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Bringing Science to Selling

What Every Chief Sales Officer Should Know
About Sales Analytics

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In today's economy of global competition, demanding customers, and scarce growth opportunities, companies can ill afford a sales organization that falls short in its performance. By taking a more scientific approach to selling and applying analytics to key areas across the sales process, an organization can augment its sales force's experience, judgment and intuition and enable more effective, fact-based decision-making. It is time for enterprises to boost the overall contribution of the sales organization through sales analytics. But, bringing science into selling is not easy. By following seven guiding principles, companies can increase their use of sales analytics and further their journey toward high performance.



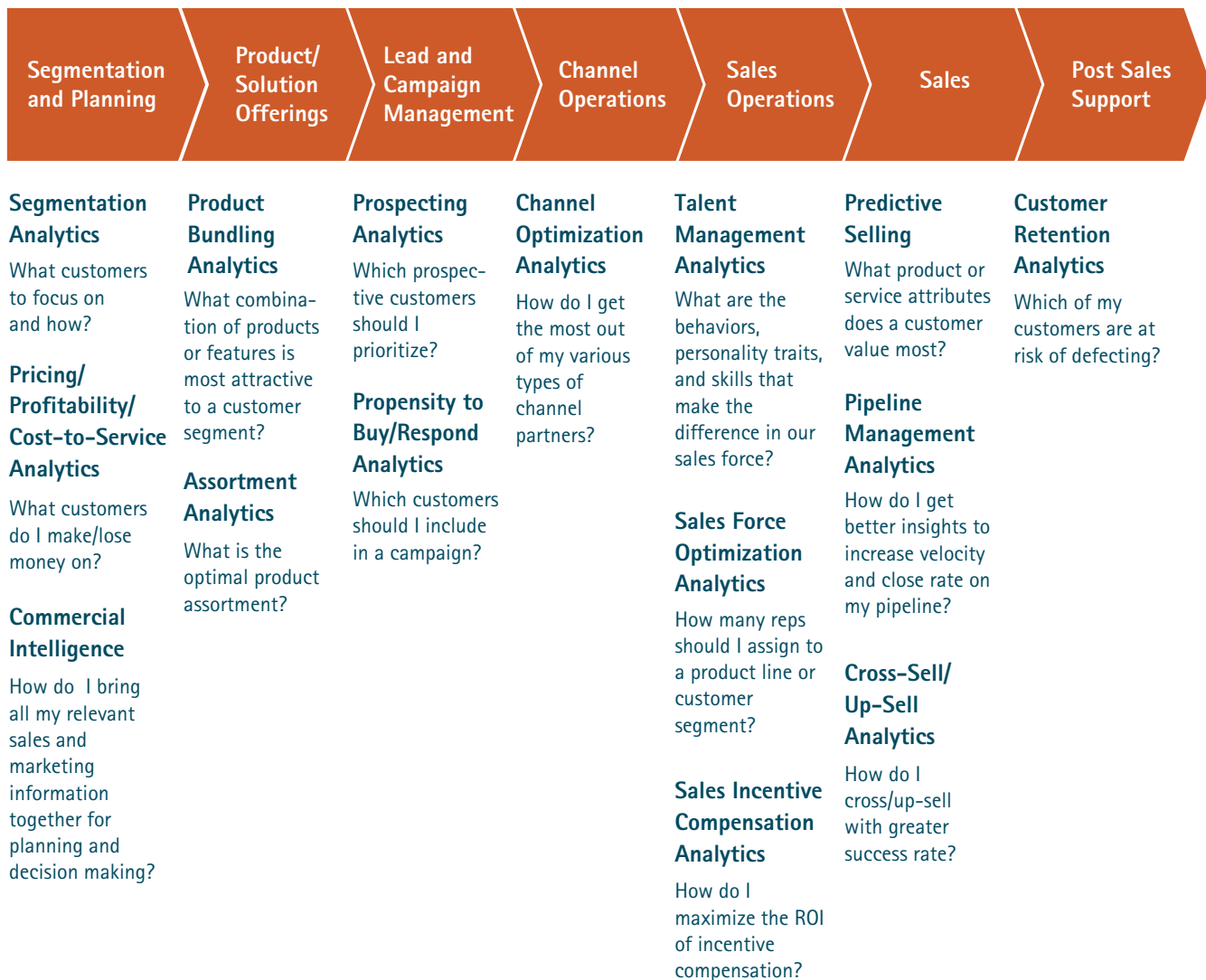
The Time is Now, But How?

Compared to other business functions such as marketing or supply chain, the use of analytics in sales is still in its infancy. However, the desire to inject more analytics into the sales process is building. The increased availability and sophistication of enabling capabilities (such as analytical tools and data) and simple necessity are driving more extensive sales analytics adoption.

Over the last decade, the widespread implementation of enterprise resource planning, customer relationship management and sales opportunity management systems has improved the availability and quality of sales and sales-related data for use in analytics. Facing significant attrition rates, a heavier reliance on tools and analytics helps sales teams maintain effective levels of product and customer knowledge. In addition, the increasing complexity of many companies' product and service bundles makes it difficult, if not impossible, for individual sales reps to make effective decisions about prospecting, customer targeting, cross-selling and other key sales tasks without having a strong analytics capability to support these decisions. And, finally, customers simply have become more demanding: They expect sales people to understand their needs and to match product or service offerings precisely to their preferences and circumstances.

In Accenture's paper *Bringing Science to Selling: Achieving High Performance through Sales Analytics*¹ we discussed the opportunities that exist for the use of sales analytics across the end-to-end sales process (see Figure 1). We also provided examples of how the application of analytics to specific areas of the sales process has reaped significant benefit. In this paper we address the more practical challenge of making sales analytics happen in your organization by offering seven guiding principles companies should consider when introducing sales analytics.

Figure 1: Opportunities for Use of Analytics in the Sales Process



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1. Find Your Starting Point

Once a company recognizes the potential of analytics to improve its sales performance, its first consideration is where and how to apply analytics capabilities across the end- to-end sales process, from customer segmentation and planning through to post-sales support. There are many variations of sales analytics that can be applied at different points along the end-to-end sales process (see Figure 1). As with most significant change initiatives, you have to start somewhere. This typically means focusing the introduction of analytics on one or two places in the sales process.

It is important to be judicious about choosing your starting point. Analytics can only be successful if they are acted upon and that means the use of analytics must be connected to decision-making. This will require some organizational change, not in the sense of structural change, but in the way information flows and decisions are made. If there is skepticism or resistance in the organization, you need a good success story to win over the critics. If you believe analytics is alien to your culture, you need to demonstrate with a solid success how making fact-based decisions will strengthen your culture.

To help you find the best starting point for your sales organization, here are some guidelines Accenture has developed through its client experience:

Choose a High Profile Problem.

You may have an area that has caused a major problem in the recent past or that has been a nagging and well-known problem for a while. For instance, the sales organization may frequently be surprised by shifts in demand in the marketplace. Or there may have been a gradual decrease in demand that was hidden by pushing more and more inventory to the channel and suddenly the problem is exposed. Choosing a major or well-known problem like these as a starting point has two advantages: It addresses a real problem and therefore will create value, and, it is perceived as valuable by the broader organization and as a result will benefit from broader support by top management, by other functional groups (e.g. supply chain, finance, marketing), and perhaps most importantly by your sales representatives.

Follow the Value.

This one is obvious but often not enacted. You want to choose your starting point in those areas that are true levers for growth or that support your chosen strategy to pursue growth. If the company's focus is mostly on cost, you might want to investigate your biggest cost pools such as the total cost of your sales force, or the money spent on trade promotions and channel programs or the money lost as a result of the grey market for your products.

Look at your Strategic Objectives.

Most sales organizations have a small set of key objectives to guide how they work and go to market. If, for example, one of these objectives states "focus on our fastest growing customers," you can look for analytical approaches that zoom in on this handful of top customers to better understand them, their customers, and how you can make them even more successful. Analytics are often a way to take very specific action on what can be generic objectives.

2. Don't Turn Your Sales Reps into Number Crunchers

Many large sales organizations have at some point conducted a time utilization analysis to find out how sales people divide their time between the different activities in which they are engaged: face time with customers, sales call preparation time, internal meetings, time to create internal presentations, administrative tasks, preparing sales reports, etc. The results are invariably depressing for sales leadership in that actual time spent with customers is so low.

The last thing you want to do is add to this problem by forcing your sales people to engage in number crunching and analysis about their territory, their accounts, and their products. In addition to putting an even greater, non-customer facing burden on their workweek, it also doesn't play to their strengths. Most sales people do not have the appetite or the temperament to spend significant amounts of time generating analyses. However, and this is important, they should have the capability and the willingness to act on the results and outputs of analytics—whether that means understanding and accepting that different customers should be approached differently from others, or introducing the result of analytics into the sales process and into the sales conversation.

Selling on the basis of facts and insights is a crucial skill for a successful sales professional and will become dramatically more important over the next few decades as market complexities increase and analytics as a competitive advantage comes to full maturity. Just don't ask them to chase those facts and insights themselves, which brings us to the importance of using a support function to do this for them.

3. Create a Sales Analytics Support Function

If your company is already making a push into analytics (within or outside of the sales area) it may very well have set up some type of analytics support group or analytics center of excellence, staffed with statisticians and data management experts. In that case you obviously want to leverage this capability. If not, you may have some form of Sales Operations or Sales Capability function. These groups tend to be a good starting point to house the sales analytics support function, provided they contain a base of talent on which you can build.

Whatever the situation in your organization, it is important to understand the specific requirements of sales analytics (as opposed to other forms of analytics) placed upon this support function. As indicated in the previous section, it is crucial for the success of a sales analytics initiative that it not place a burden on the sales person. In many marketing or supply chain or finance teams, it is perfectly feasible for a statistician to run a sophisticated analysis and hand over the raw results to the marketing, supply chain, or finance professional who then takes the time to figure out how to translate the findings into business implications and into a set of decisions and actions. This model rarely works in sales. In sales the analytical insights must be processed and packaged before they are handed over to the sales person. This means:

- The analytical insights must be applied to the scope of responsibility of the sales person, e.g. his or her territory, or account(s), or a specific subset of products he or she sells.

- The actions the sales person is expected to take on the basis of the analytical insights must be clear and unambiguous: for example, use this messaging or product positioning with this customer.
- If the sales person is expected to weave the analytical insights into the conversation with the customer and use data to support this conversation, create customized charts and presentation materials that the rep can take to the customer with minimal rework. For example, analytics may have uncovered insights into buying patterns or preferences of your customer's customer. The analytics support function should populate these insights into a presentation deck tailored to that customer and provide this material to the sales person.

Understandably the level of processing and packaging will depend on the nature of the sales interaction and the level of homogeneity between customers. In industries such as consumer products, electronics, and pharmaceuticals this level of "mass customization" can be pushed significantly. As an example, one consumer products company with a sales organization numbering in the thousands, periodically runs analyses on its sales data as well as syndicated market data. This process uncovers trends about its own and competitor products. Automated analytical decision rules then define implications and suggested actions for each customer. Finally, the system generates a presentation for each customer containing the relevant facts and figures, implications for the customer's business, and customized recommendations. This presentation is routed to the relevant sales person who typically makes minor changes and then takes it to the customer on his or her next sales call.

In another example, we have implemented solutions and processes at several pharmaceutical companies to provide the sales people with the selling messages and visuals that are most effective with particular healthcare providers. These are pushed down to the reps' laptops or tablets for use during the sales call. A support function in the back office creates the materials and runs the analytics to determine which messages work with which segments of healthcare providers. This system and process is "self-learning" as a result of a feedback loop capturing the outcome of the sales call.

Clearly, in terms of level of automation and sophistication these are extreme examples and are not feasible for many sales organizations. Where solution selling is more prevalent, analytics are just as relevant but the level of processing and packaging that the support function can realistically do is more limited.



4. Tie the Analytics to Specific Sales Strategies and Embed Them into the Sales Process

The examples in the previous section also illustrate the importance of embedding sales analytics into the actual sales process. The analytics were not simply provided to the sales people as an additional, extraneous source of insight that, if they chose, they could put to use. That approach would clearly lead to poor adoption and inconsistent use. To the contrary, the analytics enable a very specific step or set of actions that the sales people are expected to take as part of their selling process. The analytics elevate the impact of the selling process and, as a result, the effectiveness of the sales person.

This principle is further illustrated by how sales analytics were implemented within a division of a chemical company selling products where use is highly regulated. End users of the product have to involve certified intermediaries who must approve or recommend the use of the product. The company was not effectively interacting with these intermediaries who were very important influencers of the choice of product by the end user.

Because the product is regulated, all approvals and recommendations are filed with regulatory authorities. The company identified a data source that captured these approvals. Analytics performed on this data allowed the company to understand the approval and recommendation behavior by the intermediaries. It allowed the company to determine the company's market share versus its competitors with

each individual intermediary as well as deep insights into the behaviors and preferences of the intermediaries with regard to different products and different uses of the products. The company was then able to cluster the intermediaries into detailed segments and prescribe the right actions and messages for the sales people to take to these intermediaries. That information was pushed to the sales CRM tool and the sales people now use it to plan and execute their sales calls. In this company the analytics are an integral component of the sales process. They provide the sales organization with a way to successfully execute its new sales strategy of calling on the intermediaries with relevant and targeted sales messages.

5. Foster an Analytics Culture in Your Sales Organization

Many companies have strong organizational cultures and sales organizations often have their own subculture as well. This culture may not be tuned in to the use of analytics and may experience it as somewhat alien. If that is the case, sales leadership should take action to encourage the acceptance of analytics and foster a fact-based culture. Actions leaders can implement to highlight and reinforce the importance of analytics include:

Asking for Facts

Sales leaders can achieve significant culture change by simply asking for facts to back up assertions. If, in every key internal sales meeting or account planning meeting, sales leadership asks for hard facts every time an assertion is made, the broader sales organization will quickly understand that leadership is serious about this and will seek out the right facts and insights in preparation for the next meeting.

Rewarding Use of Analytics

By visibly rewarding, even promoting, sales people who have a passion and a knack for seeking out and using analytics in customer meetings, sales leadership will demonstrate to the broader sales organization that analytics use is a capability important to their own success.

Setting the Example

Sales leaders can set the tone by applying analytics. For example, as sales leaders communicate their annual strategy, it should be informed by insights and analytics on the broader market, on customer and competitor trends, and on market opportunities uncovered by analysis. They can demonstrate that they too are driven by facts and not simply opinions and intuition.

Communicating Analytics Success Stories

In these stories it is important not to focus on the supposed brilliance of an individual sales person in applying analytics. Rather, the example should demonstrate how the analytics building blocks that the broader sales organization has put in place came together and worked the way they were intended. This could include the data, the analytics, the insight generation, the process to deliver the insights to the sales people, and then, crucially, the choice that a particular sales person or sales team made to effectively bring the insights to bear as part of a customer interaction. The full process should be celebrated and highlighted so that other sales people can see that it is not hard to incorporate analytics given the level of support that is available to them.

Recognizing the Changing Profile of Successful Sales People in the Future

Increasingly the ability to communicate analytical insights within the company and, more importantly, to customers will be critical to a sales person's success. By explicitly and repeatedly communicating this changing profile to the broader sales organization, leadership sends a strong message to the current sales force about the type of sales people the company will be recruiting, and how today's sales people need to evolve in order to stay relevant and high performing.

6. Don't Be Discouraged by Lack of Data

Some sales leaders believe that their companies have insufficient data to make a push into analytics. It is true that there is a very big range in the amount of information industries and companies have about their customers and their products' sales. At one extreme are sectors such as communications and financial services where, as a result of the direct and data intensive interaction with customers, not only the purchasing patterns but also the usage patterns of products and services can be analyzed. At the other end of the spectrum are industries such as chemicals, industrial products, and electronics where the interaction with customers is typically through one or multiple layers of intermediaries. In addition, if the customer interaction is business-to-business where the customer consists of multiple decision makers, the data picture can get even murkier. Many other industry sectors fall somewhere in between these two ends of the data availability spectrum.

It is important to acknowledge these data limitations where they exist. However, it is also important not to be discouraged by them. Doing impactful sales analytics work does not always require terabytes of customer data waiting to be mined. In certain cases, the analytical process creates its own data. An example of this is talent management analytics where a survey instrument is used to collect detailed data on top sales performers along the dimensions of personality, behavior, and competencies. Analytics are then conducted on this data to identify those factors that truly drive top performance within that particular sales organization. Accenture used this approach to profile high performers in the sales organization of a high tech company. The profile was then used as the basis for the company's career development strategy, training approach, and recruitment strategy.



Other analytical approaches generate their own data in different ways. For instance, when conducting predictive selling analytics sales people can use sophisticated tools, such as TrueChoice®, during a sales call to gauge the customer's buyer values. The tool guides the customer through a dialogue that asks a series of questions about the relative importance of product and service features by forcing trade-offs between different combinations of features, including price. The data that is generated through this process is very rich and is predictive of the customer's true buyer values and can be uploaded into the organization's CRM system. It can in turn be further processed to generate customer segments and other customer insights.

In other cases, the analytics rely on internal data sources that are almost always present but may not be thought of as typical analytical data sources. Most sales organizations have an opportunity management system where sales opportunities are captured and tracked as they progress through the sales pipeline. This data can be mined for insights on what types of opportunities have a higher probability of leading to a successful sale. Accenture used sales pipeline analytics at a communications company to uncover insights on the types of opportunities (e.g., product type, product combination, deal size and gross margin) and the types of customers (e.g. size of customer, industry segment, previous purchase history,

and timing of previous purchases) that are associated with a higher likelihood of leading to a sale. In this example, the internal data set was actually augmented ("appended") with external data available from data vendors such as Dun & Bradstreet®, InfoUSA®, and Experian®. The insights allowed the sales organization to properly prioritize the many opportunities in their current pipeline and allocate resources more effectively.

Other examples of sales analytics that rely on internal data sources that are widely available are pricing analytics and cost-to-serve analytics. Invariably the data needs to be processed in some way first, but data sources are typically available.

7. Incorporate Market Sensing Analytics into Your Future Vision

While it is crucial to find the right starting point for analytics as described earlier, it is also very important to start developing a future vision of sales analytics to communicate and work toward. This will ensure that the analytics journey has direction and is understood by the organization. This vision could include a number of analytical areas such as the ones described in Figure 1. It could also include a vision for a decision-making framework on how to incorporate analytical insights into the day-to-day running of the business. Furthermore, it could include a different type of analytics that we refer to as market sensing analytics. Most of the sales analytical areas described in this paper involve some form of optimization based on current or historical data. Market sensing analytics are designed to monitor and provide insights on business volatility by processing large amounts of unstructured or non-traditional data and spotting patterns in the data. These patterns allow a company to get a competitive edge by spotting market developments earlier than other firms.

An example of this that is becoming mainstream among companies with major consumer brands is brand sentiment monitoring, where specialized tools trawl through social media such as Facebook and Twitter to uncover positive or negative trends in the way a brand is perceived. Other interesting examples are starting to emerge. When UBS Investment Research issued its second quarter 2010 earnings preview for Wal-Mart, it revealed that it had been using private-sector satellite companies to tally the number of cars in the parking lots at Wal-Mart stores². By counting cars in a sample of 100 Wal-Mart stores, analysts were able to get a sense of customer flow and use regression analysis to predict the company's quarterly revenue³. In a similar example, Illinois-based analytical firm Lanworth Inc. is using infrared and microwave images taken from satellites to monitor agricultural commodities globally⁴. Through these techniques Lanworth can accurately estimate the total number of acres planted per crop. Using infrared images to capture the chlorophyll in the plants, and microwave images to assess the moisture in the crops, Lanworth analysts can monitor the health of crops over time and spot any changes that can affect supply in the commodities markets⁵.

As the examples show, market-sensing analytics can be truly game changing and can be the source of a significant competitive advantage by picking up signals from the marketplace earlier or in a more accurate way than your competition. And given that no one is closer to the marketplace than the sales organization, sales leadership has a responsibility to start thinking through what market sensing opportunities may exist for their company.

Progressing Toward High Performance

By applying analytics to key areas across the sales process, an organization can provide the objective data that can help sales people make more informed, fact-based decisions, use their time more effectively and boost the overall contribution of the sales organization. But the process for applying analytics to sales can be daunting and filled with missteps. Adhering to these principles when bringing a scientific approach to selling will help assure that new analytical insights result in meaningful performance gains, furthering the organizations movement toward high performance.



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