Michael Plasmeier

# AvaMac Team Selling

1. It is clear that the different divisions in the AvaMac case aren’t working together. In the ideal world, each division can just add its standard markup and then the different divisions’ proposals are added together. However, the real world has competition, which prevents full markup from being charged. The same could happen to one division by itself. The division must lower its price in order to match a competitor. It realizes that a lower markup is worse than no markup at all because the job went to a competitor. The situation is the same here, except that multiple divisions are involved. They need to realize that, if as the case states, they can’t come to $75 million then there will be no business at all.

I would propose that they first estimate how much each divisions’ work would cost – without any markup. They should then add that up. If it is more than $75 million, then they should let the deal pass. If they have enough business, they should then make sure that the margin compares favorably to the margin on other deals. They should do this for the company as a whole, not each division. They would not want to take the deal and miss out on another higher margin deal. On the other hand, if they have excess capacity, then there is no need to be picky as long as the deal is over cost.

The margin that is available (to reach $75 million) should be distributed proportionally among the divisions, so each is making the same margin percentage on the deal. Even though this margin would be lower than their original goal, the different team members need to realize that their goal margin is not going to happen. The best they can do is this lower margin that was just calculated. They need to accept this.

2. In order to avoid this problem in the future, it might be a good idea to set bonuses on team selling to reflect the work of the entire team and the markup that the whole company achieves.

It would also be a good idea to put someone in charge of responding to the RFP. In some ways it seems like this has happened already since Barb stepped up to the plate, but the position could rotate in the future or a new person could be hired to oversee it. In addition, it is good that they are holding this meeting to all get on the same page. If they all visit the client together, which they should do to each sell their part, they need to old another meeting to work out who is saying what. They should also have a post-meeting afterwards to debrief the meeting.