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Water and Wastewater Equipment Sales: Do You Dance?

WATER AND WASTEWATER
EQUIPMENT SALES
EXECUTIVES MUST POSSESS
A SPECIFIC SKILL SET AND
INDUSTRY KNOWLEDGE TO
SUCCESSFULLY NAVIGATE
AND WIN THE SALE.

When recruiting sales and business development professionals to serve in the municipal water and wastewater markets, the first order of business is to see whether the potential candidate understands what some in the sales industry have termed “the dance.” What is this dance? It is a unique and complex relationship between equipment manufacturers, manufacturers’ representatives, consulting engineers, water and wastewater treatment plant staff, regulators, and elected officials that results in equipment sales.

This dance is not found in textbooks or taught in school—it must be learned through experience and is a required skill for any successful water and wastewater salesperson in the municipal markets. The best part? The dance is different with every sale. Sometimes the players and process have a well-defined rhythm, like a waltz. Other times, winning a project can be as unscripted and frenzied as dancing at a rave or a jam-band concert. The dance often requires stamina, because municipal sales can sometimes take years to complete.

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Industrial sales are typically quicker than municipal sales because there are fewer rules and participants, and the transition from success in the industrial water and wastewater treatment

with utilities, as well as consulting engineers who are often the managers and drivers of municipal work. RSMs may make joint sales calls with manufacturers' reps in their territory.



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space to the municipal space is not an easy one. When industrial professionals vie for a municipal sales role, the first question to ask is whether they have had any experience in the municipal arena. Without any municipal experience, the transition into a municipal sales role is bound to be difficult and will carry no guarantee of success since it depends on how well and quickly these professionals learn the dance.

A MANUFACTURER'S PERSPECTIVE

Anyone who has experienced the large exhibit halls at AWWA's Annual Conference & Exposition (ACE) or the Water Environment Federation conference, WEFTEC, has seen frontline business development professionals who are key to a manufacturing firm's success. Most companies in the water and wastewater field use either a regional sales management model or a product management model to cover their sales strategy in North America. Regarding the role of frontline sales, one company president stated, "Whenever we hire an engineer who can talk, we put them into sales." A regional sales manager (RSM) may handle a multi-state territory, which often covers $\frac{1}{4}$ of the United States. Their responsibility is to identify, hire, train, and support independent manufacturers' representatives (reps) who serve as the front line of sales interactions and work

The comparison to a dance, when describing the relationship between RSMs and their manufacturers' reps within their territory, is apt. Each rep is unique—besides their personalities, their approach to the dance is shaped by the products on their line card (i.e., the products they are selling) and the different regulatory environments under which the equipment must operate. The challenge for RSMs is to find ways to "manage" the independent reps in their territory; the key to success may include training or wielding a "big stick," like withdrawing exclusive rights to sell the product. An equipment provider's "carrot" with independent reps is to award exclusive rights to sell the provider's product to a different independent rep in the same territory. When new product managers or RSMs are hired, a review of each rep's performance and decisions about territories where existing reps might be replaced is usually step one.

Similar approaches are also at play within the consulting engineering community. Occasionally the sale does not happen at the end of the sales process but happens up front when consultants write project specifications in a manner that favors some suppliers over others. When this occurs, it is usually due to experience with the supplier's products, as well as to an existing relationship between the consulting engineer and the equipment supplier's team. If they do not

have them already, RSMs must quickly create good relationships with consulting engineers in their assigned territory to establish credibility.

When a manufacturer's list of product lines is long or diverse, some companies reject the regional sales management approach, opting for product managers who have national responsibility to support and manage manufacturers' reps in the sale of one or more specific products. Product managers are regarded as technical experts for a technology or service and are often responsible for identifying markets and applications that will be the focus for frontline sales. When a rep in the field needs help, it is often a product manager whom the rep may call.

Market managers are similar to product managers; however, they provide expertise on a particular market instead of a technology or service. For example, some firms have dedicated sales managers for electronics, oil and gas, and municipal water and wastewater treatment.

Sales support staff who do not always make it to the large conference exhibit halls include process and applications engineers who support frontline sales. A vice-president of human resources stated, "If the building burned down tomorrow, the first employees we would get up and running are the process/applications engineers."

When developing specifications (specs) for a prospective job, it falls on process engineers to translate specs into process flow diagrams, as well as piping and instrumentation diagrams that are used to build a rough design. An applications engineer then selects and sizes the equipment in the process flow diagram and develops a rough cost estimate. These positions, often held by young professionals and those new to the industry, are the perfect roles for learning the dance and the many twists and turns of the municipal sales process. Usually the next logical next step for an experienced process/applications engineer with good people skills is frontline sales.

TAKING THE FLOOR

"Better than television" is how one client described the surprises that can occur during the municipal equipment sales process. One regional sales manager worked for two years to close a deal on a municipal job and was racing against a local election that would seat four of seven officials on the city council. Knowing that new board members could delay the agreement for months or even longer, the sales manager persuaded one trustee to call a special (unscheduled) meeting with a city budget issue as the only agenda item. Once the meeting was set, this tenacious sales manager persuade a different trustee to place the approval of the equipment purchase on the special meeting agenda, where it was passed. As it turned out, the two trustees whose assistance helped the sale were not re-elected.

With such diverse interests and procedures, there is little an individual can do to speed up the municipal sales process. Success can come only to those who do not miss a step in this often years-long dance.

When interviewing potential candidates, it is typical to ask about their reason for leaving a prior position. During an interview, one sales professional explained how he had accepted an offer from a small but growing firm at a lower salary because of the high commission rate. The candidate had sales skills, and within his first six months on the job he sold several high-ticket systems. He soon realized that the manufacturing firm and its start-up team were overwhelmed by his success. With visions of his commissions evaporating over missed deadlines, he drove 300 miles to the firm's headquarters and spent four months helping to build what he had sold. He then spent another two months in the field helping to start them up. Once his commissions were secured, he started circulating his résumé.

NOT GETTING THE SALE

Sometimes a company can do everything right and still not get the sale. A person does not rise to the position of managing drinking water plants by being a risk taker. The excess of caution that makes for safe drinking water can work against implementing innovative new technology. For example, a young firm entered the market by placing its technology in several municipal drinking water plants on a pilot-test basis. The problem? None of the 30 plants were willing to be the first to buy. A new president with ample experience in the municipal sales dance was hired and said, "We are not giving another system away. Period." Once the first sale was made, the company's dance card was full.

INDUSTRY CHANGES

For perspective, it is fascinating to view a dog-eared copy of an equipment buyer's guide from 1995. Very few companies retain the same name or ownership from 22 years ago. In 1995, Wheelabrator Engineered Systems purchased filter press giant Passavant and the clarifier company, CPC Engineering. Wheelabrator also purchased membrane company Memtek/Memcor in 1996, before being purchased by US Filter. Another company was owned by Rexnord, Envirotrol, General Filter, NorthWest Water, US Filter, and Siemens before

Industry veterans chuckle at this notion (unless it is their own employer that is the newly purchased firm). The results can run from comical to disastrous, especially when these expectations are placed in an industry in which the quality of the product may not matter as much as bid strategy and industry knowledge do. Many firms have entered the water space only to leave the dance floor without a partner.

There appears to be an inherent sales challenge when a venture capital model is applied to the selling of engineered municipal equipment. In an industry in which municipal money is tight, cutting staff and costs can significantly affect a company's ability to compete. New ownership may thin out support staff, such as applications and process engineers, or lay off controls engineers in favor of subcontractors. Such cost-cutting moves can depress sales and affect the ability to design and bid effectively. Additionally, rebuilding after layoffs can be a lengthy and expensive process, and it can affect a company's ability to bounce back when the workflow increases.

THE NEXT STEPS

Water industry executives generally cite one of their top challenges as the ability to find and hire new employees with the proper skills and credentials. For reasons already explored, it is usually not possible to transition into an industry without first learning

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being bought by venture capitalists who are the current owners. Time and time again, companies in this niche are purchased with expectations by new ownership that they will operate and profit like any other business.

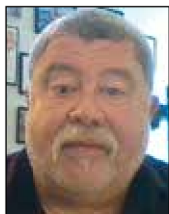
the moves. Demographic data suggest it will get even more challenging to compete for new employees as baby boomers retire; gen X offers a smaller population pool from which to pull in new talent.

As in the water industry, the pharmaceutical industry looks for similar expertise and science background in its new hires. However, the pharmaceutical industry generally offers higher salaries. Equipment providers can hold their own with regard to hiring and offering comparable salaries during the first seven years of a professional's career. But for professionals around seven years out of college, salaries at consulting firms often outpace hiring salaries offered by equipment and system manufacturers. These conditions make hiring and retaining staff an ongoing challenge.

The water industry is a quirky business that requires sales professionals to perform a complex dance with consulting engineers, manufacturers, manufacturers' reps, and municipal and industrial end users. Sales executives who know the steps can bring tremendous value to their firms.

Understanding the dance between all participants involved in the sales of municipal water and wastewater treatment equipment is vital to everyone's success and closing the sale. Moving forward in the effort to hire the right sales team, it may help to ask, "Do you dance?"

ABOUT THE AUTHOR



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