

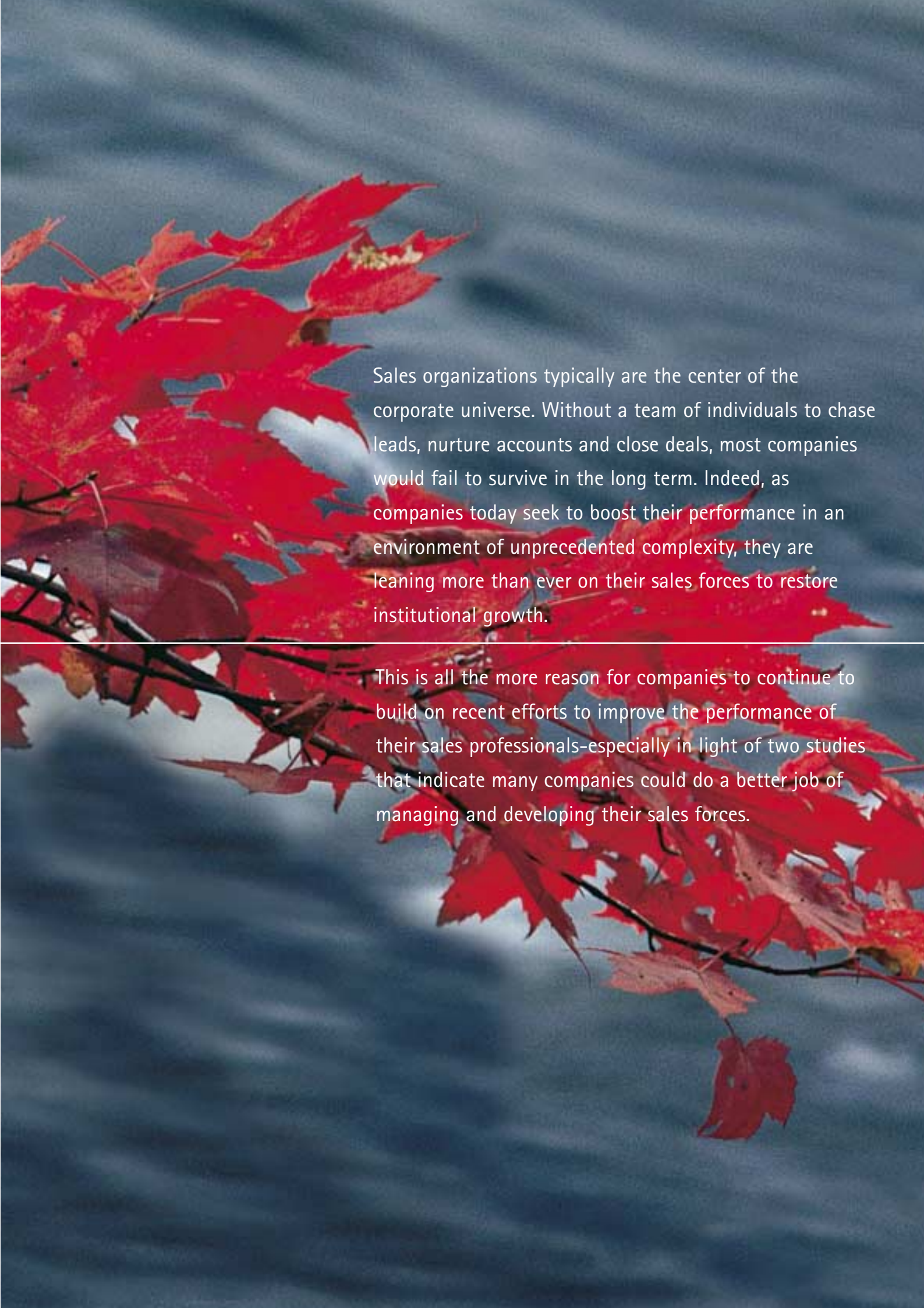


Changing Sales Force
Behavior to Achieve
High Performance

>
accenture

High performance. Delivered.

• Consulting • Technology • Outsourcing



Sales organizations typically are the center of the corporate universe. Without a team of individuals to chase leads, nurture accounts and close deals, most companies would fail to survive in the long term. Indeed, as companies today seek to boost their performance in an environment of unprecedented complexity, they are leaning more than ever on their sales forces to restore institutional growth.

This is all the more reason for companies to continue to build on recent efforts to improve the performance of their sales professionals—especially in light of two studies that indicate many companies could do a better job of managing and developing their sales forces.

Where should companies begin? In our experience, companies can dramatically improve the performance of their most critical workforce by 1) spelling out more explicitly the link between salespeople's behavior and the objectives of the company; and 2) implementing new human resource and training programs to strengthen salespeople's abilities and motivation, as well as the context in which work is performed.

The Sales Performance Challenge

Our continuing research on high-performance businesses indicates a key characteristic of these organizations is an obsession with continually winning the battle for the customer—a pursuit in which the sales function plays a crucial—if not *the* crucial—role. Quite simply, achieving mastery in sales management is critical.

Yet, according to two separate surveys conducted by Accenture, sales forces in many companies do not rise to the challenge (see sidebar “Research Shows Sales Is a Critical but Under-performing Function”). These surveys show that corporate executives in a majority of companies believe their sales force performance is no better than average—some actually worse or much worse than average. Even more troubling is the fact that most of these executives do not point the finger at the tough economic conditions of the past few years as the cause. Rather, they are more apt to find fault with the behavior of their salespeople, or with how those people are managed and measured, than with customers’ tight budgets or increased competition. This is clearly evident in comments made by some of the executives participating in the research:

- “Our sales team is too stuck in its old ways to realize the potential of new technology”
- “Our salespeople sell products (features and functions) not solutions (value and return on investment) to our customers”
- “Our sales managers do not leverage the new sales processes and tools to manage their teams”

- “Our people are not sufficiently trained in prospecting and closing sales opportunities”
- “We lack adequate metrics to monitor the performance of our sales force”

These survey results certainly are troubling, yet they also point to a number of opportunities for companies to improve their sales function’s performance—and, consequently, their overall operating and financial results. We see these opportunities as part of a broader perspective of the sales function that we call the “ABCs of high-performance selling”:

- Achieving the right **alignment** of salespeople and programs with the customers and channels most likely to produce the most profitable results
- Enabling and reinforcing the right sales **behaviors** through effective recruitment, advanced training techniques, performance management processes, metrics, compensation and rewards
- Delivering more powerful selling **capabilities**—i.e., designing and implementing the right sales processes and tools, and implementing customer analytics to focus the sales force on the right opportunities, messages, buyers and sales tactics.

In the remainder of this paper, we focus on the second of these points: how companies can change and improve the behavior of their salespeople to boost efficiency and effectiveness of their sales efforts.

Research Shows Sales Is a Critical but Under-performing Function

There's no denying that the sales force is critical to corporate success. A recent Accenture survey¹ of 200 corporate executives illustrates just how critical. When asked to rate each of 11 principal corporate functions in terms of their value contribution to the overall company (where 1=no contribution and 5=very significant contribution), 61 percent of participating executives gave sales rating of 5 and 23 percent delivered a rating of 4. Overall, sales received an average rating of 4.4—the highest of any function. (Customer service finished second with 4.1.) Furthermore, when asked to indicate which of the 11 corporate functions they considered most important to their company, a large majority of executives chose sales: 45 percent said sales is their company's most important function, 17 percent said it is their second-most important function, and 8 percent noted it was third-most important.

Yet, despite its importance, the sales force appears to struggle to live up to expectations. In the same Accenture survey, most executives who believe sales is an important function also think the sales force could achieve higher performance. Forty-one percent of these respondents said their sales force performs only as well as their industry peers and 12 percent thought that their sales organization actually performs worse. Echoing that perspective are the results of a second Accenture survey² of 178 global executives, more than half (56 percent) of whom said their sales performance is mediocre. Twenty-six percent of these respondents said their sales force performance is below average, 2 percent noted it is “catastrophically bad,” and 28 percent said it is simply average.

The reason for such weak performance is not a lack of opportunities for most companies. Only 38 percent of the executives in the second Accenture survey said their company was not generating enough leads, while 55 percent reported they could not analyze leads effectively and 47 percent said leads often fell through the cracks. In other words, the ability to manage sales opportunities was a greater problem than a dry lead pipeline—which suggests that the root cause of mediocre sales performance is not the lackluster economic environment of the past two years, but shortcomings in the behaviors and capabilities of the salespeople themselves. In fact, while a weakened economy and uncertainty about when times will improve have heightened competition and made sales harder to close, they've also exposed the weak spots in corporate selling: critical performance issues, previously concealed or minimized by a growth market, that threaten to limit sales effectiveness even after the economy improves.

¹From the 2002/2003 Accenture High Performance Workforce Study.

²From the 2003 survey “Selling in Turbulent Times,” conducted by Accenture and the Economist Intelligence Unit.

Setting New Objectives

The first step in changing behaviors is to ensure that everyone understands the expected, or target, behaviors. A proven way of doing so is to develop a set of key performance objectives for sales personnel-objectives that create a direct link between specific day-to-day actions and the financial and operational performance of the business. From our client work and research, we identified seven basic key performance objectives that most high-performance sales organization should adopt:

1. Increase the value of selling time. Eliminate manual, time-consuming and labor-intensive activities that divert attention and resources from having quality interactions with customers.
2. Increase customer retention. Encourage existing customers to avoid switching to alternative providers.
3. Increase new product market share penetration. Provide the support necessary to ensure the success of new products.
4. Sell the most profitable services and/or products. Focus attention and time on the offerings that have the highest margin return to the company.
5. Win the war for sales force talent. Attract, develop and retain the best people within the sales function.

6. Organize the sales function for efficiency and effectiveness. Maximize the time during which employees and activities are adding value to the organization.
7. Reduce the time to learn required competencies. Reduce the elapsed time from day-one introduction date to the time it takes for a salesperson to meet the targeted performance level. This reduction may include the time to performance for a new hire or for an existing salesperson with a new job responsibility, technology to use or product or service to support.

To achieve these objectives, employees must exhibit a set of critical, specific corresponding behaviors. For instance, if salespeople are asked to help the company increase customer retention, they should develop strong relationships with influencers and buyers to encourage repeat business; identify customer issues or concerns early before they turn into problems; and proactively monitor the account after the sale. If the sales organization is expected to increase new product market share penetration, salespeople should ensure that they convey the message about the new product clearly to customers (taking care to adapt the pitch to individual customers or segments) and focus their sales time on the new product during the launch period.

Point is: Goals are not achieved by accident. If employees are charged with accomplishing something, they need to know not only what is expected of them, but also what they need to do to reach those goals.

Point is: Goals are not achieved by accident. If employees are charged with accomplishing something, they need know not only what is expected of them, but also what they have to do to reach those goals.

Cisco Systems Boosts Sales Force Performance via the Web

Cisco Systems is the worldwide leader in Internet networking. During ten year's of rapid growth, many non-standard systems and processes had sprouted in Cisco's sales organization. Each region had its own method of targeting accounts, for example. Account plans were rarely shared. Customer information was under-used. According to John DiLullo, vice president of worldwide field productivity at Cisco, "We had to gain consensus on common, standardized platforms for the field, and we had to start treating customer information like a precious asset."

Cisco tackled these challenges through a global, two-year initiative called E-Sales. The centerpiece of this program is a dynamic, personalized Web portal that provides sales people all the capabilities they need—online services, applications and information—to manage their business more effectively. Thousands of field representatives now use this capability. Compared to the multiple tools used before, this single system helps them focus on a common strategy aligned with customers, and they are more productive as a result.

The E-Sales initiative is also helping Cisco improve customer satisfaction by streamlining and accelerating interactions. It is eliminating time-consuming and non-productive tasks, such as following up on sales credits, and addressing hundreds of data accuracy issues by ensuring more consistent data capture and management across the organization. Other functions such as manufacturing, marketing, finance and Cisco business units are also benefiting by having more relevant and timely data to support their own business decisions. "E-Sales has benefited more parts of the organization than we initially expected," says DiLullo. "In that way, it has really exceeded our expectations."

Cisco also created a comprehensive change management plan designed to influence the behavior of its sales force—specifically, by motivating them to begin using the new program sooner—and as a result Cisco has seen a fast return on investment. Its research shows that the top users of the E-Sales portal convert more leads to sales and reach a higher percentage of their annual sales goals.

The background of the entire page is a photograph of three white lotus flowers in various stages of bloom, surrounded by numerous green lily pads on a dark, reflective pond. The flowers are bright white with yellow centers, and the lily pads are a vibrant green. The text is overlaid on this natural scene.

Three Keys to Changing Behavior

However, having employees understand their goals and desired behaviors is only half the battle. To ensure that salespeople actually take the actions they need to, a company must implement specific training and human resource programs that address the three primary drivers of behavior: ability, motivation and context.

Ability

Improving sales professionals' abilities means not only enhancing their knowledge, but also their skills. While some may think of these as somewhat interchangeable, in reality, they are quite distinct from one another and require different types of training or human resource support.

Knowledge is familiarity with a subject gained through study or experience. In a business setting, there are three types of crucial knowledge:

- **Offerings-related:** Do salespeople have an in-depth understanding of the company's products or services?;
- **Job-related:** Do they know what is involved in carrying out a specific role in the company?; and
- **Customer-related:** Do they know to whom the company is selling or should sell, what those individuals or businesses need and how the company's products and services meet those needs?

If one of the goals of the sales function is to increase new-product market share penetration, the company could help salespeople achieve this goal by implementing a knowledge management system that packages and organizes new-product information and how it meets the needs of various customer segments.

A *skill* is defined as proficiency or dexterity that is acquired or developed. Public speaking, effective writing and interacting with customers are obvious skills that are important for salespeople. So is observing and recording customer information, analyzing that data to gain insights into his or her needs, and making the connection between those needs and relevant product or

service offerings. Training individuals to learn new or enhance existing skills generally is best done in a way that approximates real-life situations as closely as possible. Role-playing and performance simulation, for example, have proven especially effective in honing employee skills, while comparatively static methods such as computer-based training are often least-desired for such situations.

Motivation

Motivation is the second critical aspect of transforming the sales force—and, in many ways, the most difficult. An individual can possess the requisite knowledge and skills, yet still fail to make a positive contribution due to a lack of motivation. There are four key elements of motivation that a company must address:

1. **Goals (do people know what is expected of them?).** Improving the performance of the sales force is quite difficult if the goals of salespeople are not aligned with the company at large. It is up to the head of sales to set the strategic direction of the function and ensure that corresponding goals or key performance objectives for each employee are developed and communicated accordingly (whether automatically by using a sophisticated performance management software tool or simply in person or via a memo). For instance, if a sales executive tells her employees to simply move inventory without regard to margins, she should prepare herself for some undesirable profit figures for that month. Instead of emphasizing only inventory clearance, the sales executive should emphasize the goal of balancing the cost of carrying that inventory with the bottom-

line hit the company will take if the merchandise is sold below a particular price threshold.

2. **Metrics (how is performance measured?).** In addition to knowing what is expected of them, salespeople must know how their progress toward those goals is evaluated. Importantly, these metrics must show the salespeople, very easily, how they are measured, and the metrics must elicit behaviors necessary to achieve the goals set for each individual. Metrics are very powerful behavior drivers. If the sales organization is measured on bottom-line monetary contribution, evaluate a salesperson with an equivalent measure of bottom-line contribution, not on the number of sales leads she chases.

3. **Feedback (are people advised of how they are doing?).** One of the biggest workforce-related mistakes companies make is reserving employee performance feedback for the typical annual review. Instead, managers should provide continuous feedback to salespeople so that the salespeople always know if they are doing what's necessary to achieve their goals. If they are not, regular feedback helps to correct their behavior and get back on track before their performance is a real problem. And again, feedback must align with the function's goals. If the sales organization is measured on bottom-line results, applauding the sales force's achievement of product revenue goals will send an incomplete message. Sure, sales figures are important, but without the accompanying cost element, the feedback does not convey the importance of sales efficiency in the pursuit of greater revenues.

Sales people could understand when certain customers have a high propensity to switch providers and step in with a highly tailored and meaningful incentive to stay

4. **Reward (how are people compensated?).** Most employees work to get rewarded in some way. That is why compensation—whether it is an annual salary, a monetary bonus, a non-monetary reward or some combination of the three—is a key element of motivation. It also is why it is critical to link appropriate rewards to the achievement of sales goals. For instance, if one of the goals of the sales organization is to sell more profitable products, such goods should carry a higher potential bonus or commission than others. Another important aspect of rewards is to provide rewards that your sales force values. This presents an interesting balance. If you reward below what an individual values, the reward is viewed as insignificant and can actually demotivate. If you reward above what an individual values, the incremental reward is wasted.

Context

The context in which salespeople do their jobs also has a high degree of influence on the effectiveness of the overall workforce. By “context,” we mean the tangible and intangible aspects of the company that facilitate (or hinder) salespeople’s interaction with each other and the flow of work across the sales function.

Essential contextual capabilities include new or enhanced processes for managing sales leads, account planning, forecasting, territory alignment and so on. They include tools that automate nonproductive activities, and that make sales performance easier to track and measure. And they include solutions for managing and analyzing customer data and delivering the “sales intelligence” the sales force needs to focus on the right

opportunities and decision-makers, using the right messages and sales tactics.

For instance, web-based collaboration tools have proven very effective in connecting salespeople with marketing and customer service employees to enhance the performance of all three groups. Tools that support real-time interaction (such as Web conferencing)—as well as dynamic content repositories that provide access to crucial and up-to-date documents such as lead-generation templates, product launch status reports and market intelligence work products—are key (see sidebar “Cisco Systems Boosts Sales Force Performance via the Web”). These technologies facilitate employees’ ability to develop constructive relationships among each other, reduce the time needed to make critical decisions and streamline the exchange of important information. Similarly, applications that provide salespeople with in-depth information on all customers and enable sales professionals to develop real-time insights into customers’ behaviors and needs are critical to increasing customer retention. Using such tools, salespeople could understand when certain customers have a high propensity to switch to a competitor and step in with a highly tailored and meaningful incentive to stay.

Other aspects of context that require attention include the sales function’s culture, organization structure, job descriptions and physical environment. Changes to reporting relationships and job duties—some extensive—also may change a sales force’s behavior. Or, a company may determine that it must dramatically change its culture or adopt new workspaces to boost salespeople’s performance.



Conclusion

For the vast majority of companies, achieving high performance begins with the sales force. No other function has as big an impact on an organization's top line. Yet as we have discussed, the sales forces in many companies are seriously under-performing, affecting the ability of the company to compete and grow.

Research conducted by Accenture has shown that the typical \$1 billion company can generate millions of dollars in additional revenue simply by addressing critical human performance issues such as motivating and rewarding people, improving selling skills, and attracting and retaining quality individuals. For companies with average to below-average sales forces, such actions can be critical first steps toward restoring the growth that many once took for granted.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills, and technologies to help clients improve their performance. With more than 83,000 people in 47 countries, the company generated net revenues of US\$11.8 billion for the fiscal year ended Aug. 31, 2003. Its home page is www.accenture.com.

About the Authors



Eric Gist

Eric P. Gist is a Los Angeles-based partner in the Accenture Customer Relationship Management service line. A specialist in customer interactions, Mr. Gist has more than 12 years' experience in building and deploying large scale integrated customer solutions. His work includes optimizing sales force performance and sales operations; conducting sales force capability and value diagnostics; developing sales force organizational structures, roles and responsibilities; and integrating sales and marketing processes.



Patrick Mosher

Patrick Mosher is an Associate Partner in Accenture's Human Performance group. With experience in industries including telecommunications, publishing and advertising, Mr. Mosher leads initiatives for large-scale organization change in large enterprises.

Copyright © 2003 Accenture
All rights reserved.

Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.

