

The Road to Sales transformation

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Abstract: Sales is an area where many companies find the outcomes belie investments and outcomes. Many companies attempt sales transformation in a piece-meal fashion. In this paper, we discuss the framework for sales transformation and five fundamental levers of sales transformation.

How often as a CEO or Chief revenue officer (CRO) you had to face the following situations.

1. With a weak funnel and eager to secure numbers, sales resources commit hara-kiri by chasing clients whose needs cannot be addressed or have numerous objections to conclude the sale.
2. Sales resources push the “price” button in panic, too often, without positioning the “value” of their products and solutions
3. Sales resources drive the pre-sale and business experts to ship out technical or financial proposals in a jiffy, often without even validating the pain, affordability and urgency of customer.
4. Sales resources throw the gauntlet down in sales review meetings indicating all avenues of customer engagement has been explored, no stones unturned, and if pushed hard ask you to lead and show the conversion

For many organizations Sales is an area where outcomes are never closer to expectations? Companies of all hues and size suffer from underlying common symptoms:

- 1) Long closure cycle
- 2) Weak funnel and weaker conversion
- 3) 90% of revenues coming from top 2 or 3 customers
- 4) Unpredictable revenues across periods
- 5) Fewer or no newer customer acquisitions
- 6) No revenue growth from existing customer base
- 7) High sales resource attrition

In our understanding one in 3 CEO’s agree to have faced situations like above, more so after 2009 economy crash. The reason for poor sales in many companies is they do not have the right staff to support their sales force, have no systems to measure and direct sales performance, no data to start with and no one to figure out. Regardless of age and maturity, in most organizations, the sales staffs including leadership is focused on day-to-day job and have not invested with resources to fix the sales engine.

The key objectives of sales transformation are to: a) increase the profitability of the business, b) improve predictability of revenues, c) sustain the customers gained, and d) de-risk the sales funnel from dependencies. Companies approach changes in sales management in a piece-meal approach or pursue too many changes within a certain period without gaining from the experience of walking through some changes.

There are several models of sales transformation in literature. Common to all framework is to plan-improve-execute and measure approach, one similar to PDCA framework used in quality literature. The sales transformation process consists of four stages as shown in Figure 1. In the first stage, similar to physician analysis framework the emphasis is on collecting the right data to diagnose the current state of the organization. Planning involves evaluating the current segments, sales approach, target setting, leadership profile, etc. Next step of sales transformation is to know what to improve. Key to transformation outcome is to have a clear focus of what is being changed and why. Next identify the approaches that could be used to address the areas for improvement. Companies may rework their sales strategy, roles and responsibilities, account coverage, etc. Configure with participation deliberations process, structures and systems to be rolled out. No sales transformation is successful unless the pace and outcomes are not measures. Deploy systems and process to measure outcomes, and plan newer interventions.

Figure 1: Sales transformation framework



Sales transformation does not mean you add couple of more resources to call and fix appointments, or roll out a field sales management software and hope golden eggs roll out of the goose. In our experience, successful Sales transformation requires working on five fundamental levers, viz Sales resource, salesforce management, sales process, sales operations and sales-marketing alignment as shown in Figure 2.

Figure 2: Sales transformation levers



Tons of advice exists on sales force, the characteristics of successful sales people, their behaviours and attitudes. Sales resources may come as too task or relationship focusses, some may be good as lone hunters, while some love to hunt in packs. Some may be prodders; diligently following the process defined and burn midnight oil, while some may be aggressive hunters who could push the discussion of client away from price using value as the fulcrum. Many sales organizations suffer because of inappropriate resources, especially at key levels. A large manufacturing company had a sales leader who avoided confrontation, even to crosscheck or review his peers and colleagues. While benevolent markets in earlier period did not require him to stretch, the market crash vow fully exposed his limitation. Another hospitality major had a regional manager extremely good at relationship building but not so at acquiring new customers. The agenda from resource perspective is not so much as to standardize only one type of personality profile, but to understand some of the behaviours and attitude can be taught and certain behavioural characteristics are better off at handling KAM. In recent

years cloud based solutions and tools to assess sales resources have sprang up. Companies are benefitting by hiring appropriate sales resources for leadership and other levels. Progressive Infotech uses a behavioural inventory measuring desire to seek issue resolution, willingness to discuss money, empathy, persuasive drive, and ego resilience as useful variables for inclusion in selection. Hiring the right resource is only a first step. They need to be trained on products and services of the company to do situational selling rather than solution selling. Companies must move away from training and certification product features, but equip the sales resources to understand customers' unique value drivers and offers unique perspectives.

The underlying tenet of sales transformation framework is that right structural alignment, adherence to process to capture the activity at each sales stage, and appropriate incentive systems help a company realize right sales outcomes (LaForge et al., 2009). Sales structural change includes not just how the direct sales team are spread in different regions, but importantly how the inside and partner (indirect) sales team complement the direct sales. Inside sales resources may identify suspects and qualify their needs to be further explored by direct sales resources. Indirect sales resources engage the market with the partner network. With sales in many industries, especially B2b, becoming solution led rather than product led, companies may have to review the roles of business development managers and executives. In professional services or high credibility sales, employing business development executives in place of costly managers may prove be a cost effective and viable solutions. With increased adoption of mobility and availability IT tools, companies can use appropriate structural arrangements to minimize the cost of sales and yet improve reach and conversion. Quest informatics and Maveric systems have used BDE led and Geography led structural models to optimize on the cost and customer wins. Structural arrangements can also be used effective to cover various customer segments such as regional or national, or relationship accounts or opportunity led accounts. Such a dedication improves focus within each branch of sales structure and further improves coverage target management.

With respect to sales process, the change could be in terms of adopting a sales stage-gate framework such as SPENCO (suspect-prospect-engagement-negotiation-closure-order) or SPDNO (suspect-propose-demo-negotiate-order) to track and report the sales activities within an organization. The advantage of the process framework it brings a sense of discipline to know what is working and not in otherwise a people based activity. A process approach also helps in target setting with respect to each intermediate stage, not just the final outcome and without burning out the sales resources. Incentives, rightly aligned, help the organization to motivate and stretch the sales people to perform. Incentives could be individual, group based, absolute or capped incentives, specific to acquisition or account mining, etc. Correct alignment amongst all the three parameters is required to bring out increased ownership amongst sales resources, increased Organizational responsiveness, and goal congruency across the organization (Storbacka et.al.,2009).

One of the major levers of sales transformation is the sales operation itself. Sales operation has different meaning for every company. In some, sales operation does number collation and crunches data. In some they are responsible for system, programs and process. In some they are responsible for

pricing and participate in large complex deals. Fundamentally, the role of sales operations is to capture the data related to sales activities, and help sales team to make decisions based on data rather than subjective assessment. Sales operations more than just being a data sink, helps integration benefits to the organization by linking various activities. Sales operations offers insights into what really are the suspects inside sales team is reaching out to, does offer what social media posting from their marketing team did invite more sales interest than just likes, what is the no of visits made by a BDE or BDM, what areas in their region are not covered for last 2 months, what % time is sales team spending on core areas and non-core areas. Sales operation is the heart of sales transformation. While many sales resources may have love/hate relationship with the sales, creating and sustaining the sales operations is a must for successful sales operations. The key to successful sales operations is to allow it to evolve over time. Initially, the focus of sales operations is to shadow sales resources and activities, and attempt to improve “execution efficiency”. Next sales operations must move on to focus on effectiveness, and help in standardization of sales function. Identifying best practices and benchmarks is another area sale operations carry out at this stage. As the sales organization matures, the focus of sales operations is to focus on predictive sales, ROI and emerge as a centralized business operations centre.

No sales transformation is complete without the alignment of marketing and sales operations. Sales and marketing need to be consistent, congruent (same goals, support each other) and coordinated (event plans, time promos, content marketing with sales visits). Process, Structure, people and Goals can be used as tools to achieve integration. Look familiar. This is a common problems with most companies where marketing focus on few vehicles. Some believe in only the physical networking events and other lean heavily on social media platforms. Here again companies do not follow an “embellish” strategy. Consider the broad marketing asset a company has its disposal. On the social media front, the assets range from infographics, blogs, extended blogs, videos, case studies, white papers, publications and community platforms. On the physical front, a company could use industry events, workshops, analyst meets, association forums, and breakfast meetings. What works best is when companies know how to mesh mash both physical and online assets and the assets within each category. One strategy that could be effectively followed is to have a quarter-wise marketing plan aligned to sales expectations. The advantage of this is that content development and curation can happen in stages and stronger stories and messaging emerge with each insert. Companies realize focus group meetings, followed by industry forum and curated events including analyst shows provide improve coverage and affinity. Having a common Head of Sales and marketing will allow effective integration. In large companies, cross functional teams tasked with joint activities across sales and marketing will be useful. They will be driven, there will be ownership and it will be effective. Though. At times, it could be slow due to consensus issues and expensive as well, due to the redundancies built in. The new trend is for companies to have Integrators or SDR (Sales Development Reps) who act as co-ordinators between sales and marketing. Quest Informatics, Peopleworks, Srishti software and Nosft have successfully used the approach to align sales and marketing.

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