

Communications & High Tech

Achieving high performance by transforming sales operations

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The drive to achieve high performance through sustained top-line growth is dominating the strategic agenda of most global companies today. And that has placed an even more intense focus on the productivity of sales organizations.

Aware of the fact that generating growth and better sales productivity is a truly transformational undertaking, corporate leaders have been trying a variety of measures to meet the challenge in a comprehensive way—from process improvements to cost reductions to sales tools to better capability development and training.

However, Accenture research and experience point to the fact that many companies are devoting inadequate attention and resources to their sales *operations*—the processes, infrastructure and administrative support that underpin everything a sales organization and its people do. If companies are to achieve and sustain high performance, they must focus their sales effectiveness programs more pointedly at the transformation of their sales operations.

Gasping for air: What's putting the squeeze on sales operations?

Why is the operational dimension so critical to achieving high performance through sales effectiveness? Operations serves as the vital two-way conduit between the customer and the rest of the organization. It's the essential layer that enables activities such as placing an order and working with finance, accounting and legal. It's directly responsible for managing the enterprise through the sales person to the customer, as well as *from* the customer to the sales person and back into the enterprise.

Unfortunately, back-office cost reductions have left sales organizations gasping for air from an operational perspective: Not enough hours in the day to meet sales quotas; too much time spent on administrative tasks and not enough time spent actually selling.

Here are some indicators that all is not well with the typical company's sales operations:

- **Not enough selling time.** The percentage of time a salesperson has actually to engage in selling has fallen over the past two years—from 48 percent to less than 36 percent. That means almost two-thirds of a salesperson's week is spent doing something other than selling.
- **Processes out of alignment.** A recent Aberdeen Group research study found that almost 70 percent of companies surveyed experience a disconnect among the various sales processes essential to their performance.
- **A rise in "shadow accounting."** Deficiencies in sales operations often mean inconsistent and manually intensive incentive management processes, with inadequate audit trails and traceability. As a consequence, salespeople often create their own individualized "shadow accounting" processes—most often, an automated spreadsheet or other tool they use to verify the accuracy of their paychecks and incentive payouts.
- **Excessive customer churn.** The operations of the sales organization must be capable of helping the sales force meet rising customer expectations. The connection between delivering an effective customer experience—either in sales or

service—and business performance is especially critical to ongoing competitiveness.

If a company's existing sales processes and operational capabilities are impeding utilization, then the return on investments in the sales organization will be slim. Improving the operational dimension of the sales organization requires a suite of approaches: diagnosing, improving and using shared services internally or outsourcing options externally where appropriate. Investing in individual training and development is essential. However, those investments need to be made within a larger context of the processes and operations aligned to the solutions and long-term strategies used by those individuals.

Phases of sales operations transformation

Historically, sales operations has served primarily as an administrative function—not quite sales and not quite back office—with little credibility from a sales strategy point of view. That needs to change. To address the complexities of today's marketplace and improve sales performance, a number of leading companies are looking to expand the kinds of functions and activities performed by their sales operations group.

Accenture believes that a transformation initiative with the goal of driving high performance through reengineered sales operations should proceed according to the following general steps:

Diagnose current sales operations spending and capabilities.

Companies often have inadequate visibility into how much they are spending on sales operations, because the various related activities are splintered across other functions, such as finance, IT and supply chain. So the first step is a detailed analysis of the current operations organization: how money is being spent and what capabilities are already in place, compared with leading practices and an ideal scenario.

Part of the diagnostic involves examining sales operations from a detailed process and sub-process level. When companies develop a more detailed understanding of where and why various processes are out of alignment, and a sense of where their money is currently being invested, they can focus their investments and improve overall sales effectiveness. Until companies get down to that sub-process level, they probably will not understand where redundancies or process impediments exist.

Consider "core" versus "context" competencies.

A critical step in getting a handle on the operations needed to support a sales team—especially one dispersed across geographical areas or an organization undergoing considerable change due to diversification of offers or because of mergers or acquisitions—is to consider what Accenture calls "core" sales operations activities versus those more appropriately considered "context." If a company were able to reengineer its sales processes to more accurately reflect its business strategies, it could better define which processes are customer-facing and which are primarily administrative.

A new operating model for sales operations might well retain certain core functions, such as the sales advisory role, customer solution support, contract initiation and reporting. At the same time, a number of administrative activities, such as quotes, credit approvals, contract development and order management, can be done more effectively and at less cost by pulling them out into a shared-service center—provided internally or by an external, outsourced service provider.

Tailor a set of sales operations transformational programs to your strategic goals and existing capabilities.

With the diagnostic complete, including a consideration of core and context activities, companies then can design a transformational program right for them.

For example, Accenture partnered with a major electronics and high-tech company to help transform its sales operations processes. The work began with a diagnostic of the company's existing sales operations—operational processes as well as the corresponding subprocesses. Based on this preliminary analysis phase of work, we were able to help this company identify which processes could be treated as context rather than core, which led to the design of a shared-services approach to reengineering its sales operations.

Whether or not a company chooses a shared-services or outsourcing solution as part of sales operations transformation, many of the advantages of the reengineering of sales operations processes will still accrue. That is, a company will still reap the benefits of standardized, modularized and consistent processes. Redundancies can be eliminated, support can be made stronger and the sales force gets to spend less time on administrative work and more time in front of customers.

Achieving high performance in a complex selling environment

Where should executives begin with their sales operations transformation?

First, initiate a project to diagnose your current operations—not only from the perspective of cost but also from the perspective of sales force effectiveness. Considering total costs can be a more complicated step than might be immediately apparent, so look for tested methods and diagnostics. Also, find a way to get an accurate, unemotional assessment from key members of your sales force as to where operations are helping, and where they are falling short.

Second, consider the core versus context issue. Based not only on your current sales strategies but also on how your company is going after top-line growth, consider what you need to retain in your core sales operations, and what might be performed more effectively, at lower cost, using a shared-services and/or outsourcing model.

High-performance businesses know how to transform simultaneously along two dimensions: They can improve their ability to meet short-term quarterly expectations, even as they are reengineering on the fly to support future plans—the next billion dollars of growth. As companies come to understand how much of their market value is predicated on growth and future value, they will increasingly turn to their sales organizations to deliver the operational capabilities that can drive high performance.

Outlook Point of View
April 2008, No. 2
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