
SALES EFFECTIVENESS IN WORLD-CLASS ORGANIZATIONS

Identifying Sales Force and Sales Management Capabilities

Market Research Report



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■ EXECUTIVE SUMMARY

Overview

Sales effectiveness is important across all industries. Without a skilled and productive sales organization, few firms can survive, much less excel. Sales effectiveness is especially important to the innumerable firms facing any or all of the these issues:

- Stagnating or declining revenues or market share
- Assessing and responding to trends that influence the effectiveness of their sales organization
- Increasing competition and shorter product cycle times
- Building valued, long-term relationships with their clients
- Making the right technology choices to target customers and/or prospects
- Strengthening the roles of sales managers as well as their capability to lead and manage a sales force
- Developing and retaining the right salespeople

This report examines how sales managers, vice presidents of sales, and other leaders responsible for sales staff development view their situations and equip their sales organizations to compete and win in the future. Below are the key findings of the study.

Trends Affecting Sales Organizations

The sales function takes place in a constantly evolving environment. Sales organizations must adapt to continuous changes in their products, customers, competitors, and markets. Intense competition places great value on understanding and responding to current trends within and across industries. Research participants noted three top trends affecting their sales organizations today:

- Cross-functional teams—sales, marketing, and customer service organizations working together
- Increasing use of technology in sales and sales management
- Globalization of markets

Success Factors: Sales Force

The companies participating in this research identified building lasting relationships and business partnerships with customers as their top sales priority. Finding reliable means to solidify bonds with clients through all stages of the sales process—preparing for customers, acquiring customers, and retaining customers—is essential to their success, especially in the long term. Success factors include:

Preparing for Customers

- Keeping informed about their organization's products and services
- Knowing the market in which their offerings compete
- Knowing the customer's business, goals, preferences, and competitive position

Acquiring Customers

- Targeting the right customers
- Collecting the right information from customers to develop strategic account plans
- Using a comprehensive analysis of the customer to build integrated responses

Retaining Customers

- Constantly keeping customers informed about what other companies are doing, including bringing in subject matter experts as appropriate
- Identifying service problems head-on and spending time with customers to solve problems creatively
- Staying close to customers and letting them know the company cares about them

Advanced Skills: Sales Force

Beyond the sales cycle, certain skills were identified as important in separating ordinary from exceptional sales effectiveness:

- Building and adding value through specialized knowledge and extensive account involvement
- Collaboration with both internal and client team members
- Strategic and “out of the box” creative thinking

Success Factors: Sales Managers

The role of the sales manager earned special attention from research respondents. The job is seen as increasingly important and difficult, due largely to its multiple roles and expectations. The study revealed key success factors in several sales manager functions:

Coaching

Numerous respondents stated that coaching is the most important role of the sales manager yet expressed concern that this responsibility is often hindered by the addition of other duties that take time away from coaching. Successful coaching requires:

- Strong communication and people skills
- Ability to assess skills and respond accordingly
- Commitment to make time for coaching every day

Crafting Strategy

Crafting strategy was ranked as the second most important sales manager role. Sales managers translate the company's business strategy into meaningful solutions for customers by:

- Implementing strategy through individual products and services
- Leading value-added customer interaction
- Developing incremental steps toward the end goal
- Communicating goals and strategies to the team clearly, crisply, and persuasively

Motivating People

A third key sales manager role is motivation. In the face of a workforce increasingly diverse in age and ethnicity, motivation has taken on new importance. To succeed in this arena, respondents identified understanding each team member on a personal level as essential to sustaining employee commitment and building effective teams.

Implications for Training and Development

What are the implications of today's sales environment for training and development? Research respondents describe that training the sales force is becoming much more complex, moving far beyond traditional product training:

- Sales people need far more information to sell effectively to customers.
- The explosion in sales technology to manage information, prospects and customers, and communications requires more from the sales professional.
- The shift in focus toward retaining customers requires new soft skills for relationship building, listening, questioning, teamwork, and integrated solutions development.

Sales manager development is even more complex. Respondents agree that new financial literacy, business management tools, and communications and interpersonal skills are required. But without question, managers' greatest development need was coaching techniques and skills.

For more detailed insights for T&D, see Best Practices for Training and Development in the Appendix at the end of this report.

■ THE RESEARCH STUDY

Purpose

What makes some sales organizations so productive and profitable? What skills drive success for salespeople and sales managers? What training and development efforts will be most valuable to sales professionals? To better serve its own customers, The Forum Corporation commissioned a research effort to answer these and other questions.

Forum's Sales Effectiveness Research Project had four purposes:

1. Identify the trends and challenges facing world-class sales organizations
2. Describe the skills that drive success for salespeople and sales managers
3. Capture the best practices of America's top sales organizations
4. Identify opportunities to build and strengthen sales force and sales manager skills

Methodology

This Sales Effectiveness Research Project consisted of two phases. The first phase sought to identify best practices of world-class sales organizations and a future vision of sales effectiveness through an extensive search of academic and business literature on sales. The Phase 1 literature search included review of 150 articles, 27 books, and 5 studies.

Phase 2 focused on validating the findings from the first phase through a series of executive interviews with sales leadership. Subject firms were Fortune 500 and multinational corporations identified in *Sales and Marketing Management's* March 1998 issue, which showcased the Top 25 Sales Forces in the United States.

Participants included 45 sales managers, vice presidents of sales and leaders of sales training and development activities. Besides the United States, corporations with operations based in Canada, the United Kingdom, China, Hong Kong, and Southeast Asia were included in the study to identify any different geographic trends, challenges, and opportunities for sales effectiveness.

Most of the participants were firms that hold leadership positions in their respective markets. Respondents represented a range of sales expertise and sales team structures including intact sales teams, sales marketing operations, cross-functional sales teams, and product development, as well as face-to-face and telephone sales.

■ THE RESEARCH STUDY

Industry Representation

- Banking and Financial Services
- Chemicals
- Hospitality and Leisure
- Insurance and Health Care
- Pharmaceutical
- Retail
- Services
- Technology
- Telecommunications

All interviews were guided by one of four structured protocols. The interviews were conducted by phone and were audiotaped. All participants were guaranteed confidentiality.

■ TRENDS AFFECTING SALES ORGANIZATIONS

Key Challenges for Sales Organizations

Sales managers, vice presidents of sales, and leaders of sales force development identify an overarching need to build more value into customer transactions and create strong, resilient relationships with existing customers.

Sales, Marketing, and Service Teams Working Across Functions

Respondents report that sales and marketing functions are becoming more tightly linked through increased exchange and sharing of customer data. Marketing wants sales to capture more and better customer information to be used to segment the market and create compelling marketing messages and materials. Sales utilizes the same data to build its sales messages and tools. This sharing of data and teamwork approach ensures that the customer receives the same product value and benefits presentation from advertising, collateral, and the sales force.

Cross-functional teams capitalize on the ability of specialists to meet common goals. For instance, respondents frequently reported that prospects are qualified by phone and referred to sales for pursuit. Handoffs to customer service occur upon sale. By working together, cross-functional teams create seamless experiences for the customer as well as better sales and service results.

Cross-functional teams are evident in the best practices of services, banking/financial services, telecommunications, technology, insurance, and health care industries:

“There are four different entities in our sales organization: the direct sales force responsible for direct sales to business; the customer service center with inbound telesales servicing current customer requests; our sales center, which is outbound and inbound, taking leads from anywhere inside the organization and converting them to sales; and the bid management center, the support group to the rest of the organization.” (Telecommunications Corporation)

Increasing Use of Technology

The Phase 1 research results identified technology as the trend with the most dramatic impact on sales effectiveness. Sales force automation was characterized in expansive terms: eliminating paperwork, improving account management, optimizing lead identification, controlling administration, orchestrating resources automatically, and providing access to extensive market and competitor data. Technology was heralded as the success partner for the 21st century, allowing for tailoring of virtually every element of the sales and service process to the needs and values of customers and prospects.

■ TRENDS AFFECTING SALES ORGANIZATIONS

Phase 2 respondents identified technology as the second most important trend, close behind cross-functional teams. When technology is well-integrated into the sales process and the sales force is fully trained in its use, it is a powerful tool for sharing knowledge and targeting customers.

“Technology gives the ability to deliver information more quickly than ever before—market conditions, market data, product information, changes, updates, competitor threats.” (Pharmaceutical)

“We use tracking systems at the customer-management level to know where and when the next opportunity is—and its revenue potential ...” (Hospitality/Leisure)

However, most companies in the study report technology challenges. In many cases, putting technology tools on the sales desktop is only the first step in a long journey to reaping their full benefit. Training the sales force to use technology correctly—and convincing them to use it consistently—can be extremely difficult.

“Like most corporations, we have spent millions on technology, and we have three issues with it. First, the sales force has to have it, they have to learn it, they have to be able to work it. Second, technology is a huge training issue for our company. Third, sales needs to be able to leverage these tools, and that goes beyond training to a wisdom issue.” (Bank/Financial Services)

“We have more and more decision aids and technology, but quite honestly, one of the challenges is to get sales reps to use them. That is a pretty common people challenge, you know.” (Technology)

Technology can also drive new challenges from customers, in the form of higher expectations for responsiveness and timeliness. Many customers envision that technology and telecommunications enable companies to provide instantaneous solutions in selling situations.

“Customers expect sales processes and implementation to move faster than ever before. They require faster turnaround of ideas, proposals, and contracts all over the globe.” (International Financial Services)

Globalization of Markets

Respondents report that increasing globalization of markets demands more customer segmentation and more tailoring of product and service offerings to international standards, needs, and tastes. Meeting international needs strains a sales organization’s ability to maintain consistent business processes across boundaries and stretches its ability to disseminate accurate and timely information.

■ TRENDS AFFECTING SALES ORGANIZATIONS

“First and foremost, the sales staff needs to be more versatile. They need to be more networked. They need to be better informed and better connected—that is, electronically. You see a sales person cannot claim that because he or she is in the middle of the Sahara desert, he or she has no access to the Internet. Customers want answers on the spot. So we are providing our people with satellite phones, networking technology, and technology tools that didn’t even exist a few years ago.” (Pharmaceutical)

The global challenge is also reflected in the difficult logistics of delivering training programs globally with regional content variations, different cultural practices, and language barriers.

Other Trends

Respondents also report other trends influencing the effectiveness of their sales organizations. The most frequently mentioned trends included:

Increasing Competition

“Business is changing rapidly. Top accounts this year will not be next year’s. We must keep on top of the marketing and constantly prospect for new customers.” (Technology)

E-Commerce and the Internet

Electronic sales channel options are expanding rapidly, and respondents in the study are working to take full advantage of the technology. They see new opportunities to identify qualified prospects, raise sales and service levels, and expand relationships with existing customers. Nearly every corporation in the study stated it was essential that their organization establish a major sales presence on the web within the next 12 to 24 months.

“The web is exploding as a sales and marketing tool; 80 percent of all transactions on the web will be business-to-business.”¹

Changing Workforce Demographics

Respondents report major generational differences between middle-aged employees and those straight out of college. Everyone acknowledges that younger workers are more computer-savvy and more technologically literate, quickly mastering technical products, sales automation tools, e-mail, intranet, and Internet at the desktop. However, Gen Xers frequently demonstrate a less service-minded attitude than their older counterparts. Companies often find young workers less loyal, as reflected by frequent job changes (and the associated loss of training investment).

■ TRENDS AFFECTING SALES ORGANIZATIONS

“We see the trend to shorter tenures in organizations. What I mean by that is the tendency for people to come and go quickly now. It’s a big issue—finding the right people, attracting them to your company, getting them trained at a reasonable rate, and then trying to retain them. People who are really quality-driven, people-driven—finding and identifying those people is much more difficult today.” (Global Industrial Products)

¹ Brewer, Geoffrey. “The Customer Stops Here. Part 1 Winning Customers.” *Sales and Marketing Management*. 1998 March

■ SUCCESS FACTORS: SALES FORCE

“The most effective salespeople are not slick, not smooth, but know how to ask a question and then keep their mouths shut. Solutions are going to be derived from a better understanding of what your customer issues are.”

Given the challenges presented by globalization, technology, and other trends, creating and maintaining a high-performance sales machine taxes even the most capable organizations. What really matters most in making it happen? The research effort revealed an invaluable set of success factors that separates acceptable and exceptional performance.

Required Selling Skills

Sales managers, vice presidents of sales, and leaders of sales training agree that a foundation of essential skills is a prerequisite for success through the entire sales cycle, which encompasses three kinds of activities:

- Preparing for customers
- Acquiring customers
- Retaining customers

Commonalties

Certain abilities are valuable in all three stages of the sales cycle. Foremost is the ability to acquire and utilize detailed information about customers and the environments in which they operate. These data are used to develop customized responses to customer issues and opportunities. Key to acquiring this customer information are the essential skills of conducting research, asking the right questions, and, in particular, listening intently to the voice of the customer.

Many respondents also report that required selling skills—such as negotiating—have taken on renewed importance in a toughening competitive environment. In addition, respondents characterize customers as having huge appetites for product information, demonstrations, and more sales force face-to-face time.

Preparing for Customers

Respondents noted several areas of special importance for salespeople in preparing for customers:

- Keeping informed about their organization’s products and services
- Knowing the market in which their offerings compete
- Knowing the customer’s business, goals, preferences, and competitive position

■ SUCCESS FACTORS: SALES FORCE

Best-in-class companies identify the following knowledge practices in their sales forces:

*“We value financial literacy and competitive and market awareness”
(Publishing and Services)*

*“Sales must fully understand competitive trends and the external environment.”
(Chemicals)*

“I want every one of my people to be able to look at a balance sheet and an income statement, and within 10 minutes know how healthy that customer is—and recognize the implications for our business.” (Chemicals)

“It’s important to have knowledge of other products in the market as well as your own; otherwise, it’s pretty hard to go in there and convince the customer to make a switch. The expectation is clearly that you will have the facts and figures on the customer’s company—its business, brands, and markets.” (Global Financial Services)

*“Deep knowledge of a customer’s business—getting inside the customer’s business—is key. Then of course you have to understand the market the customer is playing in. You have to understand the type of customers he or she is servicing before you can really address his or her needs. I would say you have to understand a customer’s customer, market, and strategy for growth.”
(Global Technology)*

Best practices also involve the way the sales force talks about the products of its organization:

“We provide web-based training for generic, technical, and marketing of the product as well as the key messages for sales staff to repeat in the field on the product’s positioning. We focus them continuously on always using the same language on the product side.” (Technology)

Acquiring Customers

Account planning stands out as a top priority among respondents.

Key skills in this phase include:

- Targeting the right customers
- Collecting the right information from customers to develop strategic account plans
- Using a comprehensive analysis of the customer to build integrated responses

■ SUCCESS FACTORS: SALES FORCE

The majority of respondents emphasized that effective sales representatives are highly skilled at listening and asking the questions. This skill is described as the ability to ask thoughtful, value-adding questions, listening closely and actively, and being able to place customers' answers into a broad field of understanding about their business and the objectives of the company.

The ability to listen to the customer is viewed as key to customer segmentation and to creating custom solutions. Respondents assign high importance to knowing how customers think about and solve their business issues, and where they are in their decision-making thought process.

“Sales is still seen as a presentation-focused process as opposed to a listening-focused process. The most effective salespeople are not slick, not smooth, but know how to ask a question and then keep their mouths shut. Solutions are going to be derived from better understanding what your customer's issues are. Without good listening skills, you will propose the wrong thing. Your negotiations should be striving toward win-win. And you can't get to win-win if you don't understand where the other person is coming from.” (Global Financial Services)

Retaining Customers

It is well known that it is much less expensive to retain an existing customer than to attract a new one. Creating long-term, satisfying relationships with the best customers is a goal of every organization.

Respondents identify a number of essential practices for retaining customers:

- Constantly keeping customers informed on what other companies are doing, including bringing in subject matter experts as appropriate
- Identifying service problems head-on and spending time with customers to solve problems creatively
- Staying close to customers and letting them know the company cares about them

World-class companies universally recognize the importance of interpersonal skills and taking genuine care of customers:

“In terms of retaining clients, there is one thing that I think is the most important factor, and that is when clients see you valuing the relationship, that you honestly, sincerely, and genuinely care about what is important to them. And if they perceive that from you, I will guarantee that the clients will stay with you, no matter what.” (Banking/Financial Services)

■ SUCCESS FACTORS: SALES FORCE

“Retaining customers depends on developing relationships with them. Staff needs to understand their customers. They need to know about their personal lives. Do they have kids? Are they married? When are their anniversaries? And they need to be proactive in calling customers prior to customers’ coming to them. They definitely have to have a proactive approach.” (Retail)

Advanced Skills

Building and Adding Value

In addition to the required competency needed at the foundational level, sales executives recognize that the sales force has numerous opportunities to advance its skill level to build value and solidify relationships with customers. The most valuable strategic relationships develop and improve when sales representatives:

- Master extensive knowledge of the organization’s product and services
- Treat the customer’s business as their own
- Collaborate with other team members to create optimal solutions
- Understand and plan for the full operational effect of joint business decisions

Best-in-class organizations provide a range of approaches to create greater value for their customers:

“We definitely explore customer needs, ask the right questions, listen to the customer, understand what’s needed, explore his or her options, share information, create solutions. All the time, we keep customer-focused.” (Retail)

“Offering multiple products allows sales representatives to go back to the customer multiple times. To do this effectively requires planning in advance and knowing how each product relates to another.” (Services and Learning)

“Learning how to sell services that wrap around and extend your product and its value.” (Technology)

“We use product-line profitability models that take us further—from the issues of revenue to the issue of value over the life of the client.” (Financial Services/Banking)

Collaboration

To deliver integrated business solutions that create competitive differentiation in the marketplace, respondents focus on collaboration between internal and external teams.

■ SUCCESS FACTORS: SALES FORCE

Among best practices in collaboration cited in the market research study were the following:

“We’re integrating sales and marketing, bringing together direct customer contact with market segmentation responsibilities to ensure there is alignment between the two. It’s essential that the customers’ needs are communicated across functions.” (Diversified Chemical/Agriculture)

“I think a lot about the concept of team selling. I look at the opportunities and say this sales rep has a lot of experience in that, or he or she may not have complete experience. So I use another person to fill in the gap. By teaming them up, I provide the customer two points of contact—two experts—and the best possible bang for the buck. Teaming capitalizes on the styles of each individual; it works very successfully on large opportunities.” (Telecommunications)

Strategic Thinking “Out of the Box”

One of the surprises coming out of the research is the focus that sales managers and vice presidents place on the need for sales representatives to “think outside of the box—outside of the product” in responding to customers.

This type of strategic thinking is viewed as an essential differentiating element in customer relationships. To “think outside of the product” or box requires not only strong knowledge of the company’s products and services but also complete understanding of the customer’s situation.

“Think outside of the box. Think creatively. Think on your feet and offer something different. Do something that the competitor has not thought of.” (Multinational Agriculture and Chemical)

“The need for knowledge, to be service-oriented, to be an aggressive salesperson, to be innovative, to be able to think out of the box and always look toward the future—these are the things we cultivate continuously.” (Chemical)

“The problem is never how to get new innovative thoughts into your mind but how to get the old ones out. To me, that’s probably the biggest challenge—to say that this has worked, but we’re going to change it. To be very creative and think out of the box—that’s hard to do.” (Global Financial Services)

“We’ll do a lot of whiteboarding, looking, drawing it up on a board and thinking way outside of the way we would normally think. And we’ll bring in other people to help us with ‘Have you thought about this?’ ideas.” (Global Telecommunications)

■ SUCCESS FACTORS: SALES MANAGERS

“We are trying to find it all in one person—sales leader and people manager.”

The title of sales manager is a hint at its complexity—it is both a sales role and a managerial position. It is a difficult job made more difficult by the trend toward wider spans of control. In addition, most sales managers rise through the sales ranks and rarely have extensive management experience.

Dual Role Management

Sales executives identify one of the major challenges facing sales managers today as their dual roles. Sales managers are asked to be functional managers responsible for the quality, coaching, and recognition and to provide strategic guidance and deliver financial results. Many respondents agree that these two distinct roles—strategist and coach—do not go hand in hand. In addition, many described each role as a full-time job. Sales managers in the study said there were not enough hours in the day to meet the expectations of their dual roles.

Sales and training leaders acknowledge the tremendous opportunity to provide sales managers with people-management training. Virtually every respondent agreed on the need to initiate a new generation of sales manager training.

Best-in-class companies understand the dynamics of the sales managers’ dual roles:

“We are trying to find it all—sales leader and people manager—in one person.”
(Global Services)

“The challenge is to work on the whole people and coaching and customer service piece. The people piece is the coaching—coaching to achieve great service and to spread our vision that we want to be the best.” (Retail)

“For the future, sales management will no longer be sales management. It will be more of leadership and the vision of understanding the team concept. There will be much more of a one-on-one emphasis. How do you help build the team? Who’s going to need to be on your team? How do you get them involved? How do you grow them? It’s much more personalized individual relationship than it is today on sales leadership.” (Financial services)

“If you don’t plan and strategize right, then you can’t coach. Planning is really important in having an efficient business. Then you have the time to coach, reinforce, and motivate.” (Retail).

Virtual Challenges

Many industries, especially high-tech, are striving to bring the sales force closer to the customer, eliminate commuting time and the cost of bricks and mortar. The virtual sales force opens many productivity possibilities but presents significant challenges for the sales manager. Respondents agree that every activity of the sales manager—building and leading teams, coaching and motivating—is made more difficult by distance.

■ SUCCESS FACTORS: SALES MANAGERS

Respondents described success factors that relate to three key activities:

- Coaching
- Crafting strategy
- Motivating people

Coaching

Respondents unanimously view the most important role for sales managers as coaching and assessing the developmental needs of the sales staff. Coaching is considered fundamental to securing revenue growth and driving the effectiveness of the entire sales force. No other function was mentioned nearly as often in research interviews. Virtually every participant acknowledged the need for sales managers to become better at coaching.

Key success factors relative to coaching and assessing include:

- Strong communication and people skills
- Ability to assess skills and respond accordingly
- Commitment to make time for coaching every day

Respondents identify the value of coaching in all kinds of scenarios, from counseling staff facing difficulties and encouraging high potentials to encouraging older workers to master sales technology and convincing Generation Xers of the value of service.

The irony is that everyone recognizes the value of coaching, but few corporations are creating the time for coaching to occur on a regular basis. On the contrary, sales managers face ever-greater demands on their time.

“To help breathe new life into coaching activity, we recently used 360° surveys to learn how well sales managers were coaching. We are in the process of saying, ‘We’re going to get better at this.’” (Chemical)

“The greatest challenge lies in a manager’s ability to coach and differentiate people. Managers have to learn the techniques just as a teacher does. They have to look at people with a realistic eye and have the courage to deal with whatever they see. They have to learn how to develop people, and if they can’t develop a plan, they need to know where to go to get help. Managers have to have a true passion to build a great team or great individuals.” (Retail)

“People need to know that you’re accessible if they need it—that if they leave you a voicemail or e-mail, you’re going to respond in a way that is timely and motivating.” (Technology)

“Our sales managers work with reps on value-added selling skills, effective opening and concluding of sales calls, effective probing and questioning. A lot of this is one-on-one coaching.” (Service)

■ SUCCESS FACTORS: SALES MANAGERS

Best-practice companies talk constantly about the importance of coaching, making time in the manager's schedule to do this—not on the fly but every day. They insist on the evaluation and measurement of coaching skills and include it in assessing the overall performance of sales managers and leaders.

“We require a sales learning leader to assess individual capabilities, understand sales force strengths and weaknesses, identify development needs, and, through the identification, find means for improvement.”

“Coaching requires you to be willing to criticize constructively, and there are specific skills related to how to do it. Using a golf pro analogy, the coach builds confidence and says, ‘This is what you do; this is what to try.’” (Global Services)

“Have a plan to develop your people and know where to go to get help on assessment and implementation. This includes matching people's skills to increasingly strategically focused customers to achieve a solid fit.”

“It's important to really sit down and get to know what makes your sales team tick, their personalities. That's one of the big things. As a manager, I'm really into the heart and desire and attitude of a person. I know all of his or her strengths and weaknesses. I look at a person, and I say, ‘80 percent is really good, 10 percent I can change positively, the other 10 percent I won't ever be able to affect.’ I focus on the 10 percent I can change to elevate his or her level of performance. I dig for whatever issues I can uncover to develop and make him or her better. I always have that analysis of each person in my mind ... because you really get into the heart and soul of each person, and you develop really, really strong relationships where people are doing whatever it takes for you, and you're doing whatever it takes for them.” (Global Telecommunications)

Crafting Strategy

Crafting strategy was ranked second in importance by participants, behind coaching. Sales executives emphasize that the sales manager position translates the company's business strategy into meaningful solutions for customers.

Respondents view this role of sales manager as including:

- Implementing strategy through individual products and services
- Leading value-added customer interaction
- Developing incremental steps toward the end goal
- Communicating goals and strategies to the team clearly, crisply, and persuasively

■ SUCCESS FACTORS: SALES MANAGERS

Clear communication is essential to support and to reinforce the strategic integration and to maintain consistency of message:

“Sales managers need to be able to organize their thoughts and define a mission. They need to have great communication skills to get the team working for them, not necessarily from the top down but the bottom up ... to surface ideas and implement ideas so people have ownership. They must be highly communicative to lay out expectations and encourage people to believe completely in the mission.” (Retail)

“The sales manager communicates priorities, tasks, and goals to staff with recognition of the importance of consistent updates.” (Hospitality/Leisure)

“Communications are filled with persuasion and clarity, and provide for constant signaling among staff and constant review in terms of demonstrating the minute steps being taken toward the end goal.” (Global retail)

“For our sales managers, the number one priority is their need for great communication skills with people to share the company’s vision, standards, product knowledge. It encompasses everything.” (Retail)

Respondents were evenly split as to whether the sales manager should take a greater or lesser role in the crafting of strategy. In insurance/health care, retail, banking and financial services, the development of strategy almost always resided above the sales manager, while in technology and telecommunications, the sales manager had considerable latitude in creating market strategy.

Best-in-class companies are listening to customers more and taking strategy cues from them. Best practices encourage the following:

“You must adjust and redistribute your sales effort differently across the spectrum, according to how people buy. This adjustment and redistribution includes keeping strategic account managers focused on integrated business solution development, as opposed to transactional accounts or activity.” (Health care/Insurance)

“We are focusing on creating the sales organization where all sales professionals have the capability to create strategy and think that way all the time.” (Technology services)

“Strategic thinking is key. Sales needs better skills for thinking through the long-term ramifications of different courses of action and fixing problems as well as strategies for using all of the resources of the firm.” (Global retail)

■ SUCCESS FACTORS: SALES MANAGERS

Motivating People

In the face of a workforce increasingly diverse in age and ethnicity, motivation has become more difficult. To succeed in this arena, respondents described understanding each team member and what makes him or her tick as essential to building teams and sustaining motivation. This is characterized as going beyond stated preferences to understanding the motivating behaviors and personal preferences of individual sales force members.

Comments on motivating people include:

“We have a more high-tech environment; people are working out of their homes. Sales management needs to motivate, recognize, give them the technology tools to succeed in communications, so they feel like part of the team—as if it’s an ‘us-versus-them’ environment.” (Hospitality/Leisure)

“It’s essential to spend time observing people, talking to them, and finding out what really motivates them.” (Agricultural and biological sciences)

■ TRAINING AND DEVELOPMENT

“Training has become more complex. Training used to be focused on just product. Now we have to train on the environment for the product ... information and how to use it ... [and] computer use ...”

Research respondents recognize that training the sales force is becoming more and more complex for three major reasons:

- Sales people need far more information to sell effectively to customers.
- The explosion in sales technology to manage information, prospects and customers, and communications requires more of the sales professional.
- The shift in focus toward retaining customers requires new soft skills for relationship building, listening, questioning, teamwork, and integrated solutions development.

Sales manager development is even more complex. Respondents agree that new financial literacy, business management tools, and communications and interpersonal skills are required. But without question, the greatest development need of managers was coaching for virtually all corporations in the research study, including best-in-class.

Learning Technologies

Face-to-face classroom-based training is still very much a part of the learning mix used by corporations in the study. However, many respondents expressed doubts on the long-term value of this type of training, particularly when sales managers are reported as having little time to reinforce behaviors. Respondents agreed that the trend toward telecommuting makes reinforcement even more difficult.

There is a clear trend toward incorporating more CD-ROM- and intranet-based training into sales force development. The principal benefit is its flexibility; it is self-paced and completed at the convenience of the sales representative. Computer-based training is not without its difficulties, however. Sales managers are challenged to track self-paced learning and know which discrete learnings to reinforce with each sales representative.

Leading-edge training and development in retail and financial services industries includes extensive use of satellite-based television through proprietary cable stations to deliver just-in-time trend- and market-sensitive information. Respondents also mention the use of videoconferencing in training, particularly effective in the launch of new products and programs where everyone benefits from listening to questions, issues, and answers exchanged between the headquarters and field offices. The two-way dialogue is further supported with online corporate intranet chat rooms where best practices, solutions, and information can be shared.

Training Challenges

Many respondents in the research study acknowledge that their organizations have been changing so rapidly that sales managers are caught in the middle, racing to retain customers and generate revenues while trying to keep the sales force on track. As a result, sales managers have not been the focus for training and development for some time now.

“When you move up in the organization, your responsibilities change. By the time you reach sales management, the skills you need change. We are probably going to be taking a hard look at leadership-type training, and now we’ll take a look at business management.” (Biochemical/Agriculture)

“Training has become more complex. Training used to be focused on just product. Now we have to spend time to train on the environment for the product, the various forms it takes, and how it affects business. There’s a lot more training on data information and how to use it—more training on computer use, which requires longer training and focus on areas other than product.” (Pharmaceutical)

“The sales force learns the most from its district manager when the district manager spends time with them, coaching. If a formal training session is not followed up by the district manager coaching them on what they learned, making them practice and what have you, you might as well have not held the training session. This is the critical piece for us ... having district managers coach to develop the sales force.” (Chemical)

“We have individual one-off group training on the web, delivered online where reps work it on their own and send it back to instructors and managers. Managers coach and reinforce the competencies weekly. The rep never enters the classroom.” (Telecommunications)

“We are very tightly knit with the sales organization. We are very close to them and their workflow. And I think that’s an advantage. When we’re not teaching, we spend time in the sales department, keeping our skills up to date by taking phone calls, handling customers and work-flow processes, attending sales unit meetings. We hear what they are saying, ask what they have a good grasp of, what they don’t understand, what they’re hearing from customers.” (Diversified insurance)

“We train sales representatives from the day they walk into the company until they get promoted to vice-president of Global Sales, and we’ll keep on doing just that.” (Global retail manufacturing)

■ CONCLUSIONS

Building profitable, long-term relationships with existing customers is the top priority of sales organizations. These relationships provide the foundation for revenue and earnings growth. Corporations recognize that this means building new capabilities in the sales force—skills beyond selling a product to creating and delivering integrated value-added solutions based on a thorough understanding of customer needs.

What do customers value? Customers expect selling organizations to demonstrate thorough understanding of the customer’s business, goals, organization, customers, market, and competitors. To meet these expectations, sales teams must demonstrate the ability to solve business problems with truly creative, tailor-made, differentiated solutions:

“We need to be so innovative that we come up with ideas that a customer would never have thought of, but when we tell them, they go, ‘Wow!’”
(Agriculture/Biochemical)

To deliver this kind of value to customers, the sales force, sales managers, and entire sales organization have to have the right skills, practices, behaviors, and outlook to respond to the customer. Developing this set of capabilities is of supreme importance for best-in-class organizations.

“What I think about the most is, How good will the sales organization have to be to work in this competitive environment we’re in right now? What kind of people will it take, and what kind of skills will they have to have?” (Global services)

Looking Ahead

So now what? Participants in this market research study provided clear direction. Here are the imperatives for the sales force and sales managers:

For the Sales Force

- Increase ways to build product and service knowledge faster as more and more new, enhanced, and customized offerings are brought on-stream
- Understand the market in which the customer conducts business, including extensive competitor knowledge, industry and trend data, and emerging technology
- Work with customers to build unique, effective, “out of the box” solutions
- Build lasting customer relationships based on the added value of knowledge and commitment

■ CONCLUSIONS

For Sales Managers

- Integrate the business strategy of the company with sales strategy and the support of marketing to build stronger relationships with existing customers
- Balance the dual roles of coaching and management, with priority for coaching and development
- Provide coaching for the sales staff to build its effectiveness and reinforce the right behaviors, particularly in light of increasing turnover
- Develop the ability and tools to assess effectively the developmental needs of salespeople
- Strengthen every aspect of communication skills with sales force and leadership

“Our sales force could have far more impact; however, we need a higher level and broader range of skills to understand what opportunity looks like in different customer environments—and how to understand what is out there that we can bring together to deliver value.” (Service)

One Change to Prepare for the Future

At the end of each research interview, sales managers, vice-presidents of sales, and leaders of sales learning and development were asked, *“What one thing would you do differently tomorrow to improve the effectiveness of your sales organization?”*

To conclude, here are several of the responses:

“Build great teams through teaching and coaching, differentiating people and their roles, based on their skills. If I could change that one thing, I’m convinced that no one could compete with me.” (Banking/Financial Services)

“Put in a killer lead department to inundate the sales force with high-quality leads.” (Pharmaceutical)

“If I could do anything tonight—wave the wand—I would want my managers to be better at picking and developing their people, differentiating people on several skills levels, along with understanding their abilities and willingness.” (Global Agriculture/Biochemical)

“Set the expectation in the whole organization that we must keep on learning.” (Industrial products)

■ APPENDIX: BEST PRACTICES FOR TRAINING AND DEVELOPMENT

Overview

To help determine where the emphasis should be placed on training and developing, Forum conducted additional research to gather best practices among the top sales organizations when it comes to training and development. Our findings centered on studies conducted by *Sales and Marketing Management* magazine, which annually rates America's best sales forces.

In this section, we highlight the best practices relevant to developing a world-class training and development program for sales professionals.

Best Training Practices

1. Train salespeople to become specialists.

Top-rated GE Capital trains its salespeople to become specialists within certain industries. This allows the salesperson to focus on the customer's specific business needs. This trend is also apparent in the consumer products industry, where the sales force is often organized around key customer accounts such as Wal-Mart. By focusing on key industries, salespeople are able to understand the market in which their customers operate and provide custom solutions that help their customers grow their businesses.

2. Have executives sponsor key global accounts.

At #2-ranked Cisco Systems, a senior executive sponsors each large global account to ensure "first-class care." While executive leadership ensures that clients get the attention they deserve, it also opens a door of opportunity for the salesperson to advance the relationship with the customer to a level that he or she could not normally achieve on his or her own. Furthermore, it gives the senior executive a chance to mentor the salesperson and other sales team members. The senior executive stays connected with the account by visiting customers twice a year and conducting quarterly conference calls to discuss client satisfaction with the overall relationship.

3. Incorporate common messages into all training programs to create alignment among salespeople.

Ensuring that a consistent message is heard throughout the entire sales process can provide assurance to customers about the solution being offered. At Saturn, rigorous training reinforces its customer-driven approach. Saturn's values and competitive differentiators are integrated into all training programs to ensure that everyone is on the same page when it comes to serving customers. The power is in the alignment this type of training system creates among the sales force.

■ APPENDIX: BEST PRACTICES FOR TRAINING AND DEVELOPMENT

4. Offer training that teaches salespeople how to interact with customers in various functions (that is, executive, buyer, finance).

Different customers have different buying needs. Tailoring sales presentations for different clients within an organization can be a challenging task if you do not understand their buying needs. During a study of its competencies, DHL Worldwide Express uncovered this skill as a differentiator among its top-rated sales personnel. As a result, a new training program was developed to train salespeople how to interact with the various departments within a large organization during the sales cycle.

5. Develop superior listening and questioning skills to uncover customer needs.

The shift from transactional to relationship-based selling requires salespeople to understand their customers and their businesses at a much more detailed level. Hence, more time must be spent listening to customers to uncover their unique needs. At DHL Worldwide Express, a new training program has been developed to teach consultative skills to its sales force. The program teaches salespeople to ask better questions to uncover customer needs so they provide the right solution the first time. The end result is saved time and money, which can be reinvested into building new customer relationships.

6. Establish mentoring relationships between junior and senior salespeople.

In GE's Commercial Equipment Financing business, senior sales representatives are responsible for mentoring a junior sales representative to help accelerate the less experienced salesperson's development. The benefits of this scenario are twofold: The junior rep is provided valuable guidance from the seasoned salesperson, while the senior rep is given the opportunity to develop his or her leadership skills. In the end, both individuals take away insights from the relationship.

7. Select top salespeople as field-based trainers to share best practices and success stories.

One of the challenges in designing and delivering a sales training program is ensuring that the trainers are speaking the language of the salesperson. This usually requires the trainer to have spent some time out in the field as a sales representative. Federal Express has overcome this hurdle by recruiting its top 25 salespeople to be field-based facilitators and recruiters for its sales force. The top-performing salespeople are trained for 4 months at corporate headquarters before going out to train in the field. By leveraging their top-performing sales representatives' experience, FedEx has created a training team with instant credibility out in the field.

■ APPENDIX: BEST PRACTICES FOR TRAINING AND DEVELOPMENT

8. Use video scenarios in monthly team meetings to introduce new sales tactics.

Continually inspiring the sales force to raise their level of performance can be a challenge for many companies. Executives at #3-ranked Frito-Lay have taken this responsibility into their own hands when it comes to inspiring and training the sales force. Top Frito-Lay executives participate in a new Priority One video series where they act out actual sales scenarios between a Frito-Lay sales reps and customers. The 15-minute videos are used at monthly district sales meetings to provide the sales force with one new sales tactic to try a month. The topics have ranged from how to sell the latest product introduction to handling objections from a difficult store owner.

9. Offer product training through the intranet.

One of the primary goals of a sales organization is to provide its salespeople with the tools they need to be successful. As more demands are piled on the sales force, time becomes a precious commodity. Dell Computer has tried to minimize the time a salesperson spends in classroom training by providing access to product presentations on its intranet site. The flexibility provided in this learning option allowed one sales representative to spend 3 more days per quarter in the field with customers instead of traveling to Dell's headquarters in Texas for a product-training session.

10. Conduct standardized orientation training to set expectations.

While flexible learning technologies and field-based training are becoming more popular, there is still a need to ensure consistency in new salespeople's approach to dealing with their customers. A leading distributor of medical supplies provides a week of standardized orientation training for new hires to ensure that everyone has the same expectations for their roles and responsibilities before working in the field. Before this program was instituted, new hires were trained on the job and then attended a corporate-sponsored sales development training program. What the company found was disparity in the regional training, which resulted in new hires having unclear expectations about their jobs.

11. Reinforce training on the job through sales managers.

Sales managers play a critical role in reinforcing training with their teams in the field. Best-in-class companies rely on sales managers to reinforce training by coaching salespeople to practice what they have learned on the job. Without reinforcement, companies will not be able to fully develop their sales force's potential or unlock sales effectiveness in the business.

12. Integrate sales coaching into the sales manager's job.

Sales coaching is gaining popularity in some companies where sales managers are not spending enough time providing encouragement and feedback to the sales force. The primary role of a sales coach is to support salespeople in their own development by providing guidance when needed. Coaching sessions should be limited to one or two issues and should last no more than 15 to 20 minutes.

■ APPENDIX: BEST PRACTICES FOR TRAINING AND DEVELOPMENT

Best-practice companies talk constantly about the importance of making time in the manager's schedule to coach every day. These companies insist on evaluating and measuring the coaching skills of sales managers and leaders as part of their individual performance reviews to ensure that coaching becomes ingrained in the sales culture.

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