

A man in a dark suit stands in the center of a complex, white, geometric labyrinth. The labyrinth is composed of various rectangular blocks and pathways, creating a sense of depth and complexity. The lighting is soft, casting gentle shadows that emphasize the three-dimensional nature of the structure. The overall color palette is a mix of light blues, greys, and off-whites, giving it a clean, modern feel.

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NAVIGATING THE LABYRINTH TOWARD A REGIONAL SALES & MARKETING ORGANIZATION



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A COMPASS FOR SUCCESSFUL CENTRALIZATION.

1 INTRODUCTION

The automotive industry is in the midst of immense transformation, affecting all departments and established industry mechanisms. As part of that, sales and marketing functions are undergoing a huge shift toward a direct retail sales model. In parallel, an increasingly digitalized customer journey is reshaping sales and marketing processes.


These substantial changes, added to increasing market disruption from new competitors, are placing tremendous cost pressure on sales and marketing operations. Car-makers must determine how they can simultaneously deliver a better customer experience while also becoming more efficient.

One option is the wholesale transformation of the sales and marketing organization by consolidating or centralizing national sales operations on a regional basis.

Historic emphasis on physical sales across a highly distributed network of independent dealers meant local specialists used to be necessary to oversee sales and marketing activities. While this traditional model had several advantages, including strong local market knowledge, increasing digitalization and data availability combined with the shift to direct sales models means many activities can now be centralized by region without a loss of quality or speed in delivery.

In fact, best practice suggests the potential for 30-40% efficiency gains depending on the scope and degree of standardization across multiple countries.

These changing and competitive dynamics offer potential that no automotive OEM can afford to ignore. Indeed, now is the perfect time to review the purpose and organizational structure of national sales organizations, in line with a more regionally-centralized approach – albeit one that can accommodate individual market specifics and preferences.



This paper explores the potential for optimized regional centralization of national, customer-facing sales and marketing functions. This approach can be applied to all regions, whether Europe, the Americas, Asia, Africa or sub-regions such as DACH (Germany, Austria, and Switzerland), APAC (Asia-Pacific) or the Arabic states.

The overarching goal for all carmakers is to provide an excellent and differentiated customer experience in this evolving and increasingly competitive market landscape. Achieving this efficiently and maintaining a rapid response to changing customer priorities requires consistency, standardization, and accelerated decision-making, balanced with sensitive adaptation to market-specific preferences and priorities.

THERE ARE FIVE MAIN REASONS TO REGIONALLY CENTRALIZE SALES AND MARKETING FUNCTIONS:

1. Improving the cost structure and unlocking efficiencies.

A pan-regional approach yields greater economies of scale in media buying. Other opportunities include co-creation and re-use of assets; and economies of scale in areas such as software licensing, hardware procurement, and IT support. Sourcing assets and services in a more centralized way also paves the way for greater leverage in negotiations, as well as the opportunity to build stronger supplier relationships.

2. Bundling competencies.

As organizations implement more digital platforms and tools, capabilities such as process automation and efficient data management become crucial. Regional centralization of sales and marketing processes has an important role to play here, bringing together experts to build a truly customer-centric and cohesive digital sales and marketing operation

3. Ensuring consistency.

Defining sales and marketing at a regional level helps ensure harmonization across channels and countries, as well as stronger governance and consistency in implementing the agreed central blueprint.

4. Accelerating time to market.

Increased standardization and centralization of processes and IT can help expedite time to market by minimizing the need for local adaptations.

5. Winning the war on talent.

At a time when it is becoming increasingly difficult to attract and retain the best skills, centralization can help optimize access to talent. Concentrating local key assets in a regional organization offers the opportunity to pay more for superior expertise and experience, supporting specialization as well as more efficient resource allocation.

TARGET OPERATING MODEL

For each OEM, the specific premises and boundary conditions for restructuring of the sales and marketing organization will be different. However, we believe the question is not so much whether to centralize national sales and marketing organizations by region, but rather how - and to what degree.

With so many variables at play there is no one-size-fits-all solution, as OEMS adjust to the new market dynamics. However, there are emerging best practices to learn from. Centralization projects can present a range of challenges. Identifying and being aware of these upfront can help senior decision-makers determine the best path through the labyrinth of potential restructure options.

Perhaps most obviously, significant changes to the way functions are organized and operated in a centralized environment can lead to employee resistance. And countries or business units may have different working practices, processes, or cultures, for instance. Decision-makers must also bear in mind the need to retain market knowledge and expertise where possible, so that the organization's ability to recognize and respond to individual markets' dynamics and customer needs is not challenged unduly.

The key to designing an effective target operating model for a centralized regional sales and marketing department is identifying the optimal composition of approaches across the layers of the operating model that apply in every organization. These are Strategy & Objective; Organization & Processes; People & Resources; Governance, and Technology & Data.

Below, we consider the potential crossroads' decision-makers are likely to face across these five dimensions, and compare the potential of the different pathways to optimize the new wholesale sales and marketing structure.

FINDING THE SHORTEST PATH THROUGH THE MAZE OF RESTRUCTURING OPTIONS

1

Strategy & Objective

2

Organization & Processes

3

People & Resources

4

Governance

5

Technology



STRATEGY & OBJECTIVE

Without an overarching strategy for the new regional organization - including a clear goal or objective - OEMs will be in no position to move forward with purpose; so there needs to be a strong sense of why the organization exists and what drives it.

The strategy for the new sales and marketing setup should set out its purpose, ambition, mission, and design principles. Externally, this will provide positioning and a differentiator in the market - as seen by customers and competitors through clean and consistent sales and marketing activities. Internally, a clear strategy provides orientation and the motivation to work toward an agreed and recognized "North Star". It is the strategy that will decide whether the organization will stay on the road to success, or fail.

A multitude of internal and external factors such as market dynamics, existing structures, the strategic maturity level, as well as cultural components, will influence the development of an organization's strategy. Modern automotive marketing and sales strategies need to factor in and respond to these evolving parameters, and the organization's purpose needs to be successfully communicated internally as well as externally. Regular alignment of that elaborated strategy, derived from the organization's purpose, with these changing environmental factors will be important too.

To embed this reality in the set-up of each organization's "North Star," decision-makers have two main paths they can choose from, as set out in the following table.



STRATEGY & OBJECTIVE DECISION CROSSROAD:

HOW TO DEVELOP THE STRATEGY?

PATH 1: **TOP-DOWN STRATEGY DEVELOPMENT.**

This approach sees the overall strategic direction defined at the highest level of an organization and then cascaded down to lower levels for implementation. A small team within the senior management sets the North Star and defines the purpose and vision of the new regional organization.

+ ADVANTAGES

- Clarity of (leadership) vision and goals.
- Minimized duplication of effort.
- Efficient / prioritized resource allocation and decision-making.
- Fewer conflicting goals or strategies within different parts of the organization.
- Strategic and sustainable long-term focus.

- DISADVANTAGES

- Potential lack of ownership and buy-in due to low operational team involvement.
- Slow response to changes as disconnection of employees with the company's mission.
- Lack of contextual understanding.
- Risk of resistance to change at team level due to lower involvement.
- Changing environmental factors will be important too.

PATH 2: **CO-CREATED STRATEGY DEVELOPMENT.**

This approach sees strategy developed collaboratively through the involvement of multiple stakeholders including internal and external impulses. The North Star will be designed collaboratively by a broad mix of stakeholders from across the organization within certain boundaries set by the senior management.

+ ADVANTAGES

- Diverse perspectives and expertise from different teams.
- Strengthened team ownership and commitment.
- Enhanced creativity and innovation.
- Stakeholder satisfaction and trust.
- Hidden ideas / customer needs are included.

- DISADVANTAGES

- Time-consuming process as (too) many ideas are considered.
- Complexity and coordination challenges across all stakeholders involved.
- Difficulty to dial in the right level of structure and guidance to give people.
- Potential conflicts of interests and power dynamics.
- Too little "lived" leadership from above.

There are situations where a business purpose developed by leadership alone achieves sufficient momentum to mobilize an organization-wide transformation. That could be in a time of crisis; when the leadership team is particularly revered and respected; or when there is no time for co-creation and diverse stakeholder alignments, for instance. However, experience confirms that transformation has more drive and purpose when the strategy has been devised collaboratively by a broad mix of stakeholders from across the organization.

For instance, the goal of building and also selling battery electric vehicle (BEV) via direct sales requires a new customer journey that resonates with audiences and drives sales conversions (such as those based on a scalable platform and services). Building up the required capabilities for this transformation will be achieved much more readily with the engagement of multiple departments, all working toward a shared vision and purpose.

However, achieving this degree of collaboration requires crucial decisions at an organizational level, which is the next layer of change to consider.

ORGANIZATION & PROCESSES

ORGANIZATIONAL DESIGN

To optimize the organizational design of an OEM's customer-facing sales and marketing function, there are three potential paths to structure the organization, and the optimal solution will vary by company.

Overall, the principle of control is critical: there needs to be an awareness of how the organization is able to control and influence its value stream in a targeted manner, down to the market level.

All in all, the new centralized regional marketing department must be designed to deliver efficiencies, while maintaining equivalent levels of performance in the markets it represents. This could create a dilemma unless the organization is properly designed. To live up to a strategic vision of delivering a seamless digital customer journey, existing market expertise should ideally be harnessed within expert "domains" along the customer journey - from awareness, via consideration and purchase, to loyalty.

In the context of a regional sales and marketing organization, the table showcases these paths illustrating key design options that may be used in combination.

ORGANIZATIONAL DESIGN DECISION CROSSROAD: HOW TO DESIGN THE MARKETING ORGANIZATION?

PATH 1: ALONG THE CUSTOMER JOURNEY PHASES.

This is about structuring the organization from a process perspective, along the phases a customer experiences (awareness, consideration, purchase, and loyalty). Each journey phase requires a specific set of capabilities, technologies and partnerships. The customer is served with specific content along different channels, from various expert domains.

+ ADVANTAGES

- Targeting specific customer needs in specific phases with the right message/channel/tone.
- Bundling of expertise in dedicated teams increases customer experience quality.

- DISADVANTAGES

- Strong views on specific parts of a process, creating the risk of a siloed approach.
- Incomplete end-to-end view if cross-functional view is under-represented.

PATH 2: ALONG GEOGRAPHIC SUB-REGIONS.

This approach combines different markets into market clusters or sub-regions that reflect regional similarities. Here, requirements from an individual market can be balanced with a bundling approach. In this way, market regulations and other specifics can be effectively catered for.

+ ADVANTAGES

- Balancing local customer perspective with scale effects.
- Cultural differences in customer behavior can be catered to.
- Lack of language and cultural barriers.

- DISADVANTAGES

- Higher steering effort across markets within a region.
- Regional independence clash with centralization goals.
- Mindset geared to the individuality of markets.

PATH 3: ALONG VALUE STREAMS, END TO END.

Here the organization is structured by specific value streams or use cases end to end (for example a holistic campaign for a sales push, or a global Start of Communication (SOC)). Each department has holistic end to end responsibility for the specific value stream, requiring and triggering activities from all domains.

+ ADVANTAGES

- End-to-end customer perspective, no silo approach.
- Focusing on output, more generalist than expert oriented.

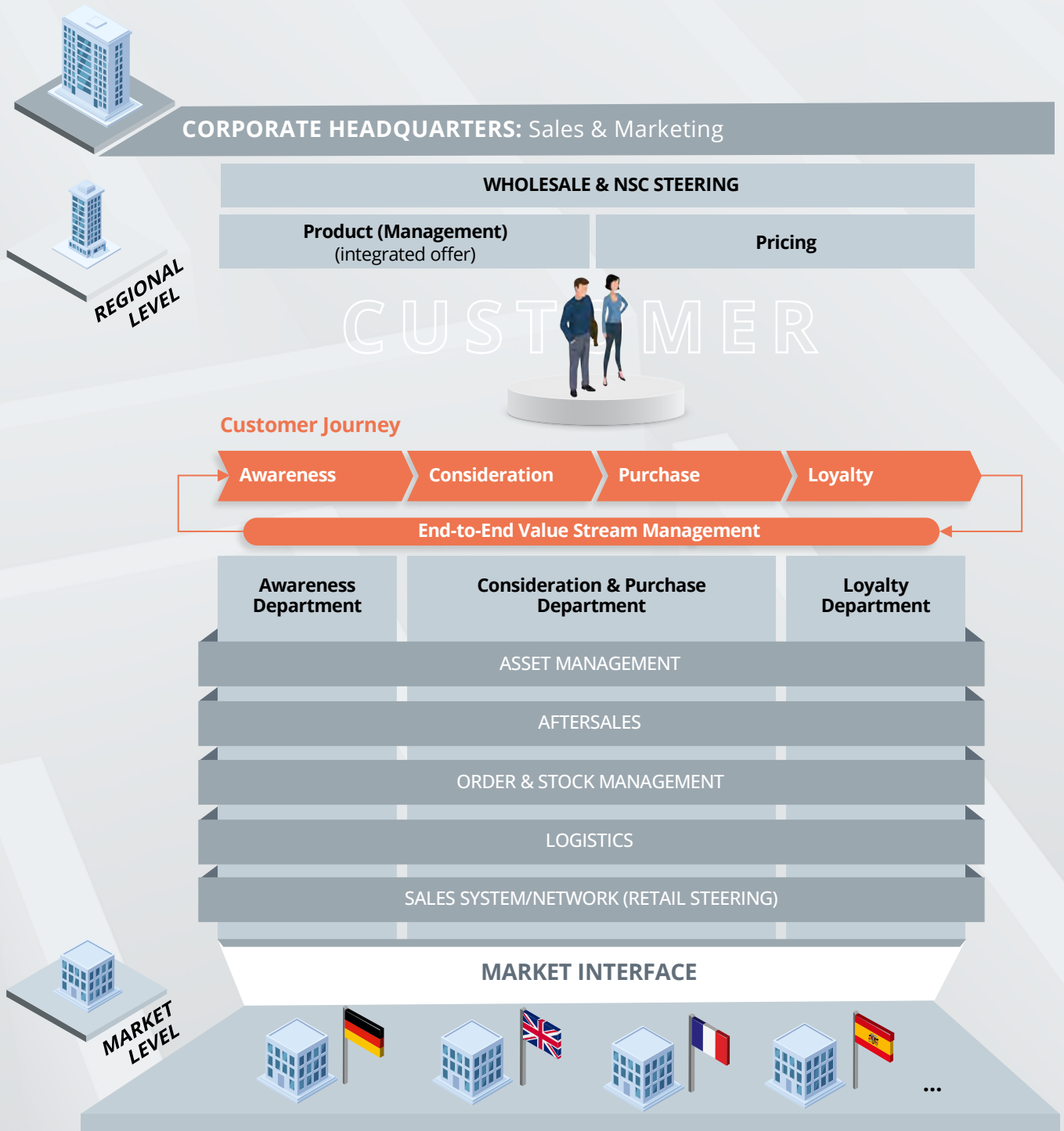
- DISADVANTAGES

- Complexity of orchestrating different end to end events.
- Substantial investment of time initially.
- Existing silos prohibit progress.

While these domains as permanent organizational units bundle expertise and therefore increase output quality, they risk losing an end-to-end overview over the customer journey. In consequence, value streams must be steered across all domains to ensure consistency in the customer journey. We call this function "end-to-end value stream management". Temporarily staffed from the regional domains and selected experts from the markets or even the HQ level, these teams are charged with the end-to-end delivery of customer journey elements (e.g., a campaign) by concerting individual domain operations. With direct budget responsibility, customer experience management can optimally allocate resources to the individual domains.

Finally, there needs to be an efficient means to capture and encompass the input of individual markets, with market stakeholders communicating their domain- and content-specific requirements as well as the needs of their non-customer-facing functions. These identified needs should be consolidated, considered and implemented by the centralized regional marketing organization. A "market interface" becomes critical to ensure the market voice is heard.

BUILDING A CENTRALIZED REGIONAL SALES & MARKETING ORGANIZATION



ORGANIZATION & PROCESSES

PROCESS DESIGN

Once the new centralized regional marketing organization has been designed, the focus can shift to its processes.

Since before now, each individual market will have had its own established processes, designing a new centralized landscape is likely to be challenging. This presents another crossroad in the decision labyrinth: how best to proceed given the organization's existing processes and culture. This is likely to be a choice between thoroughness and pragmatism; either the new processes will be designed based on consolidated market best practices, or they will be built from scratch.

PROCESS DESIGN DECISION CROSSROAD

HOW TO DESIGN PROCESSES - CLEAN SLATE VS. BUILDING ON BEST PRACTICES?



PATH 1:

BUILDING ON CONSOLIDATED BEST PRACTICES.

The starting points for this approach are the individual processes that already exist in each market. Analyzing these for overlaps and gaps and identifying those process steps that will be taken over by the region, gives rise to the new target process.

+ ADVANTAGES

- Transparency over existing market processes is created.
- Target processes are as close as possible to existing processes, minimizing the learning curve for employees.
- The process transition is clear, as the baseline market process and the process elements being centralized are transparent.

- DISADVANTAGES

- Dedicated process maps might not exist in the markets or may depict similar processes heterogeneously, as no alignment exists and/or there is redundancy.
- Existing inefficiencies may transfer to the target process.

PATH 2:

BUILDING FROM A CLEAN SLATE.

Building processes from a clean slate requires decision-makers to consciously disregard existing processes in favor of creating the target process from scratch.

+ ADVANTAGES

- Swift and pragmatic design of target processes.
- This approach encourages the leveraging of synergies.
- This approach encourages creativity and innovation as no fixed starting point is given as boundary.

- DISADVANTAGES

- Entirely new process could mean more training time and effort.
- Strict process harmonization monitoring is required to prevent staff falling back on the old market-specific processes.
- Designing target processes bottom up is time-consuming and complex potentially delaying transitions and frustrating staff both within markets.

Usually, decision-makers will choose a path down the middle. Leveraging existing processes in selected areas while building new processes offers the chance to balance out the benefits and disadvantages of the two approaches. Depending on the organization, it may be sensible to build productive processes (i.e. those resulting in output such as social media content) based on existing in-market expertise, while cutting through the jungle of existing processes supporting the output by defining these from scratch.

On top, particularly when following the end-to-end value stream organizational design, cross functional processes and handovers of different entities need to be evaluated and reshaped, e.g. when having an end-to-end responsibility for a global SOC campaign or a regional tactical campaign, a holistic steering acts as a coordinating role or function, requiring new alignment processes.

PEOPLE & RESOURCES

TARGET HEADCOUNT

Beyond designing the new organization and defining the respective processes, staffing and resourcing for the new organization will need to be determined as a priority.

Firstly, target headcount number for the new organization must be defined. Bundling functions at a regional level means corresponding employees from each market can be drawn into the new organization – but at what scale? How all of this should be decided, and who should feed into this process, are the first steps to be agreed. Should it come from the top, or should individual country operations have a say?

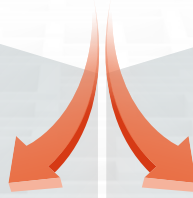
In addition to defining the headcount share per market, external staffing can also be considered, for example if specific skills are required in the new organization that did not exist in an individual market.

The basic setup for working and leadership must be determined, too, taking into account the general purpose and the envisioned role of the new organization. In this post-Covid era, virtual organizations have grown in appeal, for instance, however the associated complexity of required leadership model should not be underestimated.

Defining the people and resource layer of the new organization introduces the following decision pathways.

TARGET HEADCOUNT DECISION CROSSROAD:

HOW TO DEFINE THE TARGET HEADCOUNT OF THE NEW ORGANIZATION?



PATH 1:

DEFINING THE TARGET HEADCOUNT OF THE NEW ORGANIZATION, TOP DOWN FROM A LEADERSHIP LEVEL.

Defining, at a central leadership level, a specific headcount share for all markets or market clusters, i.e. allocating a specific percentage of local employees per market to the target organization.

+ ADVANTAGES

- Requires strong & active involvement of leadership to overcome initial market hesitancy and push for equitable outcomes.
- Clear headcount quotas streamline the decision-making process by reducing complexity.
- Avoidance of time-consuming communication rounds that bring unrest into the organization.

- DISADVANTAGES

- Rules and quotas may not align with individual market needs, leading to potential inefficiencies and resistance.
- A potential lack of adaptability, to address varying market complexity may result in subsequent adaption requirements.
- Top-down decisions may still be met with skepticism from staff and raise questions about the appropriateness of the transition.

PATH 2:

COLLABORATIVELY DETERMINING THE TARGET HEADCOUNT OF THE NEW ORGANIZATION, BOTTOM UP, WITH THE MARKETS/OTHER STAKEHOLDERS.

Collaborative thinking allows for tailored approaches, better understanding of market specifications, and improved buy-in.

+ ADVANTAGES

- Feedback from local markets provides valuable background on local structures, preventing generalized conclusions that are disadvantageous.
- A greater sense of ownership and cooperation from markets, increasing the likelihood of successful collaboration & implementation.
- Transition plans can be customized to meet unique market needs, ensuring smoother & more flexible adjustments.

- DISADVANTAGES

- Different approaches across markets can introduce transition complexity.
- Individual markets' management could withhold information to secure favorable outcomes
- Varying market outcomes may lead to internal tensions and questions about the fairness of the process.
- Co-ideation involves extensive communication, prolonging the overall transition timeline

In principle, decision-makers must take a top-down approach to at least some degree to the initial headcount agreement for their new organization. How collaboratively the detailed figures of each market are worked out must be weighed up in the appropriate organization and in terms of compatibility of top-down approaches. In general, individual markets have traditionally held considerable power, an involvement that is politically advantageous for decision-makers, even though inclusion is the more time-consuming option.

Combining a top-down decision with 'light' consideration of individual markets might be a valid approach, giving those markets a certain amount of creative leeway. The implications of giving everyone a voice should not be underestimated, however, and carefully preparation will be needed.

PEOPLE & RESOURCES

COLLABORATION SET UP

Once the target headcount number is set, decision-makers will need to turn to staffing and fill new roles and responsibilities. Here they can choose between staffing from existing markets and seeking talent externally. Favoring one channel exclusively can lead to dead ends for a variety of reasons, including expertise availability and labor law considerations.

Existing market employees, being experts in their fields and integral to past successes, are ideal candidates to drive success in the new centralized regional organization. Yet if specific capabilities are missing, special training programs will be needed to enable reskilling. To compete for sought-after talent externally, meanwhile, the new regional sales and marketing organization must elevate the profile of its working flexibility, employee benefits, and salary offerings as well as providing and demonstrating purpose as an employer.

COLLABORATION DECISION CROSSROAD: HOW TO DEFINE THE COLLABORATION SET UP OF THE NEW ORGANIZATION: PHYSICAL, VIRTUAL OR HYBRID?

PATH 1: **PHYSICAL SETUP FOR THE NEW ORGANIZATION.**

The traditional approach of an organization to physically bring all employees together at the same pace and in the same place.

+ ADVANTAGES

- Social interaction between individuals & whole teams, particularly if teams are structured in a new setup within the new organization.
- Easier communication channels and lower barriers to e.g., asking each other for help, sparring new ideas.
- Simpler compliance with employee health protection.

- DISADVANTAGES

- Perceived reduced flexibility to balance work and personal life.
- High costs for office buildings that might not be valued/used extensively due to changing needs of employees, even though losing talented employees that are not willing to move to another country.
- High costs for employee transfers (moving, housing, ...).

PATH 2: **VIRTUAL SETUP FOR THE NEW ORGANIZATION.**

The hybrid form of collaboration that has come to the fore through covid, in which employees from any geographic location work together virtually.

+ ADVANTAGES

- Reduced fixed costs due to office space not required.
- No need for employees to travel to and from the office often increases the feeling of greater flexibility and freedom.
- Possibility to take good employees into the new organization without affecting their personal environment.

- DISADVANTAGES

- Still high travel costs for needed workshops, team events etc. that are still needed in presence.
- Reduced social bonding & team spirit.
- High complexity of leadership model over distance if employees stay in their markets working for a new virtual organization (e.g., with onsite managers locally combined with leadership in the new organization).

The shift from rigidly physical, or fully virtual organizations post-COVID, has greatly shaped the labor market. While the two extremes are hardly ever practiced alone in their pure form, there is a tendency for hybrid forms of organization to prevail primarily due to their flexibility. Hybrid working models have already allowed employers to combine the benefits of having a remote and on-site presence choosing either way depending on their individual needs. As marketing is centralized regionally, a flexible approach to collaboration in the new set-up can pay dividends, especially when tailored to the organization's workforce and their skills.

The ability to draw on the existing workforce and expertise across the markets is crucial for the new organization's success. It follows then that a good degree of hybrid working will be needed – rather than expecting in-country experts to relocate to another city or country. However, challenges of decentralized hybrid working are not to be neglected with regards to the leadership model, e.g., caused by geographic separation between management and the dispersed workforce.

GOVERNANCE

The new centralized regional sales and marketing organization will have an important role to play as an intermediary, located between the OEM's HQ and the individual national sales companies. The management of the regional organization must be carefully considered, then. For instance, will the regional organization serve primarily as a "fulfillment/service center" for individual market requests, or will it assume a higher status as the body governing all marketing activity?

Greater efficiencies and consistency, reduced costs, accelerated time to market and optimized talent attraction are the top reasons to centralize sales and marketing. Its role in relation to individual market operations will be dictated through the governance mechanism, designed to achieve the goals set out as part of the regional restructure strategy & objectives.

There are two diverging governance paths for regional organizations to consider.

GOVERNANCE DECISION CROSSROAD: HOW TO DEFINE THE GOVERNANCE?

PATH 1: **REGIONAL ORGANIZATION AS A GOVERNING BODY.**

Here, the centralized organization assumes responsibility for key decision-making. Respective market requirements are consolidated and prioritized at a regional level, where budgets are also decided and distributed, and where all markets' sales and marketing activities are shaped and directed. The region provides guidelines, policies and guardrails for individual market activities, and monitors their respective performance - as well as adherence.

+ ADVANTAGES

- Increased consistency and standardization across markets, which are monitored for adherence.
- Faster decisions due to fewer decision makers and a reduced need for cross-market alignment or approval.
- Optimized and more objective resource allocation across markets.
- Ability to holistically manage risks across markets through early identification of risks and ripple effects.

- DISADVANTAGES

- Slower response to changing market requirements through centralized decision-making and more rigid processes.
- Resistance from local markets as a result of their diminished autonomy.

PATH 2: **REGIONAL ORGANIZATION AS A MARKET SERVICE CENTER.**

In this path, the regional organization acts as the operative workbench of the markets. Capacity drawn from individual markets is more efficiently allocated centrally, but there is less authority and autonomy in the new organization, limiting its scope to make a difference. Requirements are briefed by the markets for execution in the region. It is then up to the regional organization to consolidate and execute these requirements.

+ ADVANTAGES

- Individual markets maintain a higher degree of autonomy and speed. They can adapt strategies, tactics, and decision-making to local market conditions, leveraging their expertise.
- Allowing market teams to have direct control over customer interactions and local marketing initiatives can lead to improved customer satisfaction and responsiveness to local demands.

- DISADVANTAGES

- Inefficiencies remain as markets formulate demands individually, leading to fragmented requirements and potential duplication of effort.
- Limited power to drive standardization and leverage economy of scales.

Decision-makers must ask themselves to what extent market autonomy should be introduced into governance design. Ideally decision-making and execution competences are allocated to the central regional team for cost sensitive topics, while limiting the markets autonomy in pre-defined areas and boundaries.

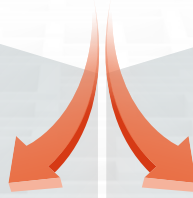
TECHNOLOGY

To no surprise, the backbone of contemporary sales and marketing operations is the technology used and the data it generates. In centralizing functions regionally, decision-makers will come across diverse individual local IT landscapes. Decentralized IT solutions are a natural barrier to central management, not least because data cannot flow readily between the different and often incompatible systems.

To be effective, a centralized sales and marketing department requires centralized IT and clear data flows to the central decision-makers.

There are two distinct approaches to achieving this, as well as hybrid pathways.

TECHNOLOGY DECISION CROSSROAD: HOW TO BUILD A CENTRAL IT LANDSCAPE?



PATH 1: **GREENFIELD CENTRAL IT LANDSCAPE.**

The first, more radical approach is the top-down introduction of an entirely new, central IT landscape.

+ ADVANTAGES

- Frees the new organization from the legacy IT burden, with potentially out of date systems.
- Reduced complexity.
- Accelerated planning phase.

- DISADVANTAGES

- Slower transition phase.
- Completely overhauling the organization's IT involves high implementation costs plus dealing with existing contracts for the legacy IT.
- Business continuity could be at risk across the markets with a hard transition from the legacy estate to the new systems.

PATH 2: **BROWNFIELD LANDSCAPE BUILT ON EXISTING MARKET SYSTEMS.**

The second approach is the bottom-up creation of a central IT landscape built on existing, ideally shared market systems.

+ ADVANTAGES

- Building the IT landscape on existing infrastructure can be less costly than a complete redesign, and system experts already exist in the organization.
- Business continuity is more assured.

- DISADVANTAGES

- Slow and complex planning phase, involving taking inventory of all market IT solutions as well as identifying gaps and overlaps.
- Legacy systems continue to exist in the new set-up, including any disadvantages the existing systems might have.

As with the processes the IT systems support, decision-makers are likely to have to choose a route down the middle of these two possible pathways. Here, there will need to be due consideration of where to build on the existing best practice IT landscape, and where to implement new systems.

A first indication may be to leverage already-working systems for business-critical processes linked to the delivery of output. This maximizes business continuity during the transition. Conversely, new systems lend themselves best to supporting processes (e.g. processes in HR, Accounting, ...) where radical transitions only indirectly affect business continuity.

ENABLING TRANSFORMATION

There is currently a gulf between the regional sales and marketing transformations that companies know are needed, and their effective execution. This is not surprising, with so many considerations, across so many dimensions and layers. The labyrinth of possible pathways is undoubtedly holding back progress. More often than not, stakeholders underestimate the time and complexity of the decisions that are required, even before they start the transition.

From our extensive experience with clients, and observed best practice across the automotive industry and adjacent sectors, we have distilled these practical recommendations that can help companies to navigate the decision-making maze described above, and deliver a highly effective restructure that is as inclusive and sensitive as it is bold, purposeful, and effective.



BRINGING THE OPERATING MODEL TO LIFE

We propose the following proactive steps:

Secure sponsors. A transition of this magnitude and importance must come with a mandate and significant support from the highest ranks of management. Authoritative sponsors will need to lend the transition strategic weight and support, “rallying the troops” behind the goal of the change. Failing to ensure high-level participation will result in a weaker position relative to the individual markets – resulting in greater fragmentation on the path to the centralized organization.

Understand the status quo. We advise mapping out the status quo and truly understanding any market differences from the outset. Restructuring decision-makers should give the distinct markets the opportunity to present and discuss their particular characteristics and expectations from the new central organization. This may influence the definition of the organization’s strategy and transition story, while transparency over any differences will help with balancing the approach between self-governed and top-down transition management market by market.

Build a transition team. Select a diverse group of local and regional experts to serve as the transition team. This will actively address the heterogenous nature of the individual markets and increase buy-in. It is in this team where learnings will be continuously consolidated into a clear transition roadmap that should be formally signed off by all markets. Designing this team so that there are dedicated transition leads within each market to facilitate and steer the market-specific part of the transition is key.

Communicate change. Effective and continuous communication plays a vital role in making organizational restructuring possible. As a priority, this should include sharing a vision of how the company will benefit from the planned changes. Individuals will also need to understand how they can contribute, and how the change will benefit them as well as the organization overall. There should also be a continuous flow of communication and information to maintain transparency and trust. To this end it is advisable to assemble a dedicated team to drive communication.

Consider a transformation enablement program. Overall, a transformation enablement program serves as a holistic framework to guide and support an organization’s transformation efforts in restructuring. It focuses on enabling and empowering individuals and teams to embrace change, aligning the organization’s resources and processes, and creating a culture that supports continuous improvement and innovation.

NAVIGATING THE LABYRINTH WITH BERYLLS

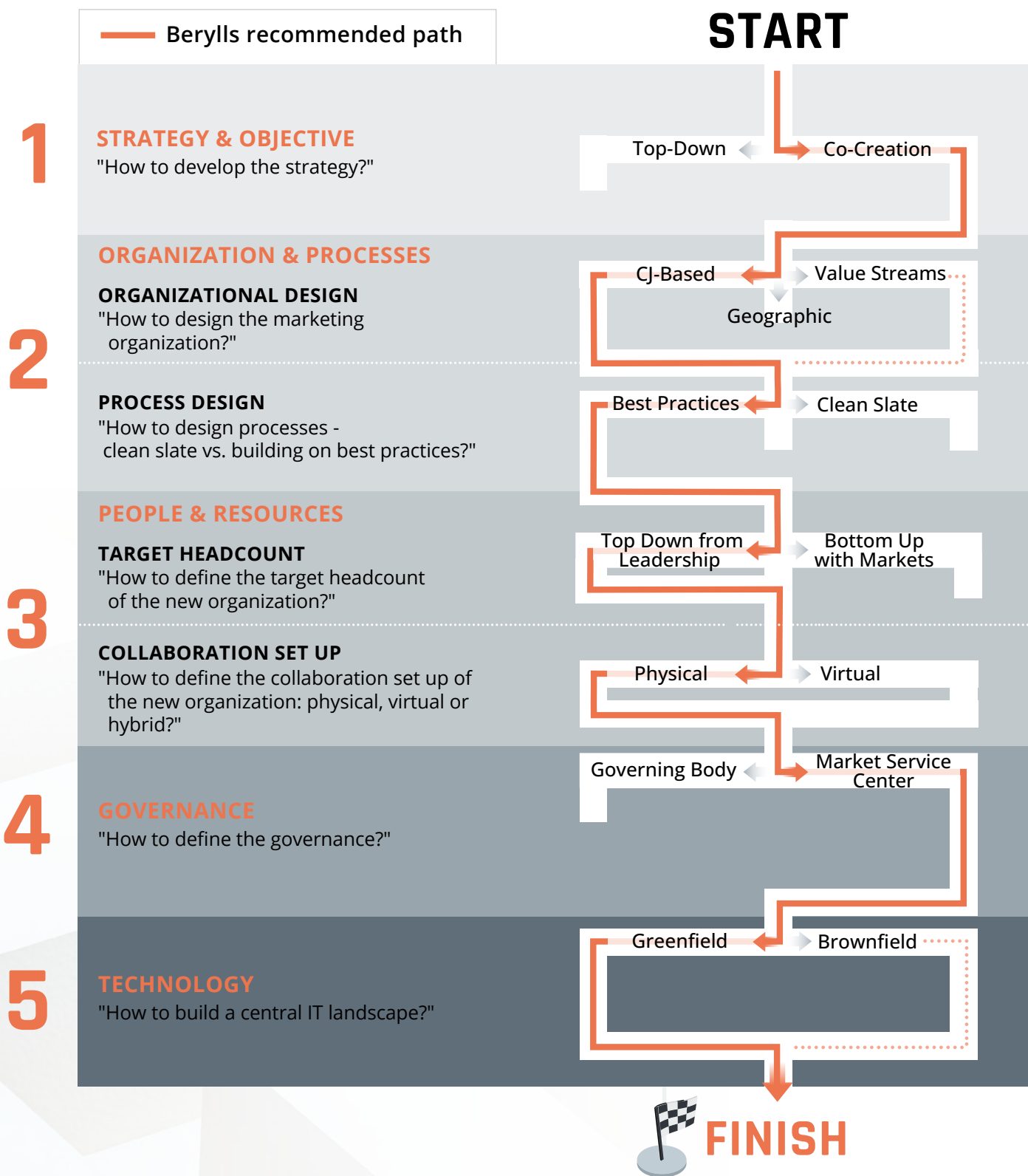
Navigating the complexities of regional marketing restructuring can feel like navigating through a labyrinth, with numerous crossroads that can distract from the big picture. Our experience shows that it needn't be that way. Forging a clear path through the maze of options demands resilience, the drive to make decisions, team spirit, and a long-term perspective - but it is achievable. Especially with a clear, sustainable, long-term strategy. A good compass can help to speed up the process and keep all parties focused on the end objective while also offering security.

The following illustration concludes by showcasing the potential crossroads that decision-makers may face in our five dimensions and shows a navigation through the different pathways to optimize the new wholesale sales and marketing structure. There is no one-size-fits-all solution for decision-makers; it must always be individually adapted to the internal and external factors of the company.

Berylls can act as both an external compass and a trusted partner when the direction needs to be decided internally and then implemented according to that plan. Importantly, we approach every engagement in a way that is tailored to each company's specific situation and goals.

We're ready when you are.





MEET BERYLLS

Berylls Strategy Advisors – The expertise of our top management consultants extends across the complete value chain of automobility – from long-term strategic planning to operational performance improvements. Based on our automobility thought leadership Berylls Strategy Advisors stand out with their broad experience, their profound industry knowledge, their innovative problem-solving competence and, last but not least, their entrepreneurial thinking.

Berylls Mad Media – The radical digitalization of the customer interface undermines the boundaries in the automotive sales model. Our Berylls Mad Media experts develop and operate tailored solutions, including data-driven marketing, integrated service designs, and including the agile realization of integrated process and IT architectures. We strengthen customer loyalty, market exploitation, and profitability – taking vehicles and services to market digitally.

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