Building the High-Impact Sales Force

The Investment You Can't Afford Not to Make

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PITY TODAY’S SALES force. Our sales teams must be on the front line, meeting a hostile, hypercompetitive world. Since product cycles are short, our sales forces must help launch new products more frequently — or deal with commoditization by creating differentiation in the minds of the customers, even when little difference may be evident. In a nutshell, we are asking our sales forces to work at both ends of the product life cycle curve, where sales quality matters the most. And, of course, we expect them to toil profitably in between.

But who is helping this all-important group to evolve in a world where success is managed in inches? In fact, too many of us have neglected our sales forces; too frequently we let them operate with an outmoded approach that worked well in the relative ease of the past but is not up to the challenge of the harsh environment of today. Consider what we ask of them!

Product power has shifted to customer power. Key parts of the consumer world have consolidated. Companies like Wal-Mart, Walgreens, Staples and Home Depot dominate their product categories, able to “break arms” and “muscle their suppliers.” They demand lower prices and greater services, meticulous logistical support, special packaging and private labels. Their market power enables them to get what they ask for. And our sales forces are supposed to provide it all.

Many commercial customers concentrate their purchases among a smaller number of vendors so as to dominate these vendors — and it often works. Concentrations in the customer base and worldwide sourcing mean that fewer customers have more suppliers to choose from. Competition has thus become much more

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intense. The game has shifted from hundreds of small transactions with hundreds of customers, to fewer, larger transactions with fewer, more important customers. It has become a block-trading world, with higher returns and much, much higher risks. And our sales forces must deal with this world.

The profitability across various accounts has become more dispersed. Many customers used to purchase at “list price.” Now hardly anyone does. Herefore sacrosanct offerings like pharmaceuticals and legal services now feel the hot breath of competitive intensity and commoditization. These are not temporary cyclical changes—they appear to be long-term, secular developments. And we ask our sales teams to succeed here as well.

Clearly, the sales force is not the only element of competitive advantage or the only area requiring change. But some companies have rethought how their sales forces can meet the challenges they confront. Significantly, this has meant rethinking how the company, and its products and services, “interacts” with key customers.

The Campbell Soup Company had fielded a typical consumer packaged goods sales force, segmented by product category; each strategic business unit (e.g., for soups, pickles) dealt separately with increasingly powerful major retailers. But then Campbell boldly established 12 national retailer teams dedicated to 12 major accounts, developing regional major account teams and shared major account teams to deal with another significant collection of large accounts. These changes, coupled with major logistics innovations, have made selling Campbell products much more effective.

The gold standard of sales forces was assembled by I.B.M. in the 1960’s and 70’s, but this stellar group flagged, plagued by pride, complacency and company-wide bureaucracy. Yet the sales force was completely reconfigured in the 90’s, contributing to the company’s turnaround.

Compensation, for example, became based on customer satisfaction and account profitability; relationships between product lines and salespeople were tightened even within the context of a complexity of products and a diversity of markets. Traditional concepts of “account control” bent toward “shared commitment,” with multiple parts of the organization coordinating efforts to contribute significantly to customer success.

This stuff doesn’t apply only to big companies. Look at the Interep Radio Store, an entrepreneurial commission sales agency providing radio spots to advertisers and large advertising agencies. Interep thrived initially. Its selling was focused and responsive, it countered competition through acquisitions and it encouraged employee ownership by forming multiple internal companies.

As long as radio advertising grew at double-digit rates, general-purpose selling worked. But the business environment changed, the industry matured, media growth slowed and formidable competition arose—in particular, a major contender emerged with deep pockets and significant industry expertise.

Interep responded by emphasizing its position as a full-service, added-value supplier, clarifying the roles that its salespeople played in delivering that added value. The company realigned its territories to focus on key accounts, and key account executives were trained to develop relationships that served advertisers’ needs with tightly focused, highly integrated multimillion-dollar media campaigns. New measurement and compensation programs reinforced the changes.

In essence, we are describing the evolution of a “Willy Loman”-type sales force to a high-impact sales team. “Selling is dead—there was respect, and courtship, gratitude in it. Today it’s all cut and dried...,” said Loman, the protagonist of Arthur Miller’s “Death of a Salesman.” He was wrong. Selling is far from dead. And Loman’s wife, Linda, put it right: “It’s changing, Willy, I can feel it changing.”

Here is how you can help your sales force change:

**Clarify the sales task and answer your sales force’s No. 1 question: What do you want me to do?**

Think of your sales force as Smart missiles with extremely sophisticated target selection and locking mechanisms. Here are the four things your selling organization needs to know:

1. What are your strategic thrusts, marketing plans and tactics?
2. How profitable are various accounts’ products, services and orders?
3. Specifically, which accounts—and which people within the accounts
— should they call on?
4. Which products and services should they sell to whom?

Develop a winning sales force architecture aligned with customer and profit opportunities.

Today’s business needs are frequently served by specialized sales and other functional experts working as an account team. Realistically, “tidiness” and simplicity are not possible when your sales force is big, your customer base large and diverse and your product offerings broad. The organizational architecture must support seamless coordination among sales specialists and other functional experts.

Specialization provides the opportunity to practice, learn from colleagues, develop skills within one’s functional expertise and do a better job for the customer. Integration, on the other hand, is equally important because customer satisfaction and account retention are directly related to the level of integration among various units serving the customer. Integrate the units with a clear, explicit business strategy; formal management processes such as a coordinated goal-setting and budgeting system; shared incentives, and a linked information system. Also use informal social channels, such as office co-location.

Measure your salespeople against the clear goals specified in the sales task.

Analysis of the most successful corporations demonstrates that individual and team effectiveness is highly dependent upon the “want to” factor — i.e., motivation. Nothing increases motivation more than success, when accurately, promptly and equitably measured against an agreed-upon target. Today’s market requires the design and implementation of sales information systems that help salespeople understand and track their performance:
1. Product sales goals for a customer or group of customers.
2. Customer satisfaction and retention rates.
3. Account penetration rates and profitability.
4. Creation of value and differentiation from the competition.

Hire selectively, train generously and cull deliberately.

More than five million people in the United States are now actively employed in sales. But a far smaller number have the overall competency and skills essential in today’s tightly focused, highly competitive selling environments.

For that reason, set strategic specifications and hire consistently to those demands. Focused, customer-relevant and persistent training is the most highly leveraged investment you can make in the process of creating and constantly sharpening the high-impact sales force.

In the new selling environment, the field sales manager plays an increasingly central role, building account teams with power and responsibility. The manager’s role of coach, teacher, mentor and team builder requires a significant investment in training, including the ability to manage multiple, cross-functional account teams that operate close to the customer.

Those who consistently don’t meet the demanding performance standards — despite generous training, coaching and support — should be removed as soon as possible for the benefit of all.

Manage, motivate and support your sales force.

Finally, the sales force must be an integral part of your corporate team. If you believe in customer orientation, your connector to the customer has to be connected to the company. As sales forces become increasingly strategic, they will need a higher share of senior management’s attention. It is a high-investment, high-return proposition. The alternative is neglect, loss of relevance and the conversion of the sales force from competitive advantage to cost burden.

It is hard to change a sales force, to modernize it to keep up with changing customers and to get a step ahead of the competition. It takes money, an accurate understanding of the nature and rate of customer and competitor change and a significant share of senior management attention. Yet, it is doable (companies, large and small, have done it), and it is invaluable (it increases revenue, profit and the flow of vital customer information). It is one of those rare investments that the leaders of tomorrow cannot afford to overlook.