

## Knowledge Review: Selling Gets Complex by Geoffrey James

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by Geoffrey James



Photograph by Steve Moors

## Selling Gets Complex

The Internet, technology, and globalization have changed this age-old game for good.

**A**s a human behavior, selling probably predates recorded history. Anthropologists have noted bartering behavior among nonliterate cultures and even among non-human primates. And as a fundamental mechanism of exchange, selling has naturally become as sophisticated and complex as business itself.

Biologists often describe evolution as a process that occurs in bursts, followed by long periods of calm. That's certainly true of selling's changes over the years. Sales behavior, and its prerequisites, can remain static for decades, and then undergo explosive change — usually in response to new technology.

The last great transformation was driven by the telephone, which turned selling from an episodic activity (conducted via letters and face-to-face meetings) into one that involved an ongoing relationship of constant availability with customers. In response, sales professionals were forced to master new skills, like repetitive cold calling and the building of rapport without the comforting presence of a smile and a handshake.

More recently, globalization,

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*The Tao of Programming*  
(InfoBooks, 1987).

the rise of outsourcing, and the Internet — along with a wealth of sales technology tools for generating leads, developing opportunities, and closing deals — have created another, perhaps even more profound, evolutionary leap in professional selling. As a result of the explosion of information and complexity, sales professionals today must help their customers understand and solve problems. This in turn requires a deep comprehension of a customer's core business issues. Sales professionals must also possess the technological savvy needed to creatively and appropriately use new tools to streamline the sales process and generate profitable transactions.

**The Myth of Disintermediation**

As recently as a decade ago, sales reps were primarily responsible for the delivery of product information. They spent much of their time traveling to meet their customers, and sales calls involved showing the latest brochure and delivering a presentation that explained the benefits of the product and the advantages of doing business with the salesperson's company.

The Internet made that "information delivery" role almost entirely

obsolete and, in the process, eliminated the need for a salesperson when the product was a commodity that could easily be purchased from more than one vendor. Now, customers can retrieve product information effortlessly, and they can also order, check delivery status, contact customer support, and so forth — all activities that once were within the sales rep's bailiwick.

The Internet replaced so many traditional sales functions that pundits initially predicted it would "disintermediate" sales, leaving millions of salespeople out of work. Some sales jobs, including many in the travel industry and consumer electronics, did disappear. But in most cases, they did not. Instead, the sales function has become even more important, especially in business-to-business markets, for two reasons.

First, the wealth of information available online creates what social psychologists call the "tyranny of choice." Too much information makes buying decisions *more* difficult, particularly when the product or service being purchased is sophisticated or has business implications that require a certain amount of experience to understand. For exam-

ple, many business owners would happily order office furniture online, but would balk at purchasing enterprise software the same way.

Second, the Internet stimulated globalization and outsourcing, making companies more interdependent. In times past, companies achieved economies of scale by expanding the number and scope of the functions that they performed. Problems were solved, and challenges met, internally. Companies today are more likely to achieve economies of scale by defining and refining their core competencies and shedding activities that can be more easily and cheaply accomplished elsewhere.

Thus, companies are now more apt to rely on other firms to perform processes and tasks for them, and it is essential that they make sound decisions when they contract these services.

Buyers and sellers alike have turned to sales professionals to manage the complexity created in the buying process by the explosion of information and the need to undertake more sophisticated, often strategic, purchases. More and more often, salespeople must shoulder the burden of responsibility for the

# In Jeff Thull's diagnostic model, sales reps are akin to doctors; they locate root problems and propose ways to address them.

diagnosis of the customer's problem, the design of solutions, and the assurance that whatever has been purchased works well in the customer environment.

## Beyond Traditional Sales

Performing this more strategic role requires that sales professionals leave behind the traditional "information delivery" sales model. In that model, the sales rep delivered a pitch focused on features and benefits that was intended to convince the customer to buy. It emphasized closing — getting the order — and often relied on aggressive techniques to manipulate the transaction toward that end.

In many companies, such selling behaviors were treated with an almost cult-like reverence, as portrayed *in extremis* in the Pulitzer Prize- and Tony-winning play *Glengarry Glen Ross*, by David Mamet (adapted into a film by Mamet and James Foley in 1992). The sales teams in such companies often had a culture in which a sales rep was considered stupid or lazy if he or she wasn't constantly pushing to close a deal.

The traditional selling model assumed that customers either al-

ready knew what they wanted to buy or would immediately recognize the benefits of that grain thresher or adding machine as soon as they saw it. Thus, the real buying decision was what company to buy from, and that depended on the quality of the salesperson's pitch. But then complexity reared its head. Eventually, customers were considering the purchase of enterprise resource planning systems or complex subassemblies for jumbo jets that had yet to be designed. In such cases, customers usually didn't fully understand what they needed, and the standard sales presentation, focusing on the quality of the product and the reputation of the salesperson's company, didn't begin to address that issue.

The traditional selling model had to evolve. Sales consultant and author Jeff Thull has identified three generations in that evolutionary process in his book *Mastering the Complex Sale: How to Compete and Win When the Stakes Are High!*

**1. The presentation model**, in which the sales effort is focused on presenting the product, handling objections, and closing. The assumption is that customers understand their problems, and the role of

the sales rep is to clearly present his or her offering and secure the order.

**2. The consultative model**, in which sales reps ask questions about the customer's needs. The role of the salesperson is to understand those needs and to present his or her products as the best solution to them. The underlying assumption is that customers can diagnose their own needs and describe their desired outcomes.

**3. The diagnostic model**, in which sales reps do not assume that the customer has a complete understanding of the problem; in fact, they assume that the customer may not recognize that a problem exists. These reps are akin to doctors. The sales rep examines the customer's business situation, locates the root problems that are causing that business to run less effectively, and proposes ways to work with the customer to address the root problems. The result is a designed solution that the customer could not create or think to ask for on his or her own.

Thull's diagnostic sales process is the latest refinement of the consultative sales model, which has its roots in classic works on selling, such as Dale Carnegie's *How to*

# Companies are hiring sales reps with technical degrees or experience specific to industries in which they'll be selling.

*Win Friends and Influence People* and Neil Rackham's *SPIN Selling*. Carnegie, writing in 1936, preached relationship building and a customer-focused approach: "Talk in terms of the other man's interest." Rackham, in the 1980s, lent rigor to determining those interests with his "Situation-Problem-Implication-Need" model for the assessment of customer needs. Further, there have always been industries that have depended on suppliers for solutions to complex problems. (*SPIN Selling* was based on Rackham's research into the best practices of sales forces in such industries.) The aerospace and defense industries, for example, have long used a complicated contracting and subcontracting method to create sophisticated systems, and it has been common for sales professionals to work closely with customers to solve a complex problem. There are also numerous examples, going back decades, of manufacturers designing specific labels, sizes, and delivery methods for particular customers. What's different today is that the diagnostic sales model, in one form or another, has become nearly universal in business-to-business transactions.

## How Sales Professionalism Grew

The diagnostic selling model places new demands on sales professionals. They now need a deep understanding of the customer's business, the economics in which that business operates, and the extent to which the rep's own offerings can become elements of a solution. And those new needs, in turn, have changed the profile of successful salespeople and forced their companies to provide significant training in industry- and business-specific subjects.

In *Birth of a Salesman: The Transformation of Selling in America*, business historian Walter A. Friedman traces the changing profile of the sales professional. Early America's "hawkers and walkers" eventually gave rise to the professionally managed sales force that started in businesses such as the National Cash Register Company in the early 20th century. But Friedman's history ends before the evolutionary break of the past 20 years.

Traditionally, sales jobs were filled with individuals who either lacked a college degree or had a degree in a non-business field. That's unsurprising: Until fairly recently, business schools tended to treat selling as a craft rather than

an academic discipline, and sales management was taught as a class within the marketing department. Companies typically provided new salespeople with a week or so of product training, followed by a few days on basic selling skills, like cold calling and closing.

That's not enough preparation for salespeople who are using the diagnostic selling model. Vendors can hardly expect customers to welcome sales reps into their business as trusted advisors if the only things those reps bring to the table are product information and rudimentary selling skills.

As a result, companies in more and more industries are hiring sales reps with technical degrees or equivalent experience that is specific to the industry in which they'll be selling. For example, it is not at all unusual for electronics firms, such as Samsung Semiconductor Inc.'s LCD business unit, to hire electrical engineers and train them to sell — a task that is easier and less expensive than teaching a salesperson engineering. These newly minted sales reps then work with a customer's engineering staff to design and integrate custom circuitry into the customer's new products. In

other cases, companies provide sales reps with extensive industry-specific training. Genzyme Biosurgery, a maker of products for repairing cartilage and treating severe burns, puts new sales reps through an eight-week training program that includes units on basic anatomy, surgical vernacular and protocol, and the interpretation and presentation of clinical product data.

As the need for more formal sales education has developed, business schools have responded. As of February 2009, 43 colleges offer sales certificate or degree programs, according to Howard Stevens, coauthor (with Theodore Kinni) of *Achieve Sales Excellence: The 7 Customer Rules for Becoming the New Sales Professional* and founder of the University Sales Education Foundation ([www.saleseducationfoundation.org](http://www.saleseducationfoundation.org)), an organization that tracks college-level sales programs. “Virtually no business schools offered programs of this sort twenty years ago,” Stevens writes.

Another indicator of the growth of sales professionalism is the sales training business, which has grown from a relatively small industry of just a few firms, such as Dale Carnegie & Associates Inc.,

into a US\$4 billion business in 2008 in the United States alone, according to the *Sales Training Vendor Guide*, published in 2009 by the ES Research Group, a firm that studies the sales training market.

### **Automation and Evolution**

Sales professionals may have become more diagnostic and thoughtful, but they must still find the time to sell. Happily, there has been a parallel evolution in the technology used to support more traditional sales activities.

Throwing technology at sales teams, of course, is nothing new. Sales force automation (SFA), which originated in the 1980s, and its successor, customer relationship management (CRM), applied the principles of factory automation to the sales environment. The emphasis was on making the sales processes repeatable and standardized, with reps following a standard set of behaviors at each stage of the process, and then monitoring those steps, much as a factory automation system monitors the steps in a manufacturing line.

This approach did very little to help sales teams sell. Quite the contrary. Because the early applica-

tions needed data from the sales force to produce meaningful reports, sales reps were often forced to do a lot of keystroking on top of their usual duties. Not surprisingly, many sales reps (especially those trying to pursue a higher level of professionalism) resented the seemingly insatiable demand for data entry. As a result, the failure rates in early CRM implementations were as high as 50 percent.

The “factory” model of sales automation assumed that selling was a simple, repeatable process that the sales rep unilaterally controlled. It tended to ignore the rather obvious fact that different customers might have equally different ideas of how they would like to be sold to, and the model was difficult to adapt to a diagnostic engagement in which the sales professional establishes a joint agenda and works in partnership with a customer.

The model has changed dramatically in recent years and is now being described under the rubric “Sales 2.0.” CRM systems are increasingly seen not as a mechanism for monitoring and controlling the sales process, but as a way of documenting a sales engagement to replicate successful sales and diagnose failures. For example, many companies now analyze their CRM databases to profile those prospects who were easy to develop into opportunities; this helps generate better leads in the future.

CRM has also changed the way sales forces are managed. In the past, sales forecasting typically involved a sales manager meeting with the sales team reps once a week and asking which deals were likely to close. Then the manager would make a judgment call about what

would happen, based on gut instinct and a sense of which reps could be trusted to actually deliver on their sales plans. Today, sales managers use CRM systems to compare the current sales pipeline to historical data and create a more accurate sales forecast.

Sales professionals have also incorporated a host of Internet-based technologies in their quest for greater productivity. They are using blogs, Web conferencing, and social networks such as Facebook and Twitter to build relationships. Marketing departments are mining both the CRM data and the vast data available on the Internet, and using e-mail and Web sites, to develop better qualified sales leads.

In *Sales 2.0: Improve Business Results Using Innovative Sales Practices and Technology*, sales professionals Anneke Seley and Brent Holloway provide a useful overview of these tools and their applications. They describe how the use of new technologies can better align sales resources with customer opportunities and increase sales productivity, thereby making it easier to identify the most profitable sales channel or communication medium to engage buyers. More importantly, they show how the ability to measure performance at all levels of the sales process introduces scientific rigor and analysis that before was almost entirely lacking.

### What Drucker Missed

The late Peter Drucker, one of the most prescient management

## Selling Resources

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The University Sales Education Foundation: [www.saleseducationfoundation.org](http://www.saleseducationfoundation.org)

thinkers of the 20th century, didn't think much of selling. In *Management: Tasks, Responsibilities, Practices* (Harper & Row, 1973), he wrote that "the aim of marketing is to make selling superfluous." And although he admitted that business practice remained a long way from that "ideal," he declared that "the right motto for business management should increasingly be, 'from selling to marketing.'"

Drucker didn't miss much, but what he did miss was the rising importance and changing nature of selling in an ever more complex world. The evolution of selling has left the peddler of the 1800s, the slick pitchman of the early 1900s,

and even the personable presenter of the 1970s far behind. Today, sales professionals are acting almost as outsourced business managers whose job is to ferret out opportunities to add value to their customers' lives and businesses. The most current selling models are aimed at providing a rigorous process for that job, and the newest sales technology is designed to ensure that sales professionals can identify and pursue the opportunities where their efforts will be best rewarded. +

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