

# HUMAN INTEREST

**The term 'people are our greatest asset' is at last finding a meaning with a new generation of HR systems – and in the UK, SuccessFactors has its own asset builder**

**T**he old adage “people buy from people” starts to make even more sense in the fluffy world of human resources, which has been one of the more neglected functions in organisations from an innovative IT standpoint. Sure, personnel and payroll systems have long been backbone systems (and also often outsourced), but as John Greenwood, UK regional director at SuccessFactors, points out, traditional HR systems have been mainly tactical processing engines, accumulating information that no-one has done anything with.

“Now organisations are looking at talent, goal and performance management as they recognise the huge battle in attracting and retaining the best people, and for realigning their operations,” he says. “What gets measured gets done – when even big banks see this as a strategic tool for taking them to the next step in the evolution of their businesses this capability has really arrived.

“What’s more, smart HR people realise that talent management repositions their role to the point that new job titles are emerging – we’re now engaging with organisational development managers, learning managers and the like.” It’s a sure sign of a trend, and SuccessFactors is one of new breed of suppliers positioned to tap the movement to do a lot more with that other old but much abused adage, “people are our greatest asset”.

The company, based in California and with an EMEA HQ in Denmark, was founded in 2001 but has already racked up some impressive numbers, not least because it is using only a hosted “software as a service” approach, like Salesforce.com. It’s now got more than 2 million users in 156 countries, across 60 industries, and has grown its employee headcount across the globe.

And as a barometer of just how fast industry trends can take shape, SuccessFactors is an ideal example. When Greenwood joined in 2005, he was not only the number three employee in Europe, but admits that the first few months were rather scary, as the early adopters were in the US. “Given the time lag between the US and the UK, and even longer



for the rest of Europe, I was worried that there wasn't yet a mindset here for the concept of talent management. But I managed to find a few mavericks and trail blazers – and it was like throwing a switch. Now the conceptual sell doesn't come up much in conversation – and those who do need convincing probably aren't ready for us anyway.”

Talking of switch throwing, Greenwood started out as a mechanical engineer in the car industry, before making a break into IT sales at Digital at the time it launched its ill-fated PC line. “This was good grounding – Digital was one of the earliest into consultative selling. It wasn't an aggressive sales approach, and I worked with big clients such as BP. But it was rather gentle order taking.”

He moved to Honeywell – one of the few to go against traffic the other way – to work on mainframe accounts. “Again you'd have to irritate the hell out of them not to take the orders,” he says. “I never did an account pan – it was more about schmoozing people.”

Greenwood moved up several gears by switching to software, at an early MRP/supply chain specialist, Global Software, which was punching above its weight against the might of MSA and D&B. “There I met John Priestley, who went on to Oracle, who introduced me to account strategy and how to outmanoeuvre the competition. We had some big wins at firms such as Next, Hertz and Tobler Suchard. Priestley taught me that if you don't sell to power you don't sell – at Tobler Suchard we were working with a rather officious project manager, but were fighting head to head with MSA. We went above his head to the finance director, which was high risk – and drove a bigger requirement than MSA such that it didn't get a further look in. And we kept the project manager on side with rugby tickets.

“I get on best when I'm selling something I can see a clear difference between what I have and the competition, which I can do in supply chain, CRM, and of course HR,” he says. “But I wouldn't sell financial systems as you need to understand the implications for CFOs and I don't.”

Greenwood duly got his first exposure to HR and payroll at a software house called BMS – “There was one like it in every town” – where as a board member he ran some salespeople and helped shape the firm's portfolio, which was too diverse. The HR system though had some success, with Greenwood selling into Plessey, the MOD and Imperial College.

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– John Greenwood

BMS went bust and he moved to a HR house called Cyborg, but was then headhunted by Oracle for its then fledgling applications team, again to look after the HR side, such as it was then.

“I had good times initially at Oracle – it was very strong on sales process with ruthless qualification and great marketing. It was a feared and respected selling machine.”

Greenwood moved to public sector sales and scored a huge HR win with the civilian MOD with partner Unisys and also picked up his old client, Imperial College. “What I didn't like though was that Oracle, which was going through partners for 80% of deals, could change partners while trying to win the same deal – you have to be totally honest with partners and qualify and stick with one. Oracle even started competing with its own partners with its consulting group. At times it became quite bizarre.”

Another change he really didn't like was the growth of an aggressive internal culture – complete with public dressing downs and backstabbing emails. “That's just bullying and unprofessional. We have what we call a ‘no jerks’ policy at SuccessFactors – it's actually been toned down from ‘no assholes’ – which means that everyone says what they mean and there's no game playing.”

Before coming to SuccessFactors, though, Greenwood had one of his most enjoyable spells, at the much more laid back Peoplesoft, where he was asked to set up a public sector team. Running a group of four, he went back to the civilian MOD project, which had stalled, thinking that a new framework agreement would allow a consistent solution to be applied across the various fiefdoms in the account. “But about 11 budget holders then sent our RFPs saying the framework wasn't

mandatory. I wrote to Geoff Hoon, and he passed me down to the head of civilian IT, for whom I wrote a report saying they were about to commit every error in the previous attempt, with no holistic view. He was affronted at our meeting, but three months later I got call to attend a presentation on what looked remarkably like the shared services solution I had proposed. We upset a lot of top brass and I thought we'd blown it – but it turned into an award winning public sector IT procurement.”

Peoplesoft, although great to work for, went through tough times, none more so than when fighting the hostile Oracle takeover, and Greenwood was not too unhappy to take redundancy when that duly happened. “I was invited to talk to SuccessFactors but was very nervous about being the only UK employee, but it was an exhaustive recruitment process. The first few months were lonely, working from home, until I got the breaks with early adopters.”

One of the first UK clients is indeed a big fish – Lloyds TSB, which Greenwood

### About SuccessFactors

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**BACKGROUND:** SuccessFactors is nothing if not confident – “We strive to change the world by making every company we work with a more meritocratic place to work, where promotion and pay is based on performance and not politics. In this way, we are working to increase productivity inside of every company we work with by 50%.” CEO (and Dane) Lars Dalgaard was at Unilever and Novartis; EMEA sales head Andy Leaver is based in the UK but the EMEA HQ is in Copenhagen.

**PRODUCTS:** The on-demand suite at enterprise level comprises a wide range of modules for performance, goal, talent and succession planning management. There are also editions for SMEs and individual managers.

**REVENUES:** The firm is private at present.

**CUSTOMERS:** There's a huge list on the company website – European clients include Lloyds TSB, LEGO Group, AXA Rosenberg, Bank Austria Creditanstalt, Fujitsu, Allianz Global Investors, Gambio, Virgin Money, Scottish Re.



says is driving a big learning and talent management project across 70,000 employees. The deal, in partnership with a learning management system firm and Accenture, was sold to senior HR managers but with board sponsorship. "If you want to change an organisation by changing its people you have to pay more than lip service or it will fail," he says, adding that Lloyds has a strong learning culture, and is generating "talent pools" as part of the implementation.

Getting early clients on board with a hosted offering is also tricky, he adds, but has been a lot easier since the company opened a data centre in Amsterdam. But the great advantage of on demand software is implementation time – "We don't create a large document that's passed to and fro for six months – we can deploy in just a few weeks."

Deploying a UK and European salesforce has taken a bit longer, not least because Greenwood and his counterparts on the Continent had to prove demand to the US. Now there's a flat structure in place, echoing a non-hierarchical approach across the company, with Greenwood running a growing team of what are termed "regional sales managers" – in effect vertically tasked sales executives. Above him, there is just a VP of EMEA sales in Andy Leaver.

His RSMs are experienced sales professionals supported by pre-sales consultants, who Greenwood, in keeping with current best practice, wants to be top flight discovery people, not just demo dummies and RFP writers. "Each RSM covers

half a dozen verticals," he says – which seems far too broad, except HR of course is present in every sizeable prospect, so there are 30 or so identified markets. "My style is to give them their number and market patch and then it's up to them – they can drive their own lead generation, for example. We have both inbound and outbound lead generation, which is unusual for a company our size, but I don't want them to get too precious – they need to set time to do their own cold calling and use their contact books. Qualification is king – and we can put deals out to partners too." An inbound team manages pay per click web activity while an outbound team in Copenhagen is "hammering the phones".

### Monthly numbers

At present SuccessFactors operates a monthly sales number discipline – "We have an ethos of building the company in small bricks and we need to keep the transaction rate high so I want a myriad of mid-market deals coming in along with the odd big deal." Indeed, the firm has put out a press release on SME wins – to help prove the point that on-demand HR software is affordable at this level.

A company function Greenwood is particularly struck by is the customer success advocate – these are people around the company, including himself, who provide a check and balance on how customers see the service. "I have five clients myself and feed back to the account manager once a quarter."

A sales process is in place. "We haven't

gone for a tactical process, but instead for ValueVision, a more strategic approach. It's strength for me is that it drives the key components – do we have value, can we differentiate our value, are we selling to power and do we have a plan – take any of those out and without luck you'll struggle. It's one of the few processes I've come across that is not a burden. It acts as a driver for qualification and for meetings – it makes you create a closing plan that you share with a client, not just a plan you have in mind. Most prospects don't recognise it as such and are grateful for it, especially HR people as they've not bought software before – it's largely been done by IT and procurement."

Apart from other niche HR vendors, SuccessFactors also has to compete with the ERP heavyweights – and the favouritism shown to them by IT departments.

All sales employees go to boot camp in the US, which is run by a "sales readiness" manager. "You hear about the right and wrong ways to do deals, and also about the company's operation – it's amazing how many firms never explain that. It's rigorous, involves role play and needs a lot of homework."

There's no particular development issue that Greenwood says he's working on with his salespeople – "In any case a couple can outsell me" – and regular information sharing and account reviews are the top activity. "But I don't want to be the sales director who's wheeled in at some point – I want to be involved all the way through." To benchmark the characteristics of the senior salespeople, SuccessFactors has recently started to use a psychometric testing firm.

A recent deal is at an electronics component wholesaler – "My salesperson got in as a trusted adviser with the CEO who wanted to realign the business – he was virtually coaching her, such was the level he got to. If I could clone him I would as he drove out the competition and got us on a shortlist of one."

Greenwood is recruiting more salespeople, and is presently talking to a number over time – such lengthy contact, he says, doesn't mean you're ahead of the pack. "I want to know say three things that drive you – it's fine if you say one is money, but you have to realise what the HR market is about."

Greenwood has grown up children, and wastes a lot of money on old racing cars – his son has a business restoring them. Building a UK operation from scratch has been rougher at times than a misfiring Maserati, but he's glad he's stuck with a firm where he can make considerable impact. A proper UK office will be opened soon – a London Regus building is used at present – and jerks won't be welcome. **SF**