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PROFILE
OF A
KILLER
TEAM

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THE ULTIMATE SALES FORCE

How Peter Groop took HP's, GE's, and IBM's leftover products and built one of the hottest teams in America to sell them

BY JOHN ANDERSON PHOTOGRAPHS BY DAVID DEAL

"GIANNA?" ASKED THE WOMAN on the other end of the line. "You still interested in selling?"

For almost a decade, Gianna Vennari had worked in sales, first with a pharmaceutical company, then with an outfit that sold nuclear-medicine equipment to small and medium-size hospitals. It was draining work and eventually she had burned out and taken a lab job at an outpatient cancer clinic. It was a safe, comfortable job as a technician, doing scans of cancer patients. But she was "B-O-R-E-D."

By the late summer of 2001, Vennari had been out of sales for almost two years. So when Fusion Sales Partners recruiter Diane O'Brien called to ask if she was interested in getting back into it, Vennari was surprised. Fusion, O'Brien explained, is "a pure sales" company. It takes other companies' neglected product lines and sells them utilizing its own sales force. While Fusion puts its new salespeople on a draw for their first six months, they are on their own after that. If you don't sell, you don't get paid. In fact, Fusion doesn't even cover your travel expenses. A salesperson could make a lot of money selling that way—or nothing at all.

Intrigued, Vennari agreed to fly to Baltimore and meet the boss. Having been a superstar salesman himself, Fusion CEO and founder Peter Groop liked to sign off on all new hires. Vennari, for her part, wanted to know what she might be getting into. The day they chose for her interview: September 11, 2001.

Vennari was in the lobby of a Baltimore hotel watching ABC's *Good Morning America* when she heard that an airplane had slammed into the World Trade Center. Groop, that day, was distracted not only by the unfolding terrorist attacks but also because

his mother was dying of cancer. Nonetheless, he managed to discern that "there was this special person in front of me." There was something about Vennari that Groop just liked: her energy, her self-effacing humor, the fact that she was organized and experienced. More than most, she seemed to know what she was getting into: the long hours, the cold calls, the loneliness of driving country lanes.

Still, hiring a new salesperson could be a seat-of-the-pants decision for Groop. While he believed the world was "full of good, steady B-grade salespeople," he only wanted the "hungry ones." Exactly what made an A-grade salesperson was hard to say. But after all these years, Groop knew it when he saw it. And right now, he saw it in Vennari.

All the while Vennari was thinking, "How am I going to get home? There's not a plane flying. I don't have a hotel room for tonight. And I sure didn't tell my bosses back home what I was up to." Not to worry. At the end of the day, Groop arranged to have a car service take his new salesperson home to Kentucky. It was the only way he could get her there in time for work the next day. The price for the ride home: \$1,400. "It might have been," Groop now says, "the best \$1,400 I ever spent."

Today, Gianna Vennari is one of the hottest salespeople on what is arguably one of the hottest sales forces in America: Baltimore-based Fusion. In 2003, Vennari earned close to a half million dollars in commissions, making her one of the top salespeople in the 125-person company (of whom no fewer than 100 are engaged in sales). Groop, of course, made many times that, thanks to Vennari and a highly motivated force that thrives on taking GE's and IBM's



RACEHORSE Brokering stock—200 cold calls a day, 100 a night—taught Peter Groop “the relentlessness of selling.”

smaller-ticket product lines—mammography units and IT security systems, respectively—and turning them into high-yield performers. Fusion also takes its clients' big-ticket items and sells them in out-of-the-way places. In the past five years, Fusion's annual client sales have grown from \$10 million to more than \$300 million annually. Of that \$300 million, Fusion keeps about 10%.

Fusion's operating thesis is simple and provocative. If you have a product line you can't move, Fusion will move it for you—using its own sales force, working on 100% commission. The company's promise: "Fusion collects a commission based on the revenue it drives—if its staff doesn't perform, its clients don't pay."

And, of course, its staff doesn't get paid. Those who argue against rewarding sales folk with straight commissions claim that such a system leads to special treatment for the superstars, breeds conflict between them and the rest of the team, and sets up a mindset in which the only thing that counts is making money. "That's gotta be the stupidest thing I ever heard," snorts Groop. "Do you want a plow horse or a racehorse?" Straight commission, he claims, "is the only way to attract and retain superstar salespeople." What's more, "they deserve special treatment." He loves

relentlessness of selling" is a phrase he still uses.

After a year on the job, he decided he'd gotten all he was going to get out of selling stocks. In 1988, Groop and his wife returned to the East Coast. It was then, at age 32, that he started a company based in Delaware called Renegade Technologies that would one day turn into Fusion. "I looked at myself as a corporate renegade," remembers Groop. "I hated meetings. Five minutes of content crammed into three days." Then he lifts an expressive eyebrow: "You wonder why Dilbert became so popular?"

Renegade Technologies was a one-man band. "I had the whole country," Groop recalls. "It was so frickin' hard. I literally went the whole first year without any cash." By this point, he had borrowed money from his dad and sold his own house, putting the equity into the business and moving his family into a rental. "My wife was six months pregnant with our third child," he says.

Nothing was going right—and then suddenly everything went right. In a very real sense, Groop's life—and the future of his company—turned on a dime, a dime that fell out of the pockets of his old friends at HP. Top brass had decided that they wanted to establish an "alternate channels of distribution program" for their med-

WRITING BIG CHECKS TO HIS SUPERSTAR SALESPEOPLE DOESN'T BOTHER GROOP: "AFTER ALL, IT MEANS I GOT ONE TOO."

writing out those big checks to his superstar salespeople, says Groop. "After all, it means I got one too. They get a big check, I get a bigger check."

BORN IN QUEENS, N.Y., almost 48 years ago, the young Pete Groop joined the Hewlett-Packard sales team fresh out of college, peddling medical systems—EKG machines, defibrillators, critical care equipment—to major New York City-area hospitals. A natural, Groop did well at his work, maybe even too well.

HP, Groop explains, "was all about management. If you were good at what you did, they wanted to make you a manager. I was good at sales, so they made me a sales manager." By the age of 25, he had become HP's medical systems sales manager for southern California. But being a sales manager took Groop away from what he did best. And when he did get to go out on a sales call, says Groop, "it was always to help some guy who didn't know how to close the deal." What particularly galled him, Groop says, was watching those guys collect the commissions that he'd won for them.

Frustrated, he announced he was going to leave. "Pete," his dumbfounded boss reminded him, "you're at the best-managed company in America." But Groop didn't want to be at the best-managed company in America: "I wanted to go back into sales."

Which he did, as a stockbroker for PaineWebber, where he got plenty of chances to sell, but where he also hoped to be his own boss. "Wrong," he says bitterly. The brokerage business turned out to be "brutal, just brutal," he says. "Two hundred cold calls a day. One hundred a night." Still, he took something from the experience: "I learned about money and about relentlessness." The "re-



PUMPING BIG IRON Nine years ago, Randy Kemp was Peter Groop's first hire. Now he's a regional sales manager who helps train Fusion people to sell medical equipment.

ical systems products. What that meant was that HP was willing, even eager, to go outside its own sales force if it could find ways of moving stagnant product lines. An old boss at HP remembered the hard-charging Groop and called him up. Would he be interested?

The problem, as the bosses at HP saw it, was that small-ticket medical systems—defibrillators that only cost \$10,000, for example—tended to get lost in the rush of their regular salespeople to move bigger-ticket items. “What kind of an idiot was going to spend his time trying to sell \$10,000 defibrillators when he could concentrate on selling a half-million-dollar trauma care system?” is how Groop puts it. To make matters worse, some of HP’s competitors were selling only defibrillators. “Who do you think is going to win that competition?” he asks.

Into this breach stepped Peter Groop, ex-HP manager and now full-time entrepreneur. Summit Instruments—“HP hated the name Renegade Technologies,” Groop explains, “so I had to change it”—would take on these small-ticket lines and be paid a straight commission for sales. That first year “was just a disaster,” he remembers. “Getting up to speed was strictly on my nickel.” It would take two more years before Summit turned a profit. Come 1996, though, he “was starting to do really well—and also starting to get really scared.” The reason: He’d put all his eggs in one basket, a basket labeled HP (which has since sold its medical systems unit). His company was, Groop realized all too clearly, “vulnerable to the Fateful Friday Phone Call.”

With that harrowing thought in mind, he began “searching for another elephant.” Once again, fate intervened, and once again it came in the form of a friend from his HP days. Fabled GE CEO Jack Welch had also become enamored with finding alternate channels of distribution. And the man who was brought in to run GE Healthcare’s new program turned out to be an old friend of Groop’s from HP.

Not long afterward, Groop found himself seated across a table from three GE vice presidents, all of whom wanted to know “just what makes you think you can bring this off?” Groop’s reply: “Look, we’ve already done this with HP. I know we can do it.” Groop focused on the next step, telling the assembled VPs that “the real talent is finding people who can work seamlessly with your own sales force.” For this to succeed, Groop told the GE execs, “the two sales forces have to look like one sales force.” The meeting lasted one hour. At the end of the day, Groop had a deal. “There are only so many hours in the day,” says Larry Siebs, a general manager with GE Healthcare, “and having Fusion aboard as a partner has allowed our own guys to spend more time doing what they do best.”

With HP, the task had been to sell \$10,000 defibrillators. For GE, it would be \$80,000 mammography units. As Groop explains: “The average GE Healthcare rep has a \$10 million-a-year sales goal. Now, how much time are they going to spend on selling \$80,000 mammography units when they can get \$1 million for a CT unit or \$2 million for an MRI unit? They’re only interested in pumping big iron.”

Going from \$10,000 to \$80,000 units was a big step. But Groop soon realized that another, even more lucrative niche existed for his company, which he renamed Fusion in late 2000. “The same GE sales guys who didn’t want to push \$80,000 mammography units didn’t want to waste their time in the boonies,” he says. “They just wanted to concentrate on the big city hospitals. You could sell big iron in the boonies, but who wanted to do that?”

Need you ask?

IT’S A BLUSTERY DAY in January, and Fusion’s Randy Kemp and Jim Mengel are on a sales call. Outside it’s 18 degrees above zero, but inside Kemp’s dark-green Jaguar it’s warm and comfy: cushy leather, high-grade stereo sound, and a lanolin-smooth drive. Kemp and Mengel are middle-aged veterans of the sales wars. Kemp was Groop’s first employee nine years ago. Today he’s a regional sales manager for the Washington, D.C.-northern Virginia-Maryland area. “Jim,” Kemp says of Mengel, “is my guy in suburban Maryland.”

When he started at Fusion, Mengel got three weeks’ technical assistance from GE. After that, he was on his own. At his first office meeting at GE, the manager asked if anyone was interested in visiting a VA hospital in rural West Virginia. The rookie raised his hand. “Jim,” the manager replied, “are you sure you really want to go out on a call this soon?” It was, Mengel thought at the time, “a great way to break the ice.” So he set up an appointment and brought with him “a single brochure of an MRI, which I could sorta, I guess, explain.” The department manager at the VA told him that he had the boardroom ready for his presentation. And, oh, there would be “three docs and a bunch of techs there too.” Mengel thought to himself: “Holy shit! What am I getting myself into?” Drawing upon his long experience in sales, he “winged it,” but he learned a lesson: “Dig deeper, know more than you think you could ever need to know.”

Now, as they barrel down the interstate and away from Baltimore, Jim Mengel and Randy Kemp explain the art of pumping big iron. Less than a decade ago, says Mengel, there was just one player in the so-called “open MRI” game: Hitachi. After Philips entered the fray, there were two. Only in the past six years or so has GE become a player.

The bad news, of course, is that GE came late to the table. The good news is that GE’s late entry into what has become the most popular segment of the big-iron business helped open the door for Fusion, which from the beginning focused its energies on selling to upscale, suburban radiology imaging centers. Almost as good, says Kemp, is “the fact that many first-generation open MRIs are nearing the end of their shelf life.”

But it’s not just MRIs that Kemp and Mengel are selling. The biggest ticket of all comes in the form of the new 16-slice CT unit. “Slices,” Kemp explains, “represent angled views of, for example, the heart. The more slices you get, the more accurate the diagnosis the cardiologist should be able to make.” Most university teaching hospitals have 16-slice CT units. Most radiology centers don’t. The reason: A new 16-slice CT costs a whopping \$1.5 million. Instead, says Mengel, “your typical radiology clinic settles for a four-slice unit that costs upward of \$600,000.” Even that involves a significant investment. “In order to sell one of these babies,” says Mengel, “you gotta overcome some resistance.”

The Fusion team’s selling point: “Number one,” says Mengel, “we offer GE reliability, quality, and financing. Number two, we provide personal service to the small, suburban hospitals and radiology clinics like nobody else. That’s the Fusion difference.”

Today’s visit will be to a typical Fusion client: Olney Open MRI, located in affluent Olney, Md. The co-owner is Michael Buttner. Rotund and immaculately clad, Buttner made a small fortune as the chairman and CEO of Globetrotter Travel Management Services, a sports travel business. Now, he’s on his way to making a second fortune, this time in the world of radiology clinics. “Everybody and his brother,” he claims, “is trying to get into it.” Buttner and his two partners have big hopes, with plans

“WE BASICALLY DO NOT LOSE PEOPLE WHO ARE PERFORMERS. BUT TURNOVER IS HIGH AMONG THE NONPERFORMERS.”

to open six clinics in the next few years. That kind of expansion costs money—and could mean big-ticket business for Mengel, who had already sold Buttner a high-field open MRI that cost \$1.4 million. “That’s typical of Mike,” says Mengel. “He started right at the top. He’s not content with anything less.”

Complicating matters, Buttner’s newest partner recently put a Philips system in one of their clinics. “Now you know that wasn’t me, Jim,” says Buttner. “You know I’m a GE guy. But as you also know, Philips made it a hard call for us. They gave us preferred financing.”

After lauding the many virtues of the four-slice CT—the Olney clinic currently has an MRI but no CT—Mengel proposes a slightly cheaper alternative, GE’s GoldSeal units: “Think used Lexus.” A GoldSeal unit, Mengel explains, “is a barely used CT—within a year of warranty. This is GE quality at a steep discount. We’re talking 25% less”—roughly \$450,000 rather than the \$600,000 list price. “You’ll be doing seven, eight, nine patients a day with your four-slice,” he says.

“You think we’d get those numbers?” Buttner asks.

“Guaranteed,” says Mengel.

“Hmmm,” says Buttner. “We really appreciate all the marketing support you’ve been giving us, you know. You were right about the open MRI numbers at our Olney clinic.”

But it’s not just the number of patients that concerns Buttner. There’s also the little matter of downtime. The Philips unit that Buttner’s partner bought—Mengel had told me in the car—had experienced significant downtime. How come? “Dunno,” Mengel had said, laughing. “Shit happens.”

Now, in Buttner’s office, Mengel pushes the button: “Ya gotta figure in downtime, too, Michael,” says Mengel, raising an eyebrow.

Buttner sighs. “Don’t remind me, Jim. Don’t remind me.”

“You haven’t experienced one second of downtime—with your GE unit—have you?”

“Not one second, Jim,” Buttner agrees. He tells Mengel that he’s “gotta go back to my partners on this one,” but he also tells him, “You know I’m a GE guy, Jim. No downtime.”

“No downtime,” says Mengel, grinning.

FUSION’S BALTIMORE OFFICES are modern, glass and steel, and they occupy the second floor of a building that sits on the edge of the city’s famed waterfront. Most of what goes on here is backroom stuff, a couple of dozen employees keeping track of sales records and moving paychecks. But here too are the recruiters, trainers, and evaluators and the boss himself, who’s managing a series of performance reviews today. Groop’s Fusion is, if nothing else, driven by numbers. As a consequence, he concedes, turnover can be high: “Among our performers, it’s almost zero. We basically do not lose people who are performers. But it’s fairly high among the nonperformers, 25% to 35%.”

That’s one reason Groop stages training “events,” tests and role-playing, to make sure the salespeople have mastered the arcane details of their product lines. And yet, there are still failures. “Nobody with a heart likes to let a person go,” says Groop, “but

you’ve got to. We have a process for what I call our Come to Jesus Meetings. They know they’re not doing well, but they can’t bring themselves to admit it. So I deliver the bullet that makes them relieved.”

Dressed in dark slacks and a white oxford shirt, Groop sits across a big, shiny boardroom table and takes a series of salespeople through their plans and numbers. One is Gianna Vennari, who’s managed to become one of Groop’s top sellers while driving her Lexus through the back roads of Appalachia. She recently sold \$9 million in equipment to the nine-hospital Appalachian Regional Healthcare system. The area, says Vennari, is “just very depressed—but they have volume.”

Also in town to see Groop is Kristen von Felden, who handles Fusion’s other main client, IBM. She works out of IBM offices in Baltimore, where her current project is selling an IT security system to a communications company servicing the U.S. Navy. “They’re very concerned about the security,” Von Felden says. They are also, she tells Groop, balking at the price of the IBM system.

“That long moment of silence,” says Groop.

“Very long,” says Von Felden. In fact, another provider has offered to do the job for less.

“What do you come back with?” asks Groop.

“IBM is the Mercedes you can trust,” chirps Von Felden.

“And what do they say?”

“They say, ‘Ah, but we’re this tiny little company.’”

Groop sighs: “No, no, no, you can’t let them think like that. You gotta come back with, ‘This is post-9/11. You’re servicing the U.S. Navy, for chrissakes! You want them to think you’re doing this on the cheap?’”

Watching the usually soft-spoken Groop get excited, Von Felden’s eyes light up. Then she goes, “Uh-huh, but what about the pricing?”

“When’s the deadline, Kristen?”

“It’s happening very quickly.”

“Why don’t you suggest that they bring two of their key people to IBM’s security systems headquarters in Boulder. We’ll wine them and dine them and introduce them to the top people at IBM, and they can see with their own eyes just how solid the backup system is. If it helps, I’ll fly in too—on my dime. We’re going to want to close the deal then and there. Before they get back and get their resistance built up again. Just us. Just them. And IBM.” Groop pauses: “You know, Kristen, if this deal was only worth \$10,000, we wouldn’t do the Boulder trip. But this deal is worth it, right?”

“Right, Peter,” she says, nodding sharply. The money for the trip will come straight out of Von Felden’s pocket. While Fusion gives its salespeople health and life insurance and 401(k) benefits—the company didn’t at first, but Groop eventually relented—it still does not cover travel and entertainment.

“T&E?” says Groop. “What T&E?”

AFTER A DECADE OF SUCCESS, Peter Groop is still obsessed with the “elephant complex.” Fusion’s client list, which also includes Kodak, is still GE-heavy. Last year, GE alone accounted for \$275 million of the \$300 million in sales generated by Fusion. “If GE walked out that



TEAMWORK Diane O'Brien (left) recruits salespeople, such as Kristen von Felden, who pitches an IBM IT security system. "IBM is the Mercedes you can trust," she promises.

door..." Groop says without bothering to complete the sentence. "It's a scary thought."

The agreements with IBM and GE are for three years, renewable. Fusion has a year and a half to go with GE, and as Groop says, "Our GE numbers have gone nowhere but up." Not surprisingly, he worries that this kind of success might make GE want to recoup all its profits. "But I think they know they can't do it by themselves," he says. "Why should they monkey with success, huh?" ●

John Anderson wrote about Ted Turner in *Inc.*'s February 2004 issue.



BUILDING THE FORCE Recruiting manager Erika McMahon hires Fusion's salespeople, who get paid entirely on commission after six months.