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Experts Interview - Dr. Herwig Mehrwald - Head of Global Sales - Festool GmbH



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Festool is known as a global premium manufacturer of power tools and systems for professional craftsmen. Festool has been successful in the market for over 90 years and is characterised by a high degree of customer orientation. But of course there are also challenges in your market. Can you tell us what challenges Festool is facing in particular?

We are currently facing a number of challenges: On the one hand, this is an ever-increasing internationalisation of trade. In our market, this means that more and more dealers are setting up cross-border structures and the national borders - especially in Europe - for our business are disappearing. Secondly, we are observing a worldwide consolidation of dealers. Smaller retailers are closing more and more often because they cannot find successors or are being taken over by larger retailers. Thirdly, the Internet and the associated digitalisation provide a unknown transparency in the procurement of price and product information. This changes the purchasing and information behaviour of our dealers as well as our end customers.

A constant challenge is the growing demands of end customers with regard to customer orientation and service. These factors will continue to increase the pressure on retailers in the future. The sale of Festool's premium products requires retailers to take a close look at the range in order to communicate the added value of our products to the end customer. One challenge of the indirect sales model via the retail trade is that Festool's brand promise as a premium provider is often not transported to the end customer. For example, customers often do not receive any information about our comprehensive range of services, although this is an additional differentiating feature and gives Festool a positioning advantage

over its competitors.

At Group Headquarters and our national companies, we have a lot to do conceptually and by implementing appropriate measures to meet these challenges.

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Against this background, Festool launched a global brand initiative several years ago, which was combined with a Sales Excellence initiative. Would you like to tell us more about the background and the associated goals?

Festool has established a brand code for a uniform and premium brand presence. With the help of this global initiative, it was determined how the brand should be perceived by dealers and end customers. In 2013, Festool set up a Sales Excellence Programme to meet the increasing demands of retailers and end customers, which describes a step-by-step, long-term plan for the continuous improvement of sales activities. The primary goal is to sustainably establish a premium distribution for Festool as a premium brand. This is to be achieved through the implementation of globally standardized processes and structures within the framework of Sales Excellence. The program is under the slogan "You are part of the brand" to demonstrate the necessary involvement of all Group employees, without whom a positive external impact and brand perception would not be possible.

At Festool, we systematically divide our Sales Excellence program into two dimensions: "Channel Management" and "Sales Force Management". The former serves the optimization and international standardization of processes in dealing with the trade and concentrates on topics such as price and condition system, logistics requirements of dealers and dealer contracts. The "Sales Force Management" dimension includes measures to optimise the effectiveness of sales. The measures defined so far relate both to the sales force and to their managers. The sales office as an important point of contact for dealers and end customers is the next target group that we are expanding the Sales Excellence program.

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Sales Excellence comprises many parameters. In your experience, what are the most important levers?

The process of constantly striving for excellence in sales is a complex and large subject area. It cannot simply be dealt with "overnight". At Festool, we have therefore developed a plan not to cover the route in a sprint, but to tackle selected key topics step by step with a focus. Striving for excellence requires, among other things, behavioural changes. In addition to leadership work, such as "coaching" and the consistent tracking of progress, these also require a little time. Our selected focal points initially included simple-sounding topics such as "how many dealer/end customer visits are expected per day", "which dealers should I visit when and how often" and "how do I plan my optimal route".

The clear focus allows us to work on the same issues with all colleagues worldwide at the same time, reducing the risk of employees feeling overwhelmed by the amount of work they have to do in their daily sales work. It is also important in the programme to have well-functioning systemic support to follow up the issues. For this we use a globally standardized CRM system and a dedicated CRM team, which takes care of the system and its constant further development and is thus an essential tool for the operative implementation of Sales Excellence.

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Your initiative has also led to adjustments in market and customer processing and thus to concrete requirements for your managers and sales staff. Why was it necessary, what were the biggest challenges and how did you tackle them?

Our executives are a key factor in our Sales Excellence program! Without their active participation, support and follow-up of the programme and its respective focus topics, the chances of success are rather low. Involving our managers from the outset was therefore a key success factor. This is and

remains a challenge. All our managers have diverse tasks, different business focuses in their markets and therefore it is not easy to focus on continuous Sales Excellence work. Since our managers and the leadership of our employees are important success factors, we have defined a focus topic for our managers: Coaching of sales staff.

The regular "coaching" of the sales staff by their managers supports the necessary changes in market and customer processing as well as the implementation of the Sales Excellence focus topics. We work closely with Mercuri International, our international sales training partner, to train our sales executives and their teams. Mercuri has been conducting our "Sales Excellence Training" in all of our subsidiaries since 2016. The internationally valid training content is developed jointly with Mercuri and is "tailor-made" to our Festool processes and the respective focus topics. In this way, we ensure that the requirements of our dealers and end customers for our sales force and for us as a premium brand can be met worldwide.

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Managers always play a decisive role in such change processes. What expectations do you have of your executives in your Sales Excellence initiative?

Our managers must fully support the Sales Excellence Program! Only if managers are convinced of the meaning and purpose of the program, have understood the key issues and the need for consistent and regular follow-up, and actively contribute to its implementation, can we become better together worldwide.

To achieve this, we regularly inform our managers about current topics and create technical support options within the CRM system for the simplest possible tracking of Sales Excellence topics in day-to-day management work. We also meet with all sales executives at least once a year to discuss the current status of the Sales Excellence program and future direction.

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For all companies, the sustainability of sales excellence initiatives is of very high importance. How do you deal with this topic and what role do you personally play?

As already mentioned, we have decided to select "only" topics that are relevant in the daily Festool business. In this way, we ensure that the topics are dealt with and practiced in a sustainable manner and that they are not forgotten. It is better to implement a few topics correctly at the same time than to just touch on many topics and jump to the next ones.

At Festool, the Sales Excellence program is directly assigned to me as the worldwide sales manager and is coordinated and controlled by a staff unit responsible for this. By reporting directly to me, I am always informed about the status and progress of the programme. In addition, the programme is supported by the regional managers at the head office, the so-called cluster managers. They are very important for the progress of the program. We jointly define the key issues and the cluster managers take on a central role in the local introduction, implementation and, if necessary, local adaptation.

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You have opted for external support. What were the reasons for this and where do you see the added value of such support?

In 2016, we decided to work with Mercuri International as our worldwide cooperation partner for training our employees in the Festool national subsidiaries. To this end, we have jointly designed Festool-specific training courses and now successfully conducted more than 250 training courses in around 20 countries. Mercuri's extensive experience and global presence make it the ideal partner for us. Regular training, discussion and hands-on practice on selected key topics under the guidance of experienced Mercuri trainers is an important part of the Sales Excellence program.

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One last question, Dr. Mehrwald - do power tools also play a role for you outside your profession?

Since I joined Festool in 2012 as an international sales manager, it has become a matter of course that I look around for Festool products on every construction site and at every craftsman I meet, or get

to talk about them! I am fascinated and enthusiastic about our well thought-out products as well as the numerous Festool fans all over the world.

About Festool

For over 90 years, professional craftsmen from the wood construction, carpentry, painting, renovation and painting sectors have relied on Festool power tools. As one of the leading family companies in its sector, Festool has been active in more than 50 countries since its foundation in 1925 with almost 3,000 employees. Festool GmbH develops and sells high-quality electric and pneumatic tools, system accessories and consumables for professional users. The tools are sold worldwide exclusively through specialist dealers and are serviced by around 400 sales representatives. With a clear commitment to well thought-out and high-product quality and service orientation, Festool is positioning itself as a premium brand within the power tool industry and is also perceived as such. Festool's commitment to production in Germany is extremely important to the company: by far the largest part, approx. 80%, of the products are manufactured at the main plant in Neidlingen, near Stuttgart or in Illertissen.