

# International Paper: Winning Business by Understanding Business

## Taking the “Mystery” out of Finance for Sales Professionals



### 2007 Winner Best Sales Training Program



Congratulations to International Paper on its recent Stevie® Award from *Selling Power magazine* which recognized the company (among nearly 400 entrants) for having the Best Sales Training Program of 2007.

International Paper knew that ensuring fluency in its Customer Value Management training – including comprehension of how IP and its customers make money – would require higher levels of business acumen and financial literacy among all sales and customer support teams. So in addition to its own CVM program, the company implemented business acumen training, utilizing **Zodiak®: The Game of Business Finance and Strategy** as a cornerstone of its sales program to train nearly 300 people in sales and support.

### Executive Summary

Customer Value Management (CVM) is one of the catalysts propelling International Paper to prominence among the most successful industrial companies in the world. As the company employs its CVM process to take customer engagement to the next level, the sales organization has shifted its focus from transaction-based sales to a consultative approach with customers. In this kind of consultative relationship, it is critical for sales personnel to have a high level of business acumen — an understanding of how their clients make money and the ability to use this understanding to position International Paper’s products and services. By educating sales personnel with tools such as **Zodiak®: The Game of Business Finance and Strategy**, International Paper is bringing value to its customers — and adding profits to its bottom line.

### The Need to Transform

“Like so many other industries, the paper industry finds itself squarely in the middle of a marketplace undergoing radical transformation. One of the most significant changes concerns the long-range viability of paper as an affordable, efficient communication medium amid an expanding array of options that includes the Internet, television and radio,” comments Steve Sullivan, customer value manager of sales efficiency for International Paper.

As one of the world’s leading paper producers since 1898, International Paper was quick to recognize how new media and other competitive marketplace pressures would affect its short- and long-term success. When paper was the dominant medium, selling it involved a commodity-based relationship; customers would check prices and place orders, and International Paper would fulfill those orders. But as customers have increasingly integrated other forms of media into their communications strategies, that way of conducting business is becoming obsolete. International Paper needs sales personnel who can add value to the customer interaction in ways that best position the company’s products and services. For example, a sales representative might need to advise a customer about the impact of various paper grades on its brand image and how that translates into an impact on revenue.

A major change in thinking was required for the sales organization to shift to this consultative strategy. It became very important for all sales representatives to understand their clients’ business and financial issues.

“Business acumen is such an important part of our selling approach,” says Sullivan. “If we don’t understand how our customers make money and their financial situations, how can we provide tailored solutions? We need to understand their business strategies and how they go to market.”

### Signs of Success

International Paper saw four primary indicators that its training initiatives had worked:

- The Customer Value Management (CVM) selling process provided solutions to help customers sell more products and improve their margins.
- Salespeople targeted the right customers and used CVM principles, thus selling more products, enhancing the customer/IP experience, while reducing the cost to serve.
- Salespeople gained a broader and deeper knowledge of the customer base; this resulted in more positive responses from customers than they'd had in past years.
- Thanks to more structure and better guidelines, salespeople became more consultative in their selling approach.



### Understanding How the Business Works

“International Paper’s consultative sales approach requires sales representatives to look at and change many things. They listen to and identify a customer’s needs, discover and validate those needs, create solutions, deliver those solutions and manage the customer’s expectations,” says Sullivan.

It is especially important for them to be able to:

- Comprehend the “big picture” of business success as it relates to the customer’s organization and their own.
- Understand and use critical financial terms and concepts such as assets, liabilities, capital investment, equity, depreciation, etc.
- Compute and analyze key financial measures and ratios (ROA, ROS, ROE and GPM).
- Realize how strategic issues such as controlling capital expenditures, buying new equipment, reducing expenses and improving accounts receivable can impact the bottom line.
- Know the basic calculations of the cost of capital, to support customer trade-off discussions.

“We thought the best way to make that happen was for our people to understand how our company makes money,” Sullivan says. “Inventory, cash flow, raw materials, forecasting and buying cycles.”

Thanks to a long-standing relationship with Paradigm Learning, International Paper decided to implement a version of the company’s award-winning business simulation, Zodiak®: The Game of Business Finance and Strategy, designed specifically for sales professionals.

This powerful one-day simulation gave players the confidence to position International Paper’s products and services within a customer’s financial and strategic framework. IP sales professionals and sales support teams learned to speak the language of business while gaining a better understanding of their own organization’s issues regarding price, product mix, buying cycles and more.



More than 1 million people worldwide have participated in Zodiak, a daylong program that immerses participants in the world of business and allows them to think like CEOs as they sign for bank loans, attract investors and deliver products to customers over a simulated three-year period. They handle problems, make decisions, analyze income statements and balance sheets, and are shown the impacts of their choices. Along the way, they learn to speak the language of business.

International Paper worked with Paradigm Learning to customize Zodiak’s “Connections” exercises based on International Paper’s specific strategies, and implemented those exercises as part of a larger training curriculum for Customer Value Management.

Connections exercises created a bridge from the classroom simulation to the organization and its customers and sales challenges. Issues addressed in these exercises included:

- The impact of sales forecasting and price discounting on the company’s financial measures
- Creating customer business and financial profiles in order to better position products and services
- Using business knowledge to interact with higher-level buyers

Sullivan’s title, customer value manager of sales efficiency, highlights the type of approach the company is moving its salespeople toward — one

### About International Paper

International Paper, founded in 1898, is a global uncoated paper and packaging company with primary markets and manufacturing operations in North America, Europe, Russia, Latin America, Asia and North Africa. Its uncoated papers and packaging businesses are complemented by xpedx, North America's largest distributor of printing papers and graphics supplies and equipment. The company has a long-standing policy of using no wood from endangered forests. To learn more about International Paper, its products and commitment to economic, social and environmental sustainability, visit [www.internationalpaper.com](http://www.internationalpaper.com).

that is more supportive and consultative rather than the traditional transactional, price-driven approach.

International Paper has achieved exceptional sales results by using Zodiak as part of its CVM educational process for all sales, support and customer-service employees. What started out as a program for 68 salespeople quickly grew into a learning experience for more than 200 members of the sales team from many areas of the company.

International Paper, which benchmarks its success against 11 other companies in the industry, ranked ninth in return on investment (ROI) among those companies in 2003; it ranked sixth in 2004, fourth in 2005 and second in 2006.

### A Confident Sales Force

Sullivan says he knew the program was a success when he began hearing sales representatives talk about "summing up value and uncovering needs." As mentioned earlier, International Paper was recently awarded a 2007 Stevie® Award by *Selling Power* magazine for having the best sales training program of all 400 nominated companies. "The education of our sales professionals on the basics of financial literacy and business acumen was a big part of our winning that award," adds Sullivan.

"I can also say with confidence that as a result of this new sales approach, we've secured new business and we've renewed contracts," he says. "Zodiak helped facilitate awareness of the role we play for the customer. At the end of the day,

### Is Zodiak® Right for Your Company?

Companies with major sales organizations might consider using Zodiak in the following ways:

- As a complement to an existing sales training curriculum
- To energize and educate sales personnel at an event or meeting
- To help introduce new products and services
- To build enhanced collaboration between sales and sales support personnel

Key audiences include:

- Sales professionals in any industry
- Sales managers, for enhancement of their own business acumen and coaching skills
- Sales support personnel, including those in marketing, advertising or customer service

we could quantify the value from a customer's perspective and from our perspective. It gave our sales organization more confidence to go in and talk to customers about what's on their minds and how we can help them succeed. Zodiak took the fear out of finance."

### About Paradigm Learning

Paradigm Learning ([www.ParadigmLearning.com](http://www.ParadigmLearning.com)) is a privately held company based in Tampa, Fla. Since 1994 it has worked with more than half the companies on the Fortune 500 list, creating award-winning business games, business simulations and Discovery Maps® to address each company's specific business needs. Its flagship business acumen training program, **Zodiak®: The Game of Business Finance and Strategy**, has been played by more than 1 million people worldwide. Other products address such issues as talent management, employee alignment, leadership accountability, team building, project management and organizational change.

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