

# THE HAPPY MEDIUM?

Sometimes described as the “forgotten” sector, the medium-sized business is as tough to define as it is to target.

By Joanna Higgins

**In this article Joanna Higgins explores the ‘M’ element of the SME market and identifies some of the unique growing pains that these companies experience. Joanna draws on insights from a range of opinions from the UK’s foremost business people in the medium-sized sector. It is clear that the shift to more strategic, process-driven sales is not always an easy transition to make. But being willing to review sales techniques and change the behaviour of the sales team provides the best opportunity to drive and sustain business growth.**

For some, the “mid-market” is any employer of 50 to 1,000 people; for investors such as LDC, it might be that group of companies needing between £2m and £100m equity. Officially, the government defines a medium-sized business as one with between 50 and 500 employees or turnover of between £10m and £50m — making them as different from each other as from other sectors.

But one thing everyone appears to agree on is that, in relation to age and stage, medium-sized companies face some of the greatest challenges business can throw out. Not surprisingly, mid-sized companies make up a tiny proportion of all UK employers, according to the BERR - Department for Business, Enterprise and Regulatory Reform, and generate proportionately less

turnover overall than their small or large counterparts.

As a target market, it could be viewed as the least worthwhile. Yet there are organisations that make mid-markets their speciality — investment and software, in particular. Perhaps it’s the Goldilocks story: medium-sized enterprises are “just right” in terms of their business development — they’ve established a management team, but are nimble enough to tweak the business for sale or IPO.

But the mid-sized sector does come with its own distinct set of challenges, many relating to the shift to more strategic sales. Once a company hits 40 or 50 people, it goes from “seat-of-the-pants, everyone selling and living

hand-to-mouth to something more sensible and grown up. It becomes more about process," says Beerat Entrepreneur author and FT columnist, Mike Southon. Mid-sized companies will look to formalise management roles and will start to see technology as an investment, rather than a cost. "Medium-sized organisations are more process-driven and they have to look at their accounts differently than when they were smaller. They will be looking more carefully at return on expenditure," says Karen Ancell, a director at Symantec software.

The change to the company culture can be huge, and diversification of products and markets throws up some skills issues, according to David Ewing, the COO of Scotland-based contact centre business TSC. A medium-sized business on the up, TSC was recently acquired by India's Hero Group, but continues to report separately. "Where we were once seen as a somewhat parochial organisation, we are now a global player," says Ewing. "We have to change our behaviours and review how we market and sell in order to work more globally." That may mean training sales people to "ensure they can talk at the right level and respond appropriately in terms of price and the model we want to present," adds Ewing.

Dr Kevin Wilson of the Isle of Man business school, alumnus of The Sale Research Forum calls this the "transition to professionalisation". As a company shifts to a more structured, process-driven, approach, it may alienate what Mike Southon calls the "star" sales

person—the maverick who may not take to being managed and asked to share knowledge or accounts. Some will enjoy the structured, creative approach to account management; others will struggle. (Southon's advice? "Let them go gracefully or work on changing their style.")

Competition also becomes a bigger issue for mid-sized companies. At this stage, the business may be at its most vulnerable, as larger rivals eye up their customers and capitalize on the fact that service has become less personalised and may be dipping a bit.

Allied to this is the need to identify and add value as a matter of course. The bonus is that, as markets turn volatile in response to the US credit crunch, companies that have a basis in value creation will be better placed to withstand a downturn.

The innovation and value, 'creation approach', again challenges the traditional perception of the sales person.

Says Wilson: "Willie Loman, if he ever existed, was a long time ago.

The sort of approach needed today doesn't necessarily fit with the traditional perception of sales people." In a medium-sized organisation, sales people become more like 'facilitators', adopting a more collaborative and team-based approach to add value.

Dawn Gibbins, the award-winning chairman of mid-sized floor manufacturer Flowcrete, asks all of her employees and partners to see themselves as brand ambassadors. She also recommends mixing up different disciplines so that people can think "all around" a customer's needs. Dr Wilson cites the example of delivery business DHL, which identified a big time-saver for its existing automotive industry customers by offering to assemble components for steering wheels in transit.

Says Wilson: "Organisations that have embedded value creation, that go above and beyond in the customers' minds, are those that move beyond procurement."

In today's economic climate, that's something companies of all sizes would do well to remember.

**Anything providers can do to help them assemble these solutions opens up new business opportunities.**



## **JOANNA HIGGINS** WRITER & JOURNALIST

Joanna Higgins has just become a freelance writer and editor, specialising in business. She was, until January 2008, the group editor of Director Publications, the Institute of Directors' publishing arm, launching its quarterly leisure title, *After Hours* and editing the flagship, *Director*, a monthly magazine for board-level business people that celebrated its 60th birthday last October.