Redwood Advisors Sample Materials

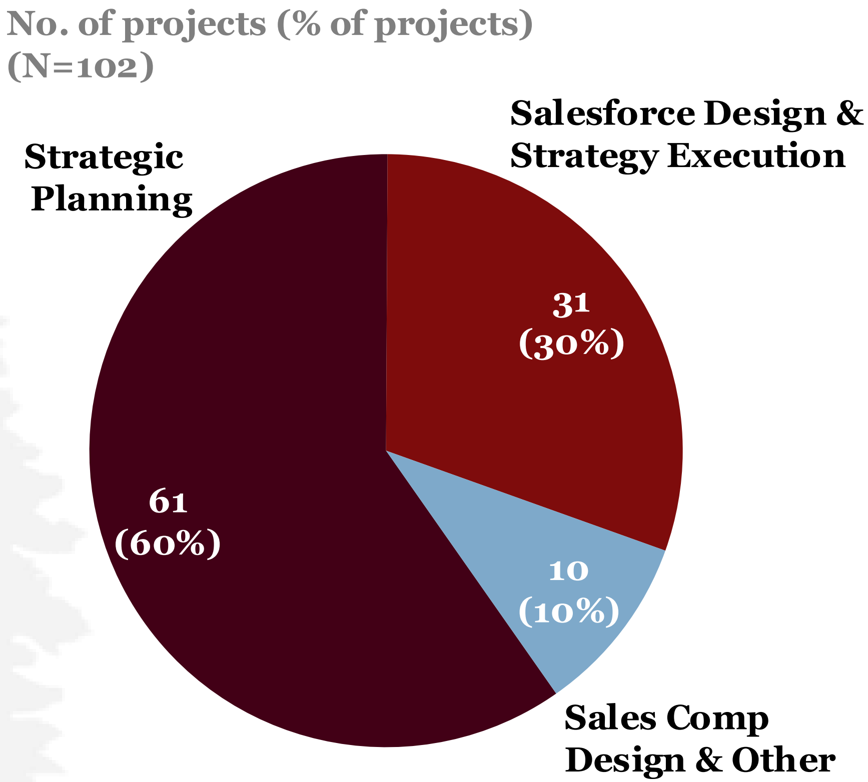
Salesforce Design & Optimization

Salesforce Design & Optimization: Process Overview

Phase	Current-state sales assessment	Sales coverage model	Territory design	Org design & workforce planning	Transition planning
Key outcomes	• In-depth overview of salesforce (e.g., strengths, key gaps)	• Update customer segments & channel mapping	• Unlock growth from new or growing sales territories	• Optimize your sales team for your sales needs	• Smooth & de-risk your transition to the target-state
Key activities	• Overview the current-state GTM model (e.g., segmentation, sales channels) • Create a comprehensive, vetted map of the current org (i.e., lines and boxes) • Analyze historic sales data for insights by geo, sales rep, product category, etc.	• Interview and engage sales reps & customers • Define clear, thoughtful cust. segments • Assign customers to new, refined segments • Lay out key potential GTM channels • Map customer segments to target sales channel	• Review and refine existing outside sales territories • Prioritize pot. investment territories based on opportunity size, competitors, etc. • Develop business cases for the top territories to est. EBITDA impact • Create coverage & market plans for top investment territories	• Identify and define key future-state roles and staffing levels • Develop rec. on individual account assignments to individual sales staff • Lay-out revised sales workforce in an org chart • Synthesize the key changes (e.g., staff, cost)	• Lay-out a financial summary of est. EBITDA impact of top sales org improvements • Identify key gaps to future-state org • Design sales comp bridges • Develop a pot. interim-state org structure • Create a transition timeline & identify top actions • Create a standing gov. model and metrics to track the transition

Projects can generate **~10-20% bottom-line impact** within 2-3 years

Redwood Advisors helps distributors unlock untapped growth with best-in-class sales & marketing (GTM) design and transformation



Salesforce Design & Excellence overview

Most distributors have invested in an expensive sales force, but it's not optimized, and that puts senior management at risk. We **right-size and redesign the outside and inside salesforces** to perfectly align them with customer needs and opportunities.

Previous clients – *Illustrative sample*

Swagelok Northern California, AGS, GAVEN, GranQuartz, 3RC 3 | RIVERS CAPITAL, McELROY, PACE, CENTRAL PRO SUPPLY

Agenda

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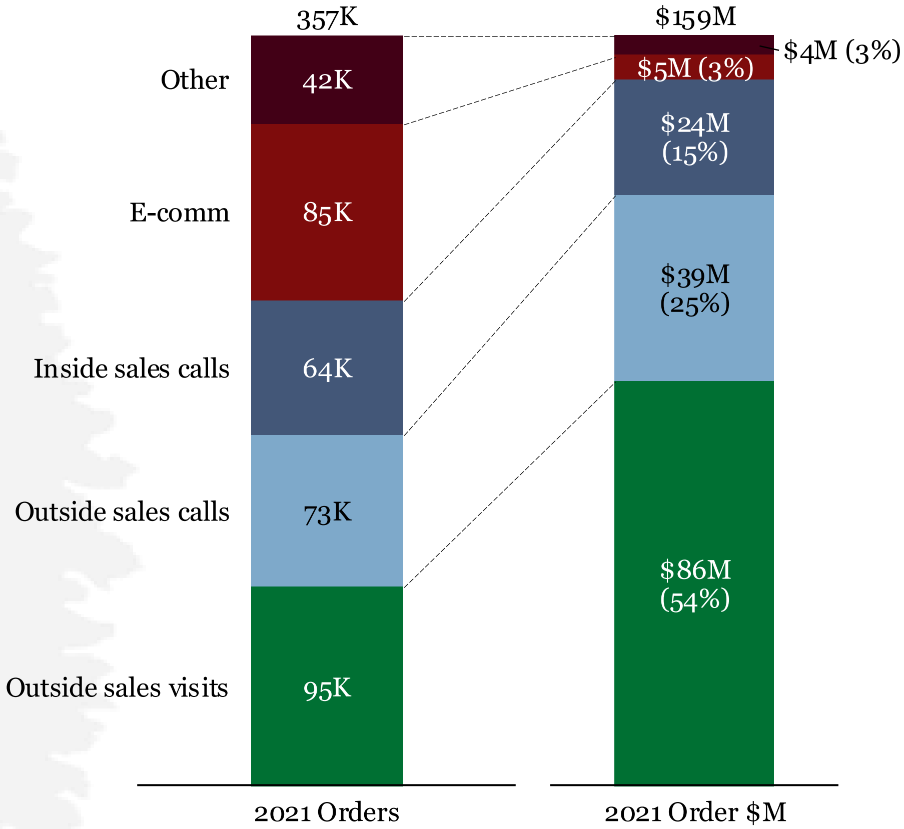
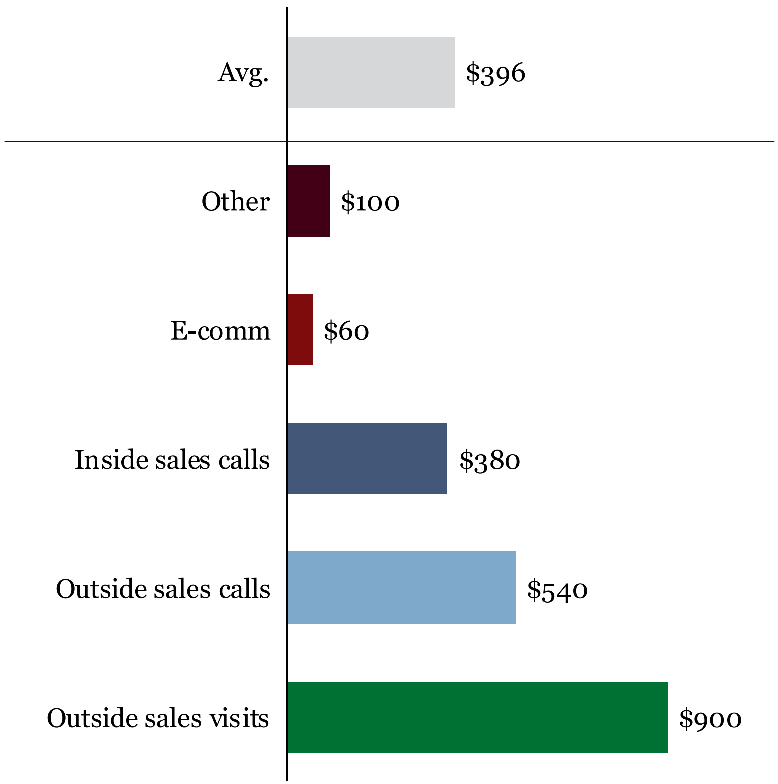
Team analyzes overall sales dollars and orders by key dimensions to understand the current state: Sales channel example

Order count (Ks) and revenue ($Ms) by channel



Avg. sales ($s) per order by channel

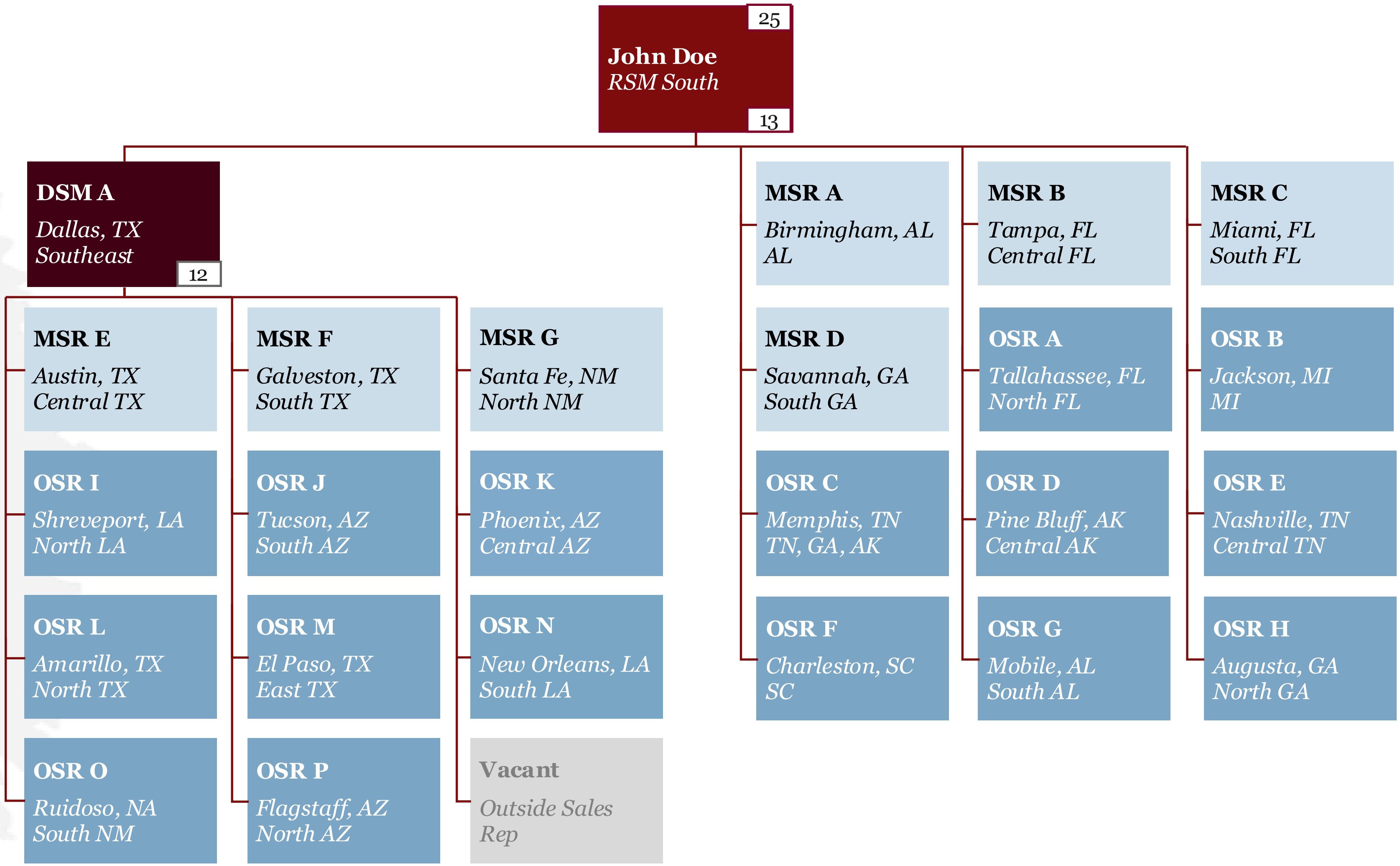


Team develops deep dive cuts across dimensions including sales channel, end market, geography, product mix, and customer segment

Org charts are updated and refined to illustrate current-state reporting lines and territory coverage

Regional Mgr.
Outside Sales
Mobile Sales
Vacant
District Mgr.

Total
Name
Title
Location
Territory
Span



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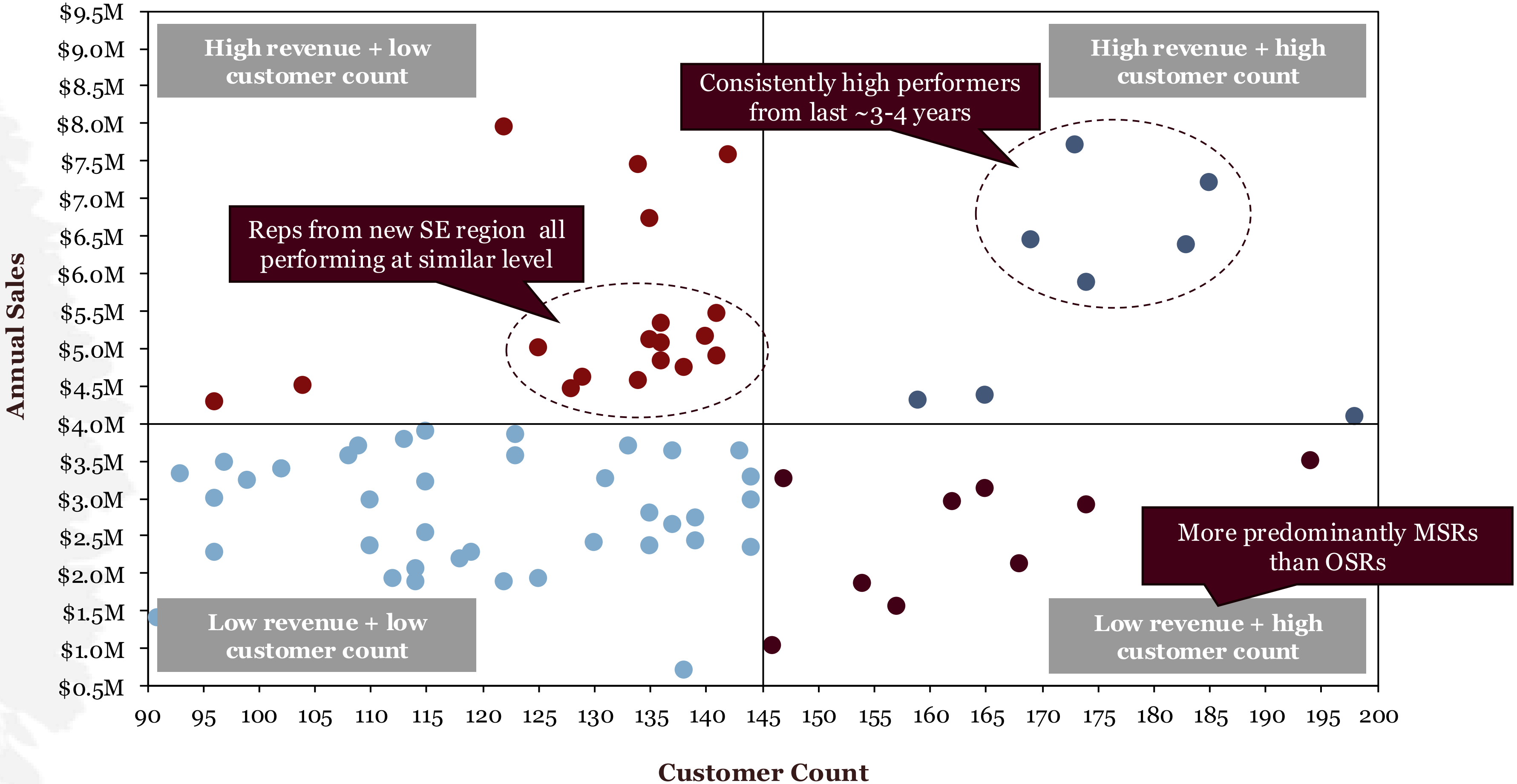
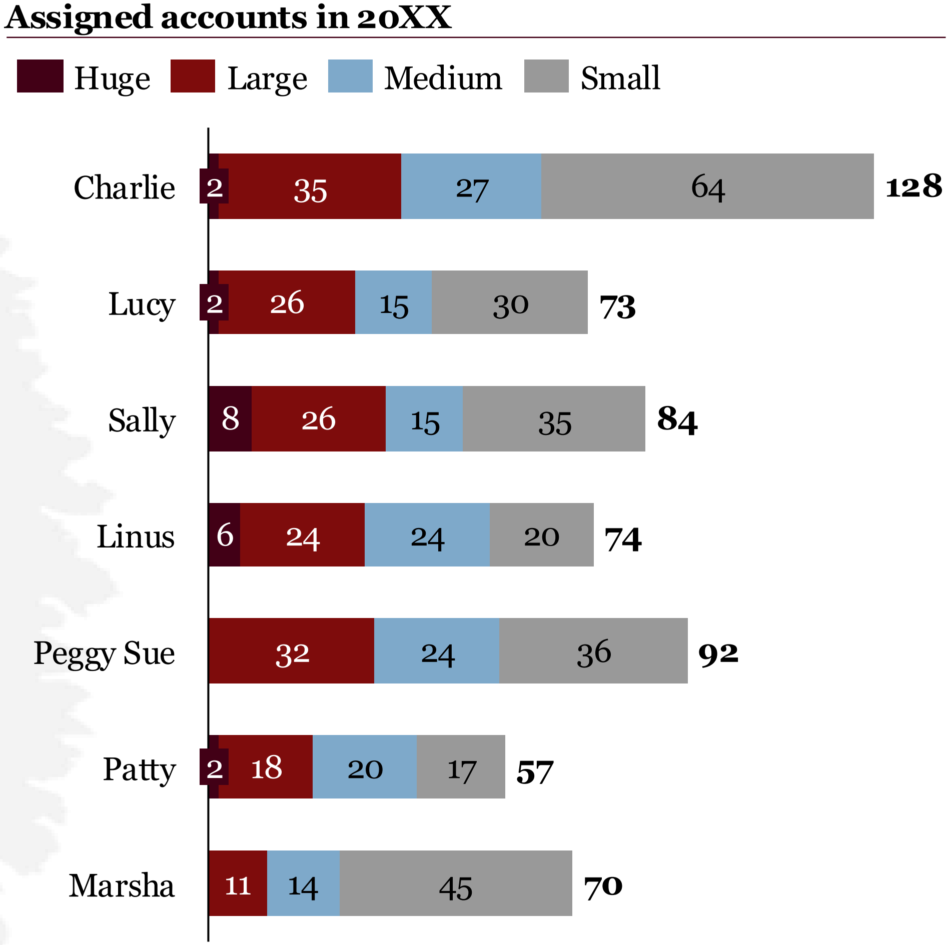
Books of business are analyzed and bucketed into 4 different categories based on total sales and customers served

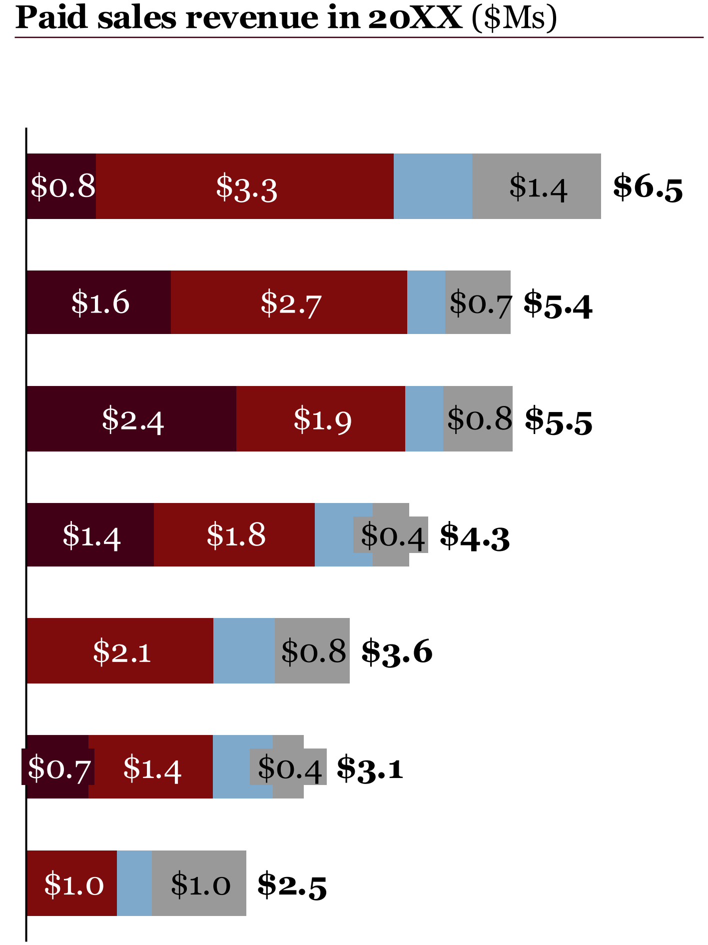
Sales rep books of business according to customers and sales



Analysis sorts sales reps into 4 key archetypes to identify key opportunity areas

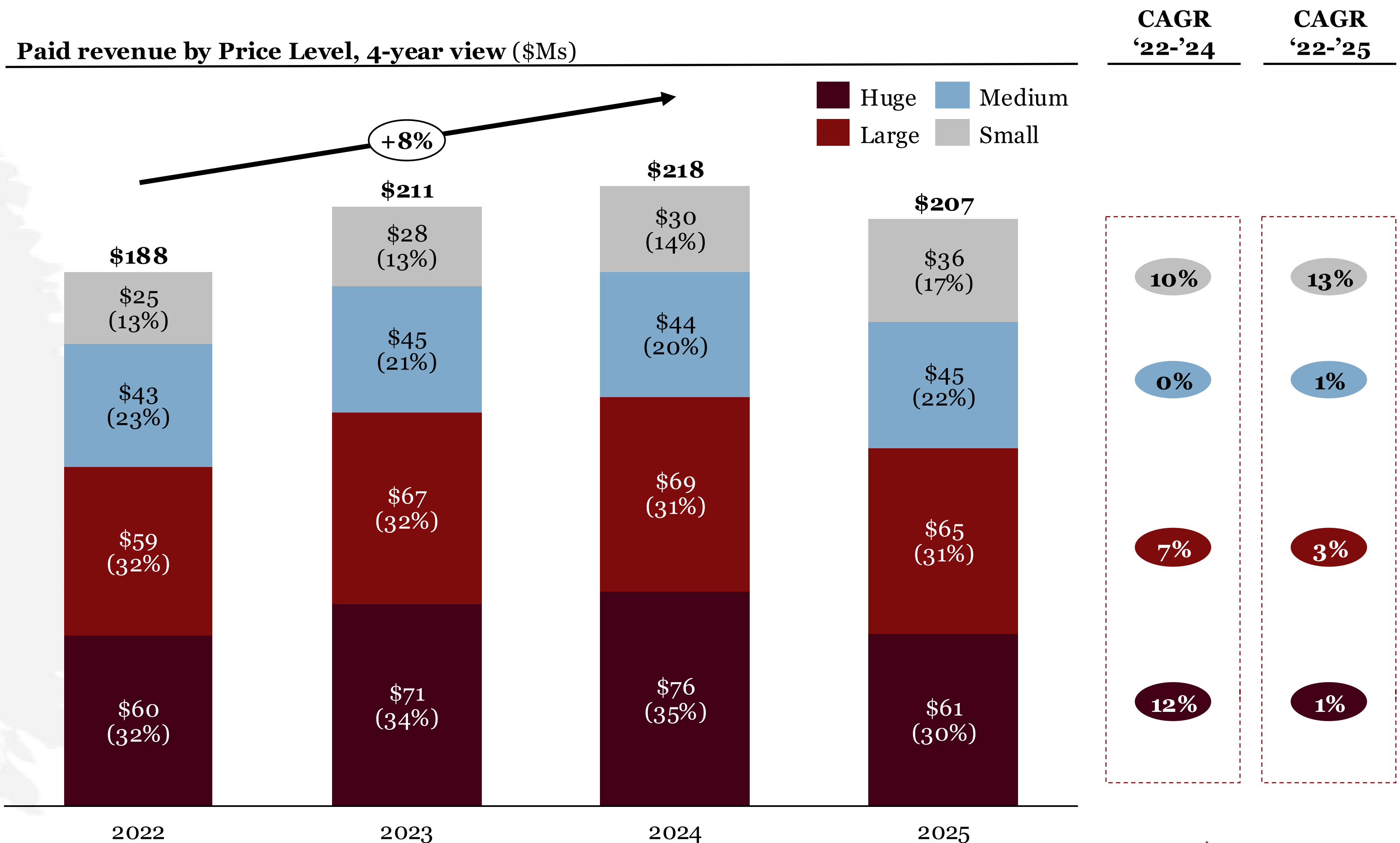
Top performing Sales Reps are further assessed to identify top revenue-generating customer segments





Team puts together overview of current-state performance by existing segments

Paid revenue by Price Level, 4-year view ($Ms)



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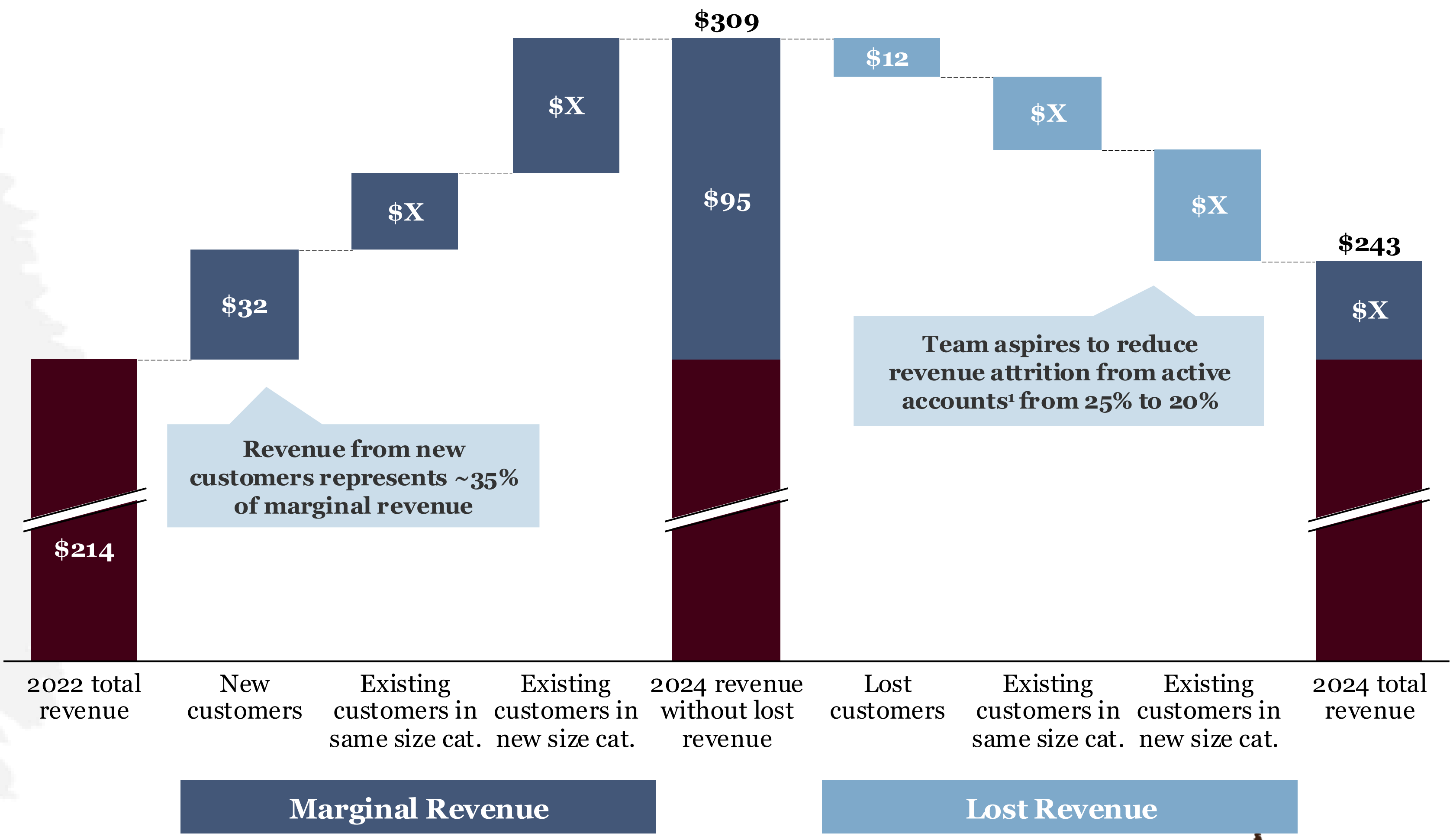
In-depth retention analysis helps lay out lost revenue from existing customers

Change in revenue per category from 2022 to 2024 ($Ms)



Note: 1) Active accounts defined as an account generating revenue in the last 3 years

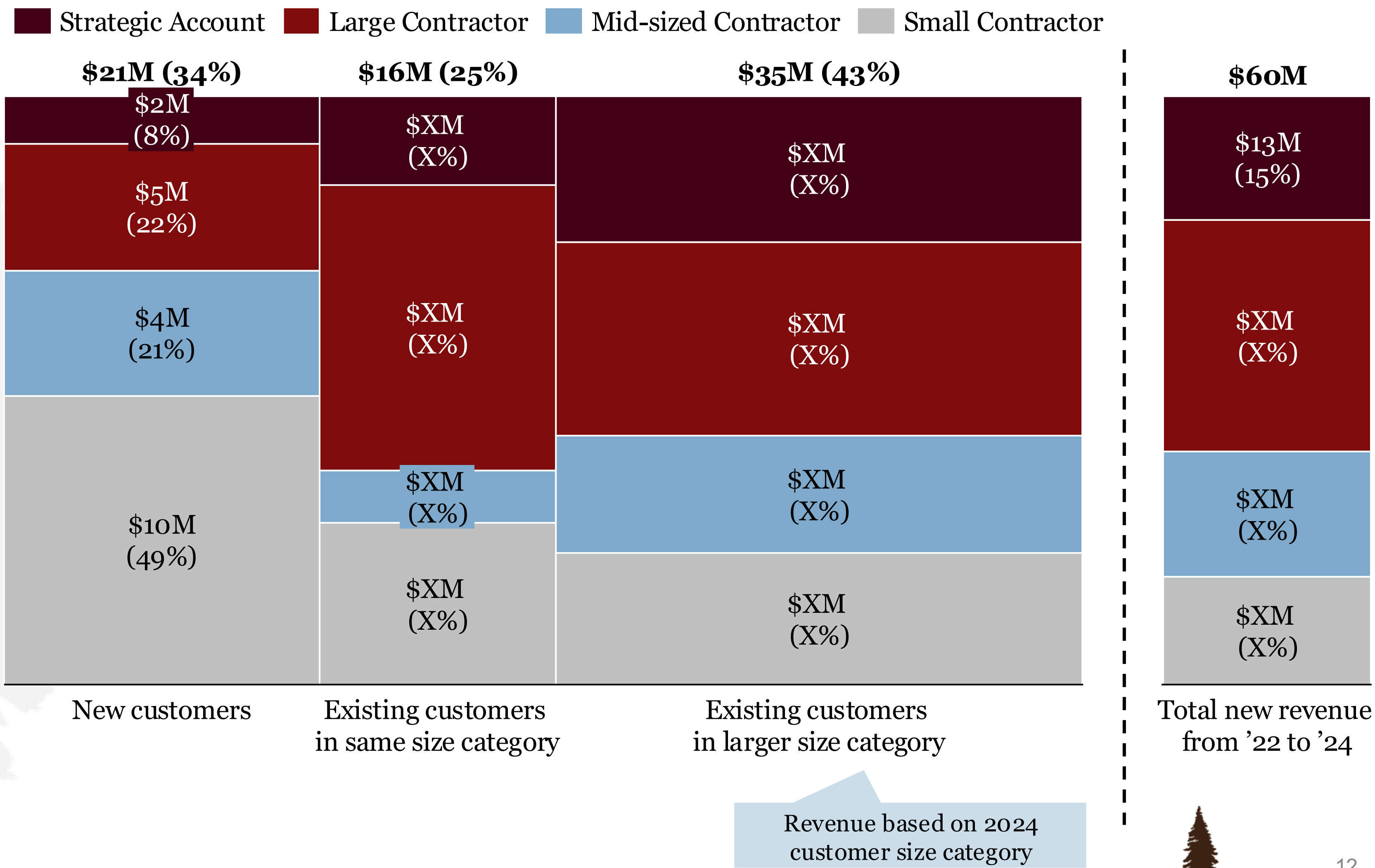
Creating new customer segmentation models enable consistent analysis across key dimensions (e.g., geos, time period)

Size Category	Revenue Range	Overview
Strategic Account	***$500,000+*** *in annual paid revenue*	• Dominant players in local markets OR large multi-state (if not national) business • 20+ 2-5 person crews w/ 3-6+ pot. decision makers (executives & cat. directors) who purchase across 3+ product categories
Large Account	***$100,000-$499,999*** *in annual paid revenue*	• Large players in local markets • 10+ 2-5 person crews w/ 2-4+ decision makers who purchase across 2+ product categories
Mid-sized Account	***$50,000-$99,999*** *in annual paid revenue*	• Relatively established large player in local markets • 2-3+ 2-5 person crews with 1-3+ decision makers who purchase across 1-2+ product categories
Small Account	***$0-$49,999*** *in annual paid revenue*	• Relatively new players in a local market • 1-2+ crews with 1+ decision makers who purchase across 1-2+ product categories

RWA conducts analyses on current customer base using future-state segmentation

New revenue broken down by future-state segments

New revenue per category & updated customer size from 2022 to 2024 ($Ms)



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Team breaks down key growth areas across the proposed segments

Size Category	2022 Revenue	2022 # of customers	2024 Revenue	2024 # of customers	Revenue Change (%)	# of Cust. Change (%)	% of total net rev. growth
Strategic Account	$14.6M	18	$31.6M	41	$14.8M (116%)	20 (125%)	**59%**
Large Account	$80.3M	426	$84.2M	438	$3.3M (5%)	11 (3%)	**17%**
Mid-sized Account	$XM	X	$XM	X	$XM (X%)	X (X%)	**X%**
Small Account	$XM	X	$XM	X	$XM (X%)	X (X%)	**X%**
Total	$XM	X	$XM	X	$XM (X%)	X (X%)	**X%**

Team highlights key insights from analysis and top opportunity areas

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Customer segmentation model is refined and optimized according to key dimensions

Example follows

Dimension	Overview	Segment example
Customer size / value	Customer spend measured in either revenue, gross margin, or net margin	14.4K net margin vs. $1.2K net margin
Product mix	Product categories or lines that the customer purchases (e.g., consumables, heavy equipment)	>70% rev. from consumables vs. <40% rev. from consumables
Channel mix	Channels that the customer uses to make purchases (e.g., retail, outside sales, e-comm)	Mainly outside sales vs. mainly self-serve (e.g., e-comm, retail)
Est. share of wallet	Your current share-of-wallet relative to the customer's total spend in your market	"Retain" customers (50% SOW) vs. "develop" customers (20% SOW)

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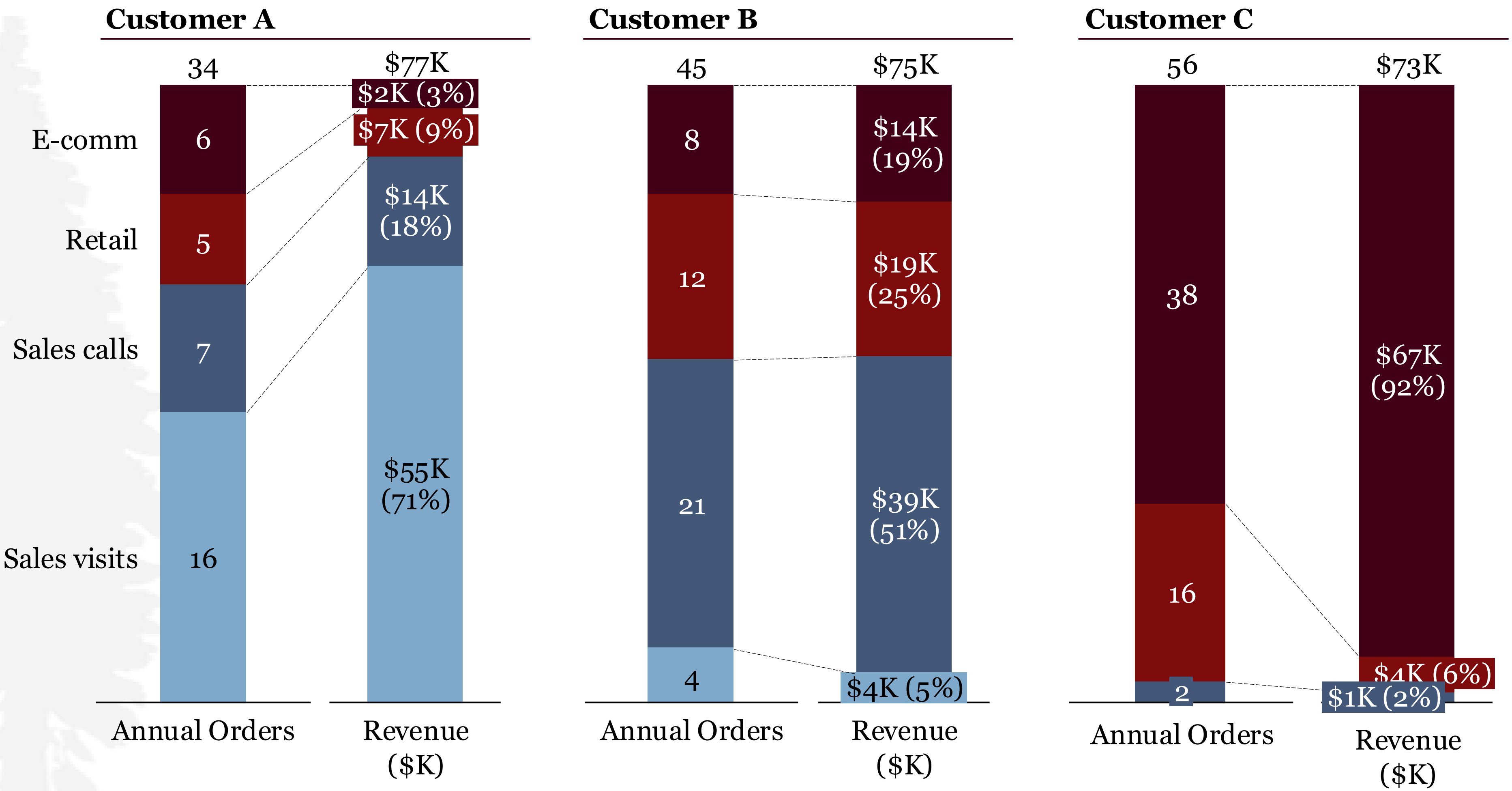
Similarly-sized customers are segmented differently if they prefer different sales channels

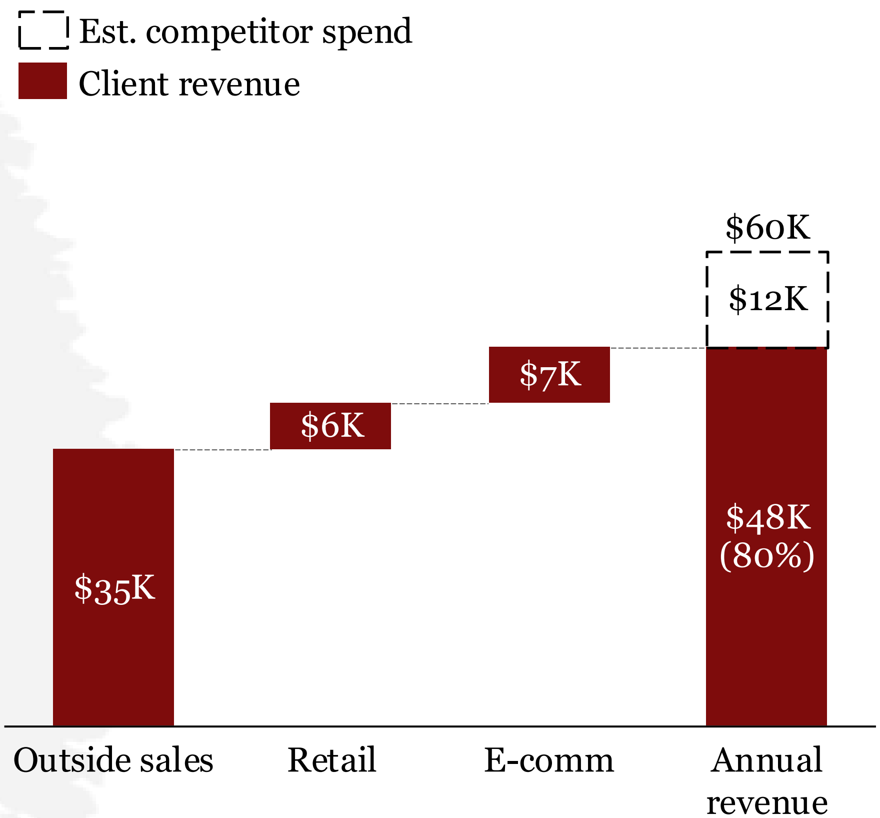


These customers all **spend roughly the same amount but are mapped to different segments** based on their channel mix

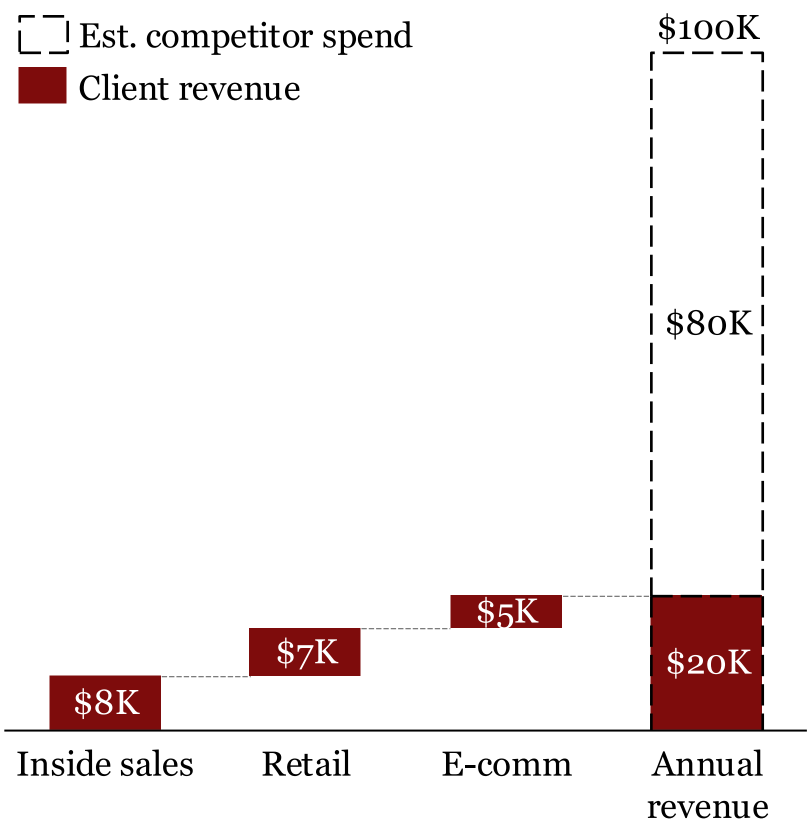
Illustrative example

Best-practice segmentation also considers total potential spend of the customer (i.e., share-of-wallet)

Customer X revenue breakdown



Customer Y revenue breakdown



Customer X currently drives more client revenue, but **Customer Y also warrants an outside sales rep to grow share** given high spend with competitors

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Customer segments are mapped to sales channels (Example based on target revenue thresholds for self-service and outside sales customers)

Sales channel	**Outside sales**	**Inside sales**	**Self-serve**
Overview	Reps conduct in-person visits to assigned target customers within their defined sales territory	Reps engage with their assigned target customers remotely (e.g., via calls) on a regular basis	Customers complete orders via self-service channels (e.g., e-comm, retail) with little to no Sales team engagement
Segment mapped	Customers who spend $XK+ *or* have a potential spend of $XK+	Customers generating $XK-$XK in revenue *or* have a potential spend of $XK-$XK	All other customers
Target book of business	~100-120 accounts making up ~$2M+ sales	~320-350 accounts making up ~$1M+ in sales	*N/A*

Represents target number of customers and sales for a rep in this channel

Team maps individual accounts to a given sales channel based primarily on customer segmentation model

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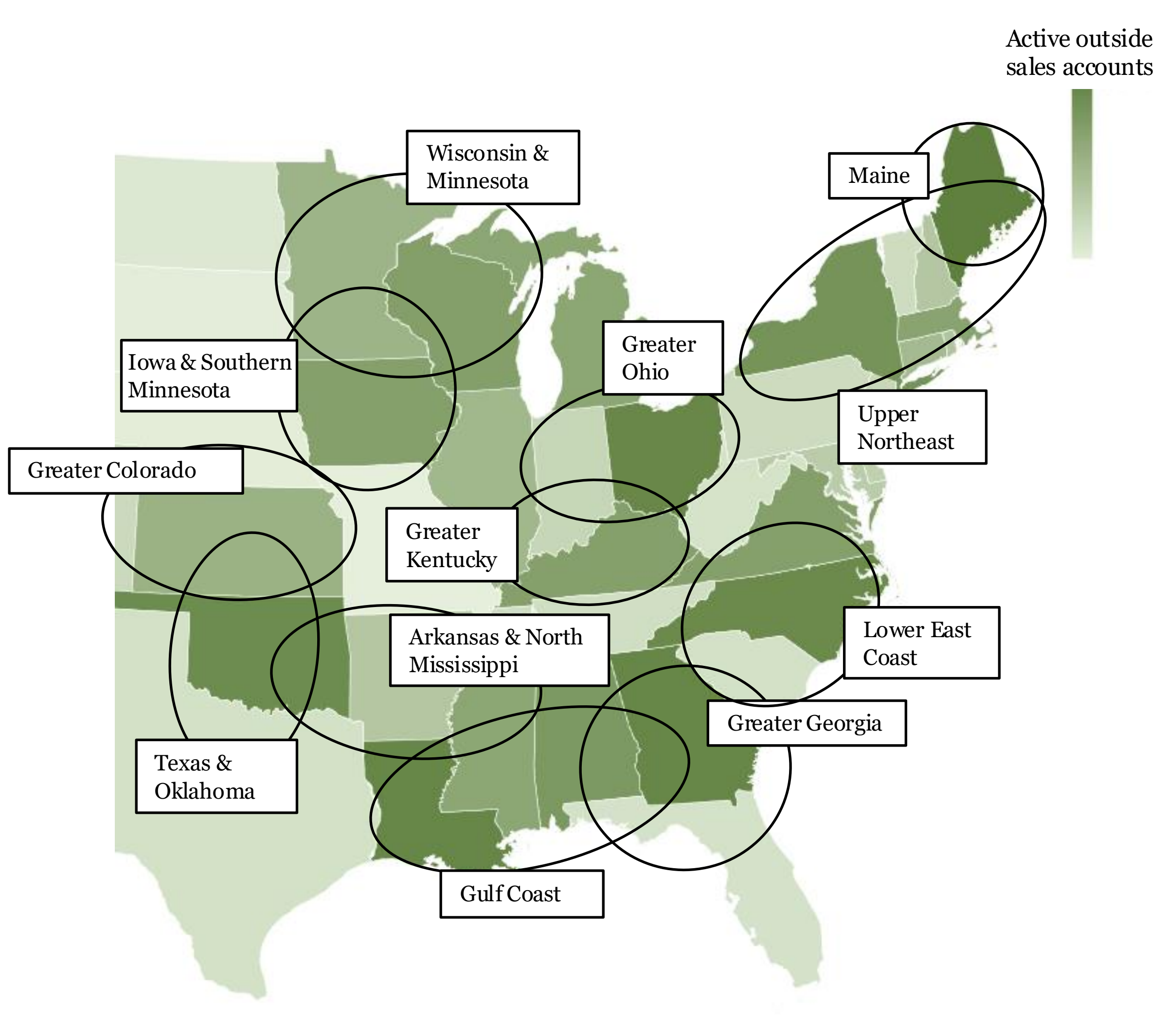
Illustrative example

Team maps out current-state sales territories to identify areas of overlap and key gaps

Territories pre-transformation

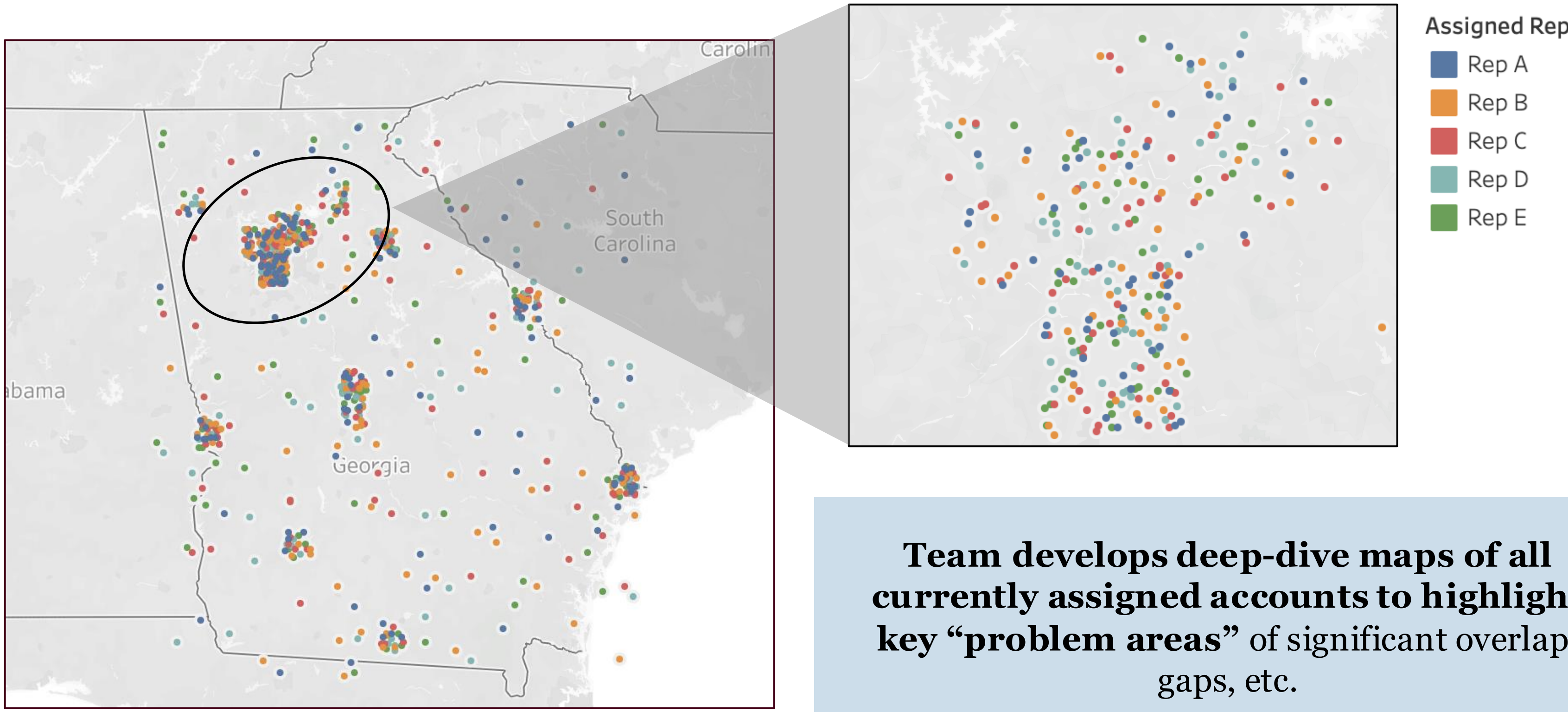
Key pain points:

- Significant territory overlap in multiple geographies
- Apparent opportunity areas not covered (i.e., Northern Alabama)
- Variety in territory sizes
- Some coverage in low-value geographies (i.e., South Carolina)



Many distributors define sales territories based on rep locations and pre-existing relationships

Deep dive example: Analysis shows Atlanta market is currently covered by 5 reps



Team develops deep-dive maps of all currently assigned accounts to highlight key "problem areas" of significant overlap, gaps, etc.

6 different reps cover Atlanta area with no organizing principle illustrating significant overlap in sales territories

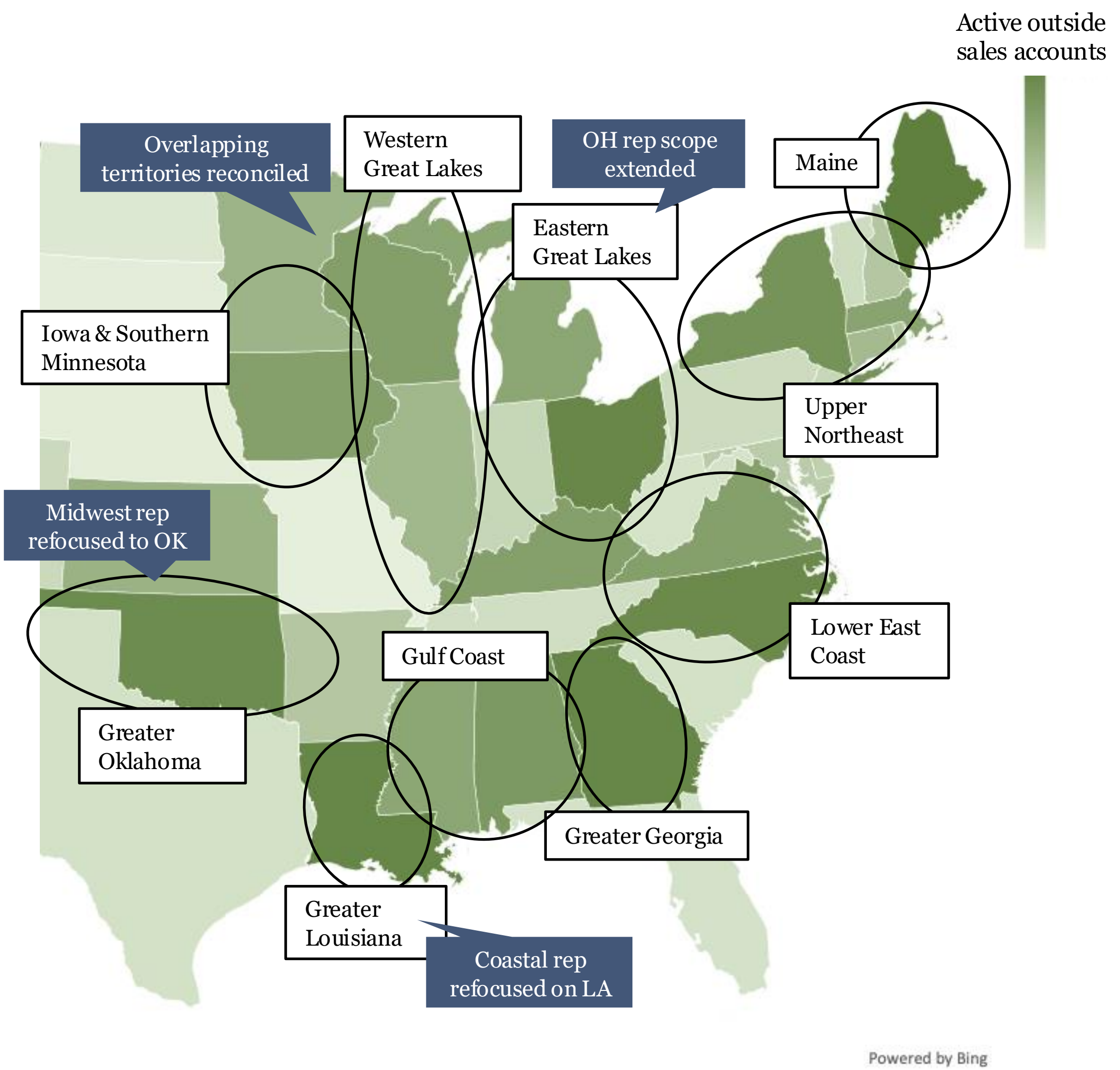
Illustrative example

Optimized sales territories are redesigned based on the locations of outside sales customers and projected sales volume

Territories post-transformation

Key outcomes:

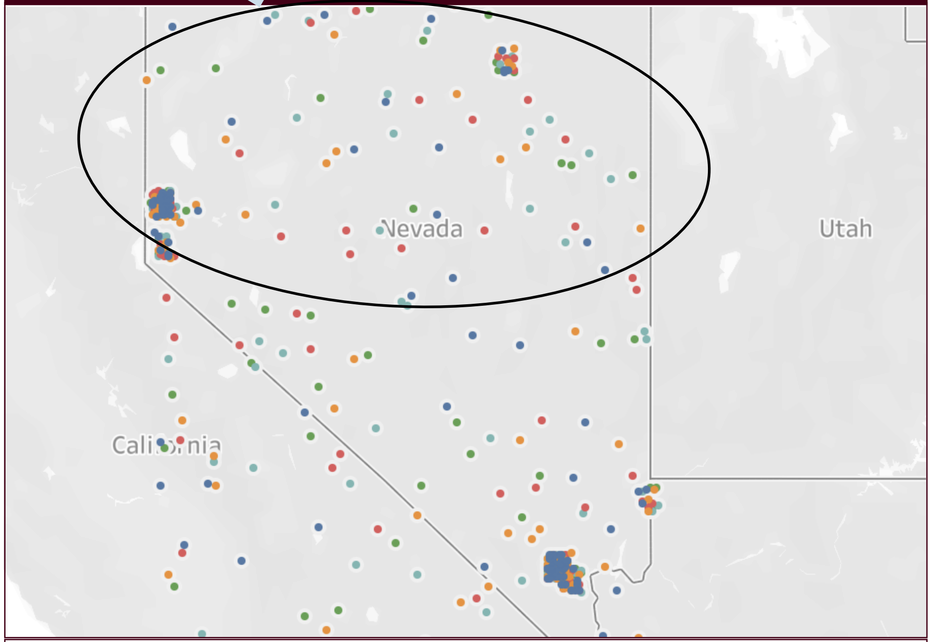
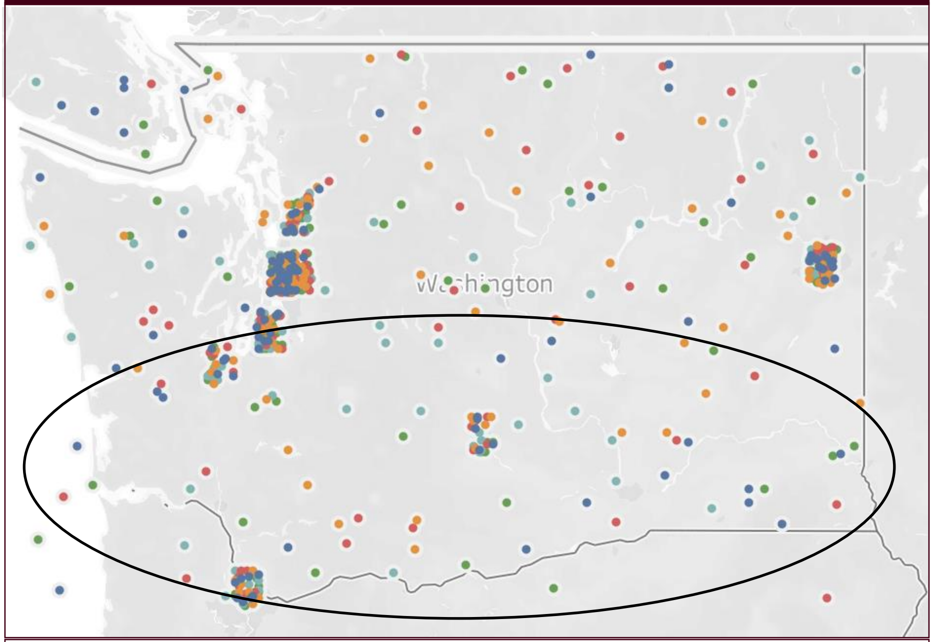
- Territories cleaned and clearly delineated by zip code
- Key "edge case" states with high growth potential identified
- Reduced total OSRs needed to cover core outside sales territories



Illustrative example

"Edge case" territories that are potentially valuable for outside sales coverage are individually analyzed to determine if an outside sales rep is warranted

Each dot represents a current-state customer

Territory A	**Territory B**
	

Territory A — Key values

- **Outside sales customers:** 56
- **Value of top 100 customers** ($s): $1.6M

Territory B — Key values

- **Outside sales customers:** 65
- **Value of top 100 customers** ($s): $2.5M

Territory A is **covered by inside sales** given its insufficient sales to offset the cost of an OSR

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Team assigns accounts to individual sales reps based on key factors

Dimension	Overview	Illustrative example
Geographic region	Assign customers in a given region to reps who are familiar with key needs, expectations, & use cases in the area	Midwest-based OSRs may know specific uses of heavy machinery in the area
Customer base	Customers with a pre-existing relationship with a particular rep should be assigned to that rep	Customers who've bought from Rep A for 3+ years should stick with that rep
Home location	Reps should be located close to their customers to limit travel time and maximize selling time	Reps located in Phoenix should serve the Greater Arizona area
Historic performance	Reps with high performance should be prioritized for larger, high-value territories	OSRs in the top ~10% of sales should be assigned to top territories
Seniority / experience	Assign larger, higher-value customers to more senior ISRs	High-value customers should be assigned to ISRs with 10+ years experience
Product knowledge	Assign customers who mostly buy certain products or services to appropriate ISR product experts	Reps with experience in heavy machinery should work with customers buying those tools

Team assigns outside sales reps to individual territories based on key factors

Assignment principles:

- **Assign each OSR a well-defined geographic territory they can "own" and "grow"** (e.g., better maintain and grow current customers, prospect new customers in defined territory)
- **Focus OSRs on top ~120 customers in their territory**, with remaining customers becoming "Inside" or "Self-serve" customers
- **Key accounts for individual reps may be "grandfathered in"** if they've produced sufficient sales in the past (i.e., $XM+ in annual sales)

Key results:

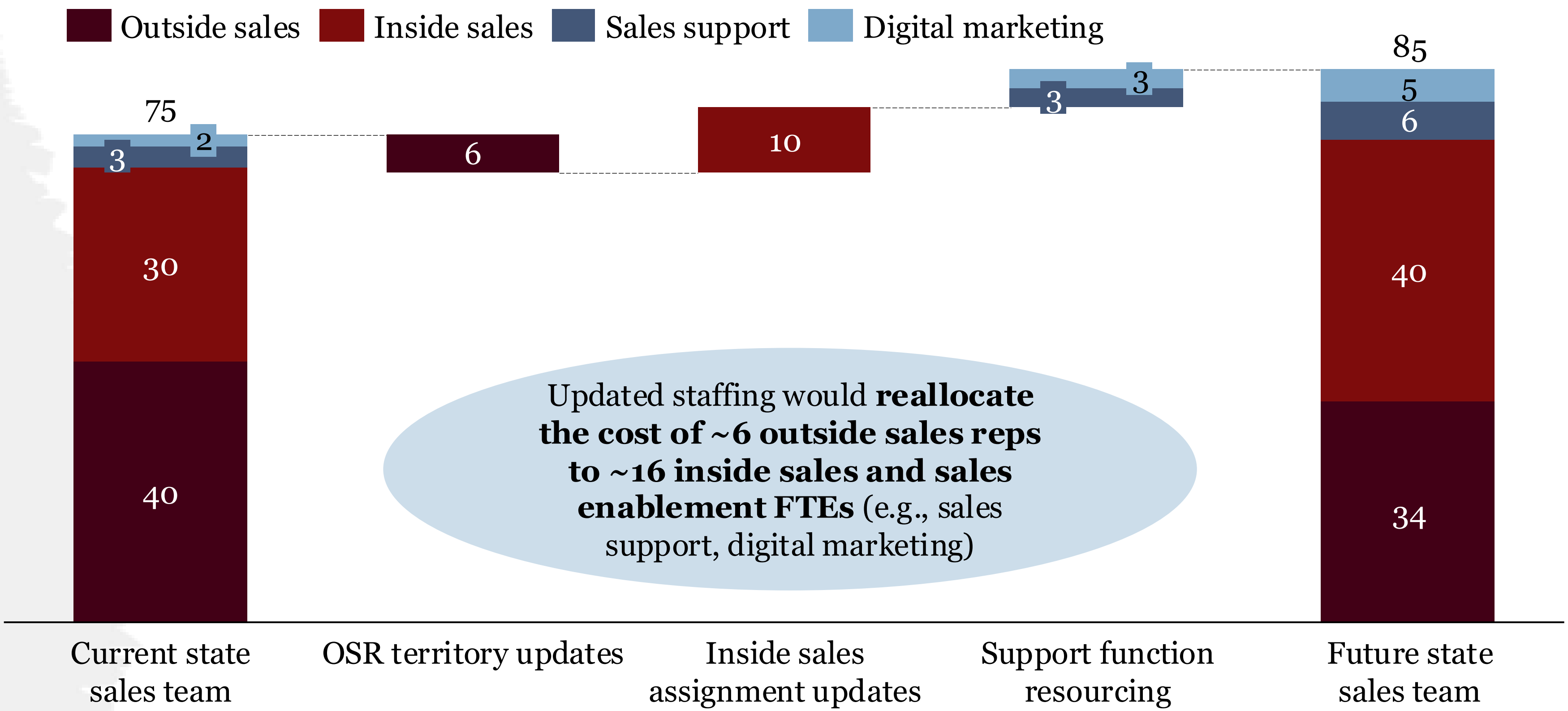
- Defined and refined **23 sales territories** to the 5-digit zip code level **that can be serviced with 34 OSRs** in the target future-state
- **These 34 OSRs would cover ~4.5K customers and $97.1M in sales** (~76% of <Client's> total sales)
- The median OSR would cover XX total accounts with a projected ~$XM in sales based on historic sales

Team held 2-3 deep dives working sessions to refine and finalize territory & account assignments by rep

Illustrative example

Future-state staffing plans are developed based on the account assignments

Est. changes in sales team headcount (*No. of FTEs*)



Key change overview:	6 outside sales reps removed based on rebalanced territories	10 new ISRs added to cover additional inside sales customers	6 new sales support & marketing staff added to support sales reps	

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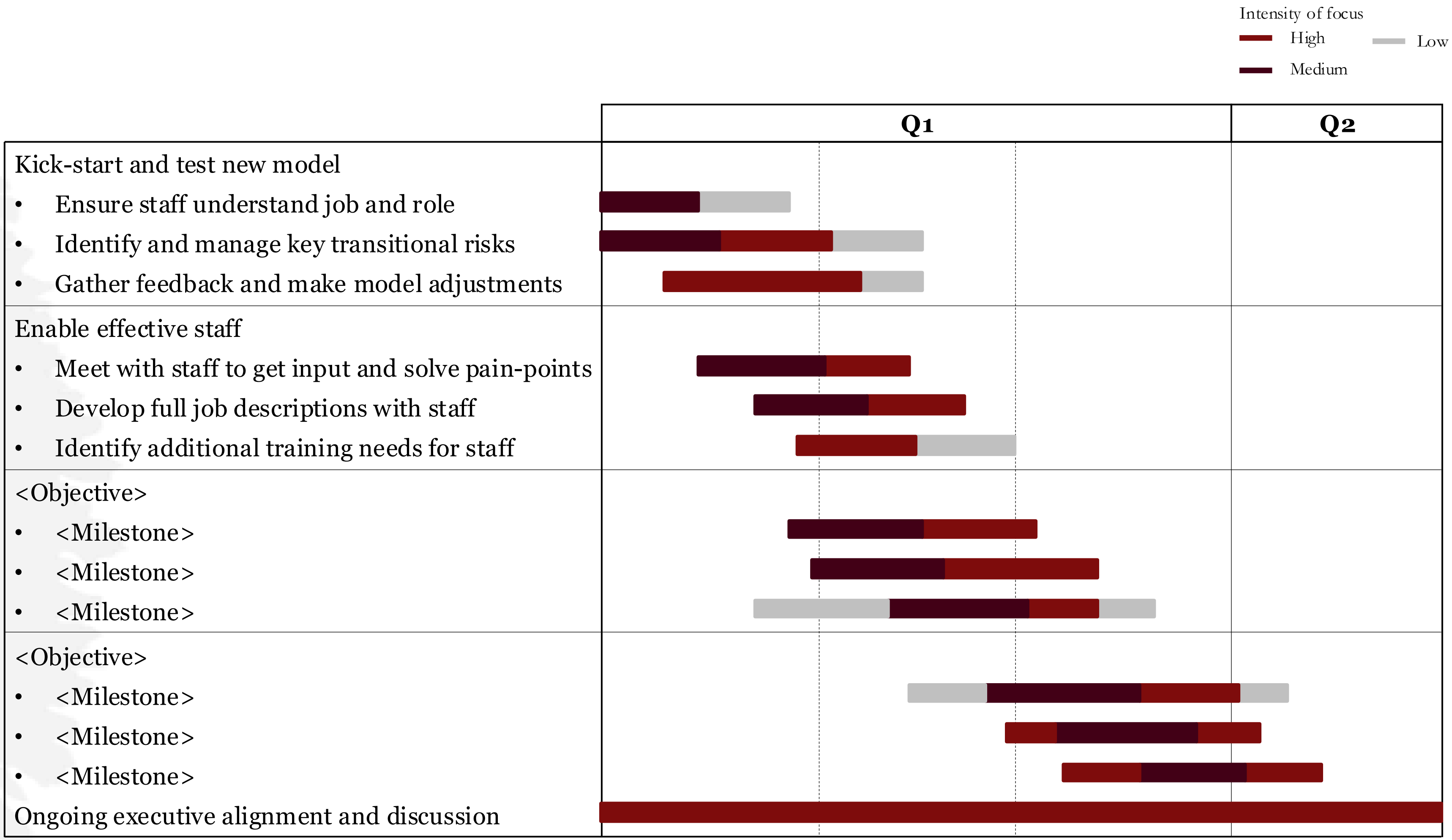
Key milestones to transition to the future state are laid out in a roadmap



A proposed governance model is laid out to help drive progress against the roadmap

Meeting		High-level overview
Monthly Sales Transf. Exec. Meeting	**Overview**	Conduct check-in with sales transformation leadership team to assess performance, address challenges and roadblocks, and align on next steps for upcoming month
	Cadence	▪ Monthly meetings ▪ ~60 mins each
	Materials to prepare	▪ Updated transformation dashboard *(Victoria B. responsible; Emma B. support)* plus other collateral
	Attendees	▪ Victoria B. ▪ Melanie C. ▪ Geri H. ▪ Emma B. ▪ Mel B. ▪ *Potentially other staff as helpful*
	High-level agenda	▪ Review and discuss company dashboard ▪ Report on progress on key goals from last meeting ▪ Review progress on key initiatives ▪ Set goals for next meeting

Potential to **schedule recurring monthly meetings** to sustain momentum

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Questions, follow-ups, or want to connect?
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