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# **Sales Management That Works**

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*Boussias Communications Sales Management Forum*

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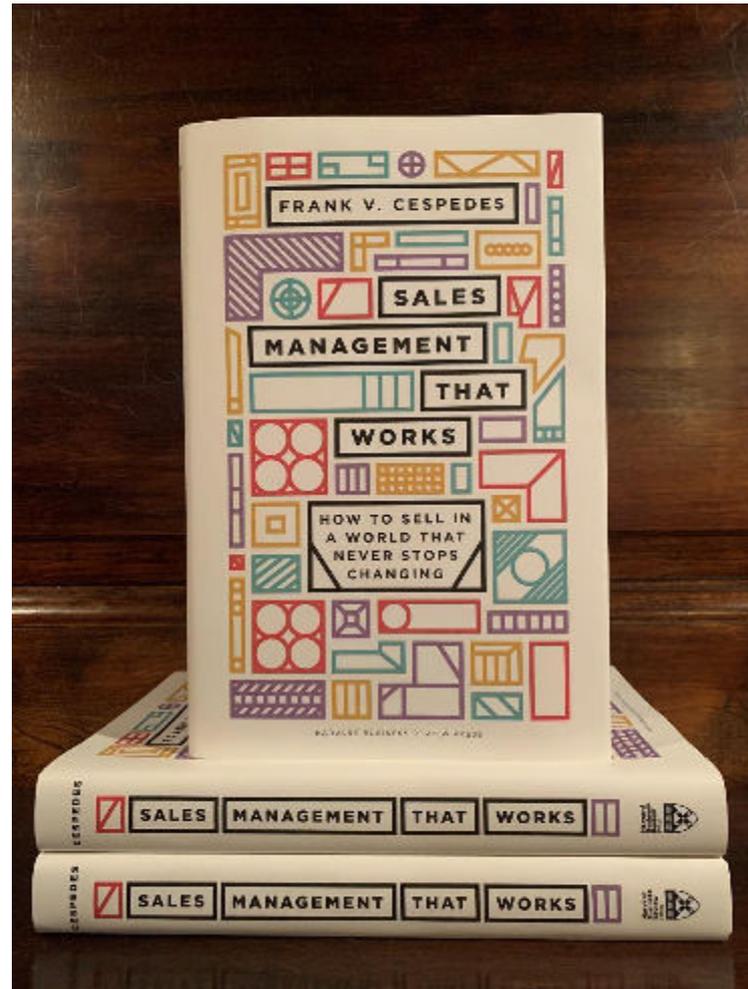
# Agenda for This Session

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- Use Research and Data from a new Book to discuss:
  - What is and is not changing in sales and some implications
  - Why knowing the difference matters (for companies & careers)
  - Suggestions about People, Performance, Sales Productivity

# Another Book About Sales!

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# Why This Book?

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- Sales is the most context-dependent part of the value chain . . . .
  - Selling SaaS vs Enterprise S/W vs Services vs. Durables, etc.
  - Selling in USA vs LATAM vs Asia vs Middle East, etc.
- Yet a topic where pundits make huge generalizations . . . .
  - Usually unsupported by empirical data beyond  $N = 1$
- Impact of digital/online technologies on buying/selling is real . . . .
  - But the managerial implications are often misunderstood
  - And pandemic raises the stakes for getting this right

# Some Common Current Assertions About Selling

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- “Ecommerce = Disintermediation of the Salesperson”  
and the pandemic makes this a “new normal”
- After three decades free from sales taxes, Ecommerce as % of total U.S. retail sales (Dept. of Commerce data) → 2019: 11.4%  
2020 Q1: 11.8%      Q2: 15.7%      Q3: 13.8%      Q4: 13.6%  
2021 Q1: 13.6%      Q2: 13.3%      Q3: 13.0%      Q4: 12.9%  
Work from Home (BLS data): 2020 Q2 = 38%      2021 Q2 = 18%
- \* “A major pandemic does not introduce something truly novel. It magnifies trends that were already under way.”
  - Stephen Davies, *The History and Economics of Pandemics*
  - *Accelerated omni-channel buying and made online marketing channels increasingly cluttered, expensive, diminishing returns*

# Why This Matters

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- In business, if you don't separate fact from hype, then . . .
  - You will make bad or sub-optimal decisions about priorities, what is (and is not) an asset, and how to allocate resources
  - You can initiate a self-fulfilling prophecy: getting better and better at activities that customers value less and less
  - You can talk about disruption or transformation, but you need a relevant go-to-market model to do it or avoid it
  - You fall victim to those who can separate fact from hype and link their business-development investments with strategy

# What *Is* Changing in Sales, and Why

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- **Buying: From Funnels to Streams**
  - A sequential A-I-D-A hierarchy of effects model has been the basis for most sales pipeline, training, and CRM models for 60+ years
  - But buying journeys in most markets are now a dynamic process: explore, evaluate, engage in parallel streams via tech tools
- **Changes in Marketing/Sales Roles and Requirements**
  - More emphasis on value-added in shorter customer interactions
  - Dynamic buying means more X-functional interactions in selling
  - Marketing & Sales are undergoing a data revolution: multiple impacts
    - More scrutiny by Finance and impact on ROI evaluations
    - Shift in relative budgets / tasks between Marketing & Sales

# What Is Changing: Implications for Core Sales Areas

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- People: Hiring, Training, Required Competencies, Evaluations
  - Inherent challenges in sales hiring and getting harder as selling becomes a more data-intensive activity
  - Companies already spend 20% *more* per-capita on sales training versus other functions, but ROI is disappointing
- Process: Sales Models, Relevant Metrics, Comp/Incentives
  - Many sales models are based on obsolete assumptions
  - Analytics (and pandemic) reveal resource mis-allocations
  - Processes and metrics need rethinking to increase selling time, monitor offline/online interactions, manage hybrid models

## What Is Changing (cont.)

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- Partners: Multi-Channel Go-to-Market is Now the Norm
  - Online *and* Offline as Complements: Not Either/Or dichotomy
  - Implications for required skills, data, training efforts
- Pricing: Data Analytics *Increase* Opportunities for Value Pricing
  - More tools available for price testing, but high inertia at firms
  - Units of customer value (and documentation) are changing

# Marketing & Sales Requirements are Changing . . . But Managing Change is *Always* Difficult Here

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- So many other organizational plans and resource allocations depend upon sales forecasts and actual revenues . . . .
- Sales & Marketing are therefore under pressure to “make the numbers” – monthly, quarterly, annually . . . .
- Metrics usually reinforce current business-development activities
- Common result: Avoid transition costs and stick with the devil you know, despite changes in buying criteria and processes
  - And *that's* how companies get disrupted

# Change Management: In Sales, Start with People

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- Improving Hiring
- Getting Better ROI from Training
- Performance Management and Productivity Processes

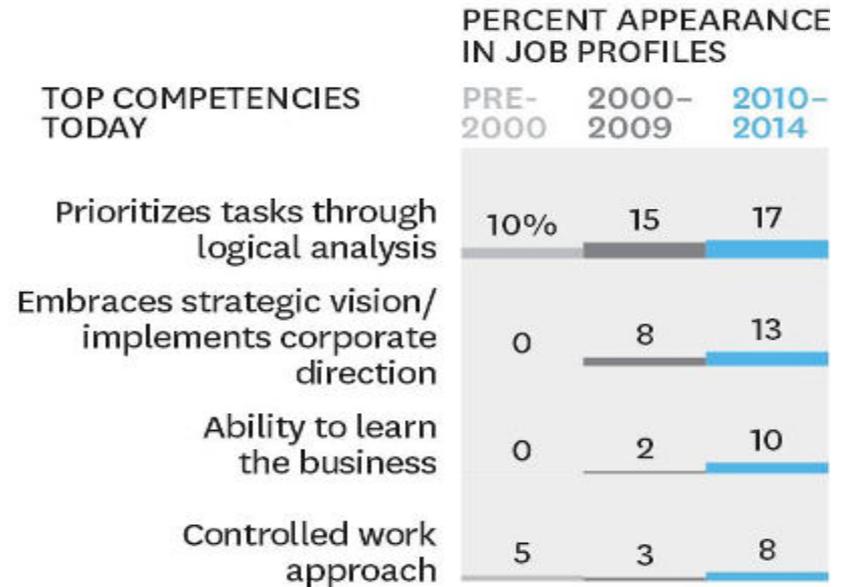
# 1. Hiring

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- Crucial decision (“You hire your problems”) and getting harder:
  - Time to fill open positions and ramp-up time have steadily increased in the past decade. Each sales hire is a bigger sunk cost.
- Individual sales performance is very variable in most businesses:
  - Top 15% of reps often generate 5-10x revenue of *average* rep
  - In retail, results vary by 3-4x among people *at the same counter*
- Talent matters: There are sales “stars” in most firms. But stardom is not easily portable across firms
- And data/analytical tasks are changing sales competencies

## Salespeople Require Different Competencies than They Did Two Decades Ago

Hiring managers are now looking for people who can analyze data, think strategically, and learn the business.



SOURCE GROWTHPLAY

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# Re-Thinking Hiring and Interviews

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- **Start with the relevant Buying Journey and Marketing/Sales Tasks, *not* context-free abstractions about sales personalities**
- **Managers (especially busy sales managers) over-rate their ability to predict performance and “fit” based on interviews:**
  - Research indicates only a 20 – 40% correlation between interview ratings of candidates and their subsequent actual job performance
  - Some studies show a *negative* correlation: better to pick at random!
  - Cloning, first impressions, social biases, bracketing, etc.
    - For research reviews, see Dana, et. al., “Belief in the Unstructured Interview: The Persistence of an Illusion,” *Judgment & Decision Making* (2013); D. Moore, “How To Improve the Accuracy of Personnel Selection,” *California Management Review* (2017).

# Improving Hiring and Interviews

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- Acknowledge these limitations and complement interviews with:
  - Relevant assessments, task-specific assignments: it's about *behavior*
  - Job trials, tests, and internship-type hiring scenarios
  - Always get multiple opinions and perspectives: colleagues, HR, others
  - Use data & deployment to focus on tasks and broaden hiring pool
- Clarity about what hiring managers mean by “experience” (most common criterion used in sales hiring):
  - \* Experience with a customer group (e.g. health care)?
  - \* Experience with the technology (e.g., service → sales)?
  - \* Experience with the geography or buying culture?
  - \* Experience with selling (e.g. high-velocity inside sales)?

## 2. Training and Development

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- Across industries, turnover in sales averages 20 - 30% annually
  - This means the equivalent of the entire sales force must be hired, trained, on-boarded every 3 – 5 years in most firms
  - In total, sales hiring + training costs often exceed companies' project cap-ex investments, but treated less rigorously
  - And, the nature of sales tasks makes company-specific training a key driver of selling effectiveness

# Problems with Current Sales Training Practices

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- Most sales training is episodic
  - Reps bombarded with information at a point in time (e.g., product introductions) and the “forgetting curve” is steep
- Over-reliance on classroom training
  - Versus task-oriented nature of learning behavioral skills
  - Talking about selling is not the same as selling
- Too much focus on a given selling methodology
  - Versus current sales tasks and adaptive selling skills required to deal with multiple buying criteria and processes

# Getting More From Your Training Spending

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- Link Hiring, Onboarding, and Training
  - It's difficult to train and develop a poor fit for the job
  - Talent effects in sales are often cumulative: modeling behavior
- Identify the Skills that Matter Most . . . Today, not Yesterday
  - Focus where the rep makes a difference (vs Marketing, Service, etc.)
- Understand Adult Learning and How Sales People Develop
  - Task oriented, J-I-T training practices, peer learning, visual media
  - Digital tools can help here, when tied to learning processes

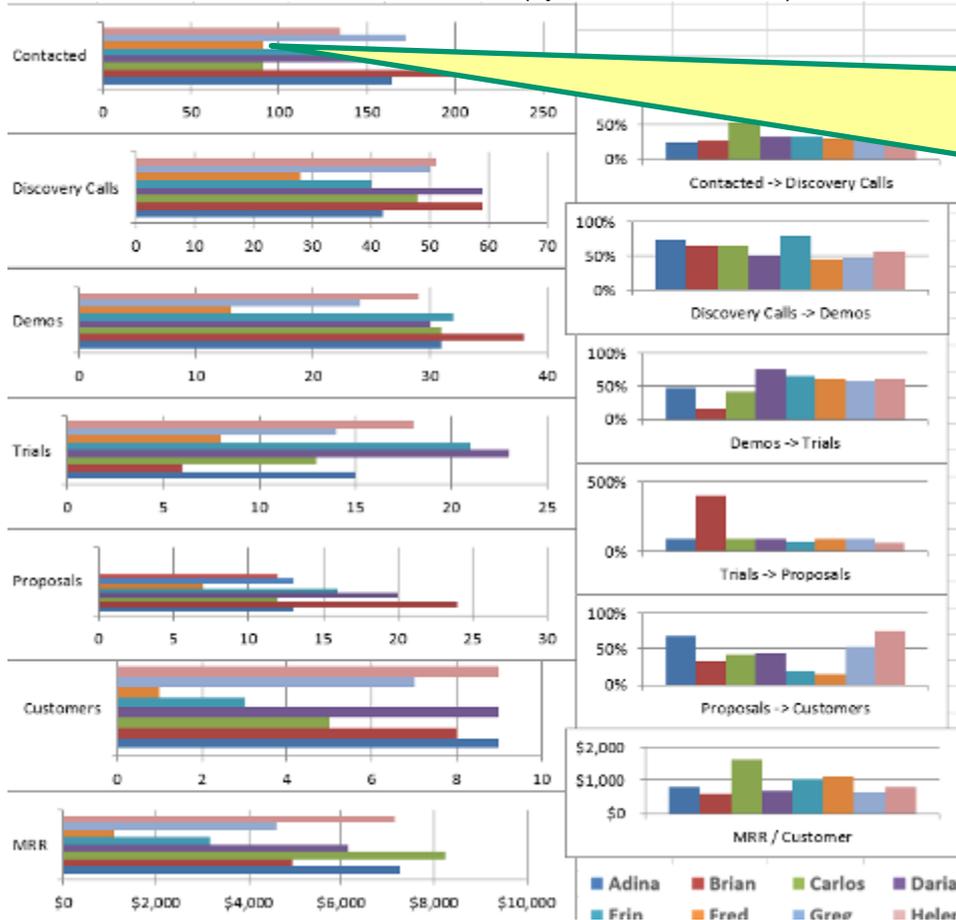
# 3. Performance Management

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- Good coaching and reviews have a major impact on results
  - Yet Performance Reviews are probably the most under-utilized lever for affecting behavior in most organizations
- Reviews ultimately rely on the evaluation metrics: most firms simply focus on sales volume (vs. profit, cost-to-serve, other)
  - Metrics should change as market and growth tasks change
- Effective reviews link to behaviors that can be coached: Prospecting issues? Closing?
  - These are distinct business-development and coaching issues . . .

# Example: Prospecting issues (not enough contacts)

Exhibit 3 - June Performance (by Account Executive)

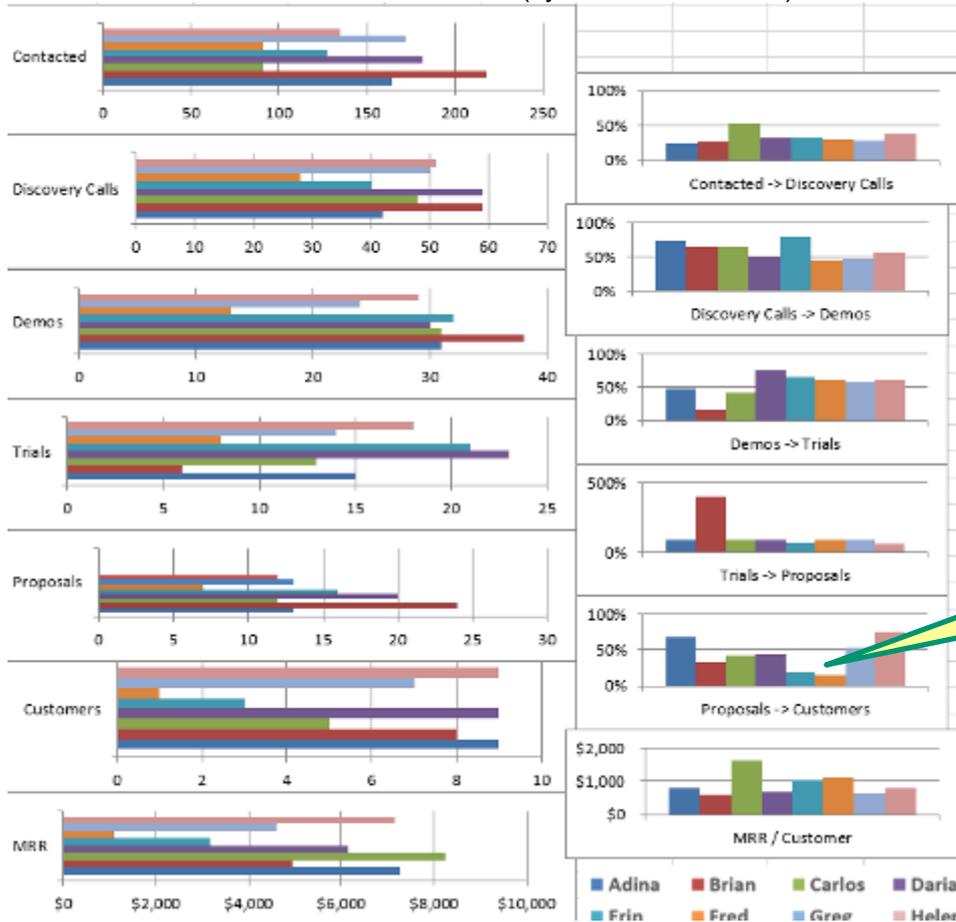


## Common causes of prospecting Issues

- Over-investment in unqualified opportunities?
- Time management issues?
- Lack of cadence/process?

# Example: Closing issues

Exhibit 3 - June Performance (by Account Executive)



**Causes of Close Rate Issues**

- Not clarifying value proposition?
- Not getting beyond surface pain?
- Not reaching buying authority?

# Sales Productivity:

## a) Capacity x b) Close Rate x c) Profit/Sale

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### a. Increase sales capacity by:

- Longer hours, more calls, better lead generation
- More focus on high-impact tasks, prospects, and people

### b. Increase close rate by:

- Better opportunity/deal selection criteria
- Better account and/or channel partner management

### c. Increase profit/sale by

- Better pricing, product mix, and/or sales per customer
- Lowering selling costs and/or internal process efficiencies
- Managing the Strategy → Sales performance cycle

# The Strategy → Sales Performance Cycle

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**STRATEGY (1)**

*Sets the direction*



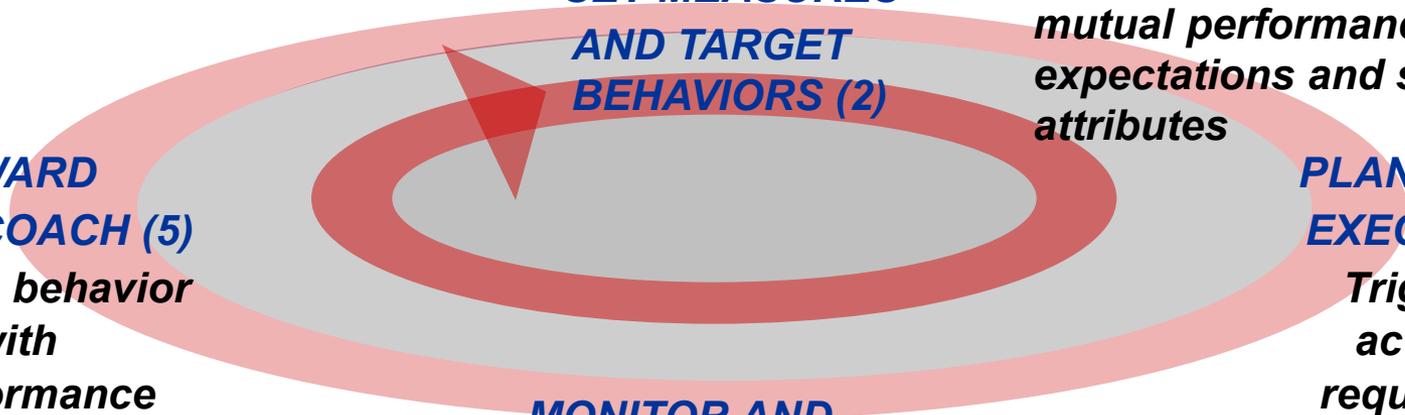
**SET MEASURES  
AND TARGET  
BEHAVIORS (2)**

*Translates the direction into  
mutual performance  
expectations and success  
attributes*

**REWARD  
AND COACH (5)**  
*Aligns behavior  
with  
performance  
expectations*

**PLAN AND  
EXECUTE (3)**  
*Triggers  
actions  
required to  
achieve  
performance  
expectations*

**MONITOR AND  
EVALUATE (4)**  
*Monitors progress  
towards  
achievement of  
expectations*



# Thank You!

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- *And My Best Wishes for Continued Success  
in Your Marketplace,  
in Your Careers,  
and in Life . . . .*

- *Stay Positive and Test Negative!*

*- Frank Cespedes*