exactly the type of opportunity that we play best, the customer needed stability and financial viability and we could give them both.

Because of the timing, we had to use the existing technology in many areas, but we looked at the specs and found that the explosive detection machines were roughly the same as our CT scanners. Many places needed the machines installed and at two to three tons each, they needed structural, electrical and logistics work that we could implement. Department of Transportation Secretary Norman Meneta thought it was a Herculean task, and even though we were the highest out of six bidders, we ended up getting it because they felt we were the only ones who could actually pull it off.

The machines had to be made and delivered in November, and up and working by December. Basically, overnight we were able to deploy another 1,000 people in the field to get them up and running. We teamed with Boeing because they were familiar with working with government contracts and had training centers in all the airports. They arranged to train 36,000 people. We were able to get all the airports protected. Recently the contract to continue service and maintain the equipment was extended for another five years.

Kapelianis: *You've been in sales leadership roles for a long time. In your view, how does solution selling compare to the more traditional sales role?*

Cornelius: We wrestle daily with big strategic issues ... These are big deals, and the expectations are very high. Most of these deals are one shot, and they don't come around often—so you have to be

ready, you have to see them coming. And, the market potential is hard to define—so forecasting is a challenge. One of the learnings of this process is that we can look across the business—both ours, and our customer’s—and see areas for innovation in new products and solutions.

Ken Cornelius and Dimitri Kapelianis



Ken Cornelius is President and CEO of Siemens One. In this role, Cornelius helps Siemens develop business opportunities that involve multiple Siemens operating companies. By leveraging the breadth of Siemens portfolio of companies, innovations and global financial strength, the Siemens One team provides customers with tailored solutions that improve their performance and bolster their competitive position in the marketplace.

Siemens One clients represent a broad mix of industry sectors including but not limited to healthcare, airport, pharmaceutical, chemical, data centers, transportation, construction as well as U.S. Federal Government initiatives.

In addition to his Siemens One role, Cornelius also is Vice President of Sales for Siemens Corporation. He began his Siemens career as a sales representative in 1977 and has held numerous sales, marketing and senior management positions; most recently Vice President of Sales for Siemens Energy & Automation, Inc. He was named to his current position in 2001.



Dimitri Kapelianis joined the Goizueta Business School as an Assistant Professor of Marketing in 2004.

His research applies sociocognitive perspectives to explain individual and organizational performance: One research stream examines the knowledge structures and information-search networks that salespeople construct to enhance performance. Another research stream centers on the flow of creativity through organizational networks and its impact on firm performance

At Goizueta, Dimitri teaches Sales & Business Development in the undergraduate and MBA programs. His areas of specialization include sales and business development, relationships in business markets, and the dissemination, acquisition, and use of information. He serves on the Board of the Sales Management Association, and is a member of the American Marketing Association, INFORMS, and the Academy of Management.