

# Top-Five Focus Areas for Improving Sales Effectiveness Initiatives

Trends and insights from the 2013 Sales Performance Optimization Study



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## Introduction

Enterprise growth today is about more than making a sales number. It depends on providing a differentiated and consistent customer experience across sales, marketing and service, as well as taking advantage of all channels and routes to market to interact with customers. But despite significant changes in customer expectations, many companies still operate with a static sales model, which prevents them from responding effectively.

Today's customers are constantly moving, always connected and more informed than ever before; the purchase experience is now dynamic, accessible and continuous. By the time buyers meet sales representatives for the first time, they are often more than 50 percent through the buying process. To keep pace, companies must move their

marketing, sales and service functions from an analog front-office to a digital one. They also need to understand the myriad of ways in which customers want to interact with their organization.

An agile selling approach, which employs all enterprise assets and channels to the customer, will help differentiate and propel the leaders to the top. Agile selling is fundamentally about three things: 1) using connected customer insights to differentiate the buying process, 2) providing a consistent customer experience across all channels, and 3) taking advantage of social, mobile, analytics and cloud (SMAC) capabilities to reduce time to market and meet customers where they want to transact.

These ideas are brought into sharper focus through data collected directly from sales executives. Accenture, in collaboration with CSO Insights, a

leading research and benchmarking resource for chief sales officers (CSOs), recently completed the 19<sup>th</sup> annual study on sales performance optimization. The research surveyed more than 1,200 companies worldwide to assess current sales performance, challenges facing sales teams, the reasons those problems exist, and what organizations are doing to effectively address these issues. As part of Accenture sponsorship of this research, the analysis and insights of this paper focus on companies with at least USD \$1 billion in sales revenue. In this year's study, 177 respondents were from enterprises with more than \$1 billion in revenue.

Here is a compilation of the trends and insights we discovered, along with suggestions to incorporate key ideas into your organization to help optimize sales effectiveness.



# Large Gap between Growth Goals and Actual Plans

Globally, enterprises have a more optimistic outlook about business across all industries than they did last year. This positive mood is reflected in CSO attitudes and sales organization behaviors. Data from CSO Insights 2013 indicates 75 percent of CSOs are targeting greater than five percent revenue growth this year. Although the picture seems brighter, nearly half (47%) are concerned about how they will achieve the growth (see Figure 1).

To successfully achieve this growth, Accenture analysis shows that there needs to be an increased focus on selling

effectiveness, not just within the sales organization, but across the enterprise. In fact, for the first time since Accenture began analyzing the survey, CSOs have reported that they are proactively investing in cross-functional improvements in two key areas. The first is integrating the marketing, sales and service departments around direct selling activities, and the second is improving customer loyalty metrics, which historically have been owned outside of sales.

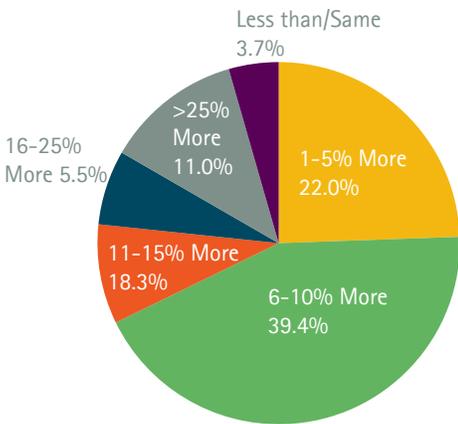
Within the sales organization specifically, the top three areas slated for increasing

sales effectiveness are related to improving immature sales methodologies and processes, increasing the ability to attract, retain and grow sales talent, and driving tangible business outcomes from sales technology. As in years past, the CSO Insights data shows companies are making improvements in these areas, yet there is still room to grow.

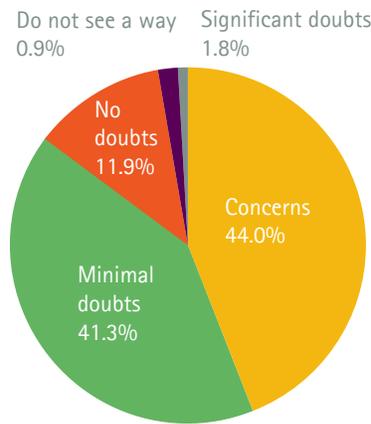
This point of view focuses first on the cross-functional areas of needed improvement across marketing, sales and service, and then provides snapshots of the sales-specific issues to form one clear plan for boosting sales effectiveness.

Figure 1: Revenue targets are up in 2013, but many CSOs are unsure how to achieve this goal.

## Revenue target: Year-over-year change



## Firm's ability to achieve revenue targets



Increased focus on sales effectiveness across the enterprise—beyond the sales organization—is needed to achieve targeted revenue gains. For the first time, CSOs reported that they are proactively investing in cross-functional improvements in two key areas outside of sales.

Source: CSO Insights 2013

# 1. Enhance Integration of Marketing, Sales and Service

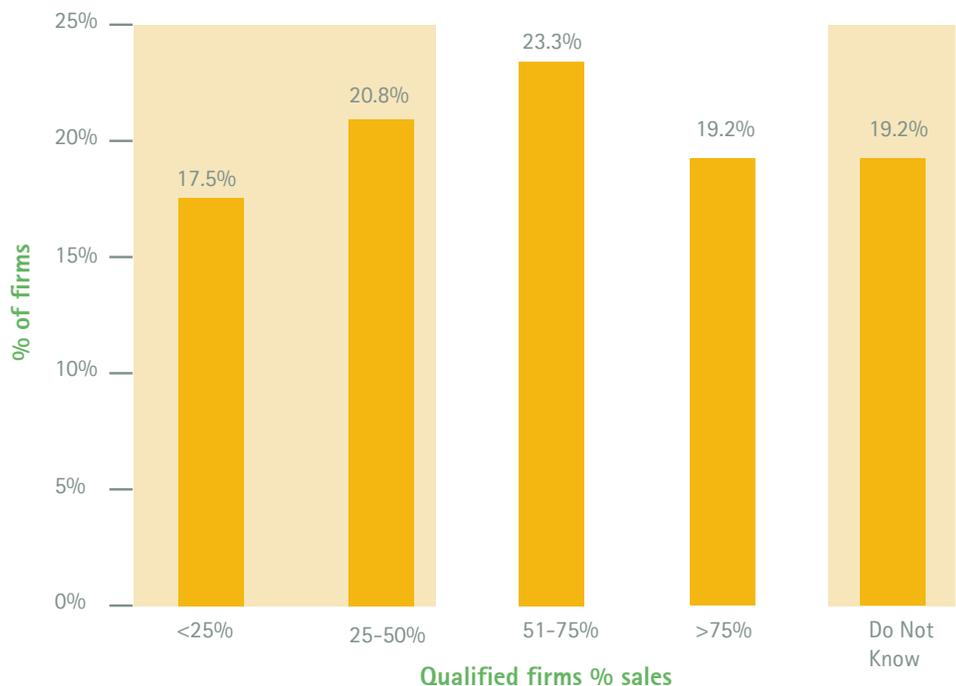
Accenture has routinely asserted that the silos between the sales, marketing and service functions need to be removed to promote sales effectiveness—and we are beginning to see a similar point of view emerge from sales leaders. CSOs indicate they are taking real steps to integrate these functions; however, the data suggests that these efforts so far are failing to produce the expected results.

On the front-end of the customer life cycle is the age-old disagreement between marketing and sales on how to develop and manage leads. The data shows that almost 60 percent of companies surveyed still lack a common definition of a qualified lead, and as a result run the risk of a low or misunderstood marketing return on investment (mROI). Not surprisingly, the data also indicates that lead generation is a major challenge. In the majority of firms, fewer than 50 percent of leads result in an initial discussion with a customer (see Figure 2).

Another area for improvement between marketing and sales is in how organizations take advantage of their investments in social listening. While many companies now have formal programs to listen to what customers are saying about them, few follow any process to transfer actionable information to sales. At best, this leads to wasted sales opportunities. At worst, it ignores unhappy customers and can actually compromise future sales.

Figure 2: CSOs cite the number of qualified leads that result in initial discussion as an area for improvement.

## Qualified leads resulting in initial discussion



Source: CSO Insights 2013

Sales leaders now recognize that sales and service must be better integrated. Eighty-two percent are not directing customer service representatives to take advantage of cross-selling or up-selling opportunities.

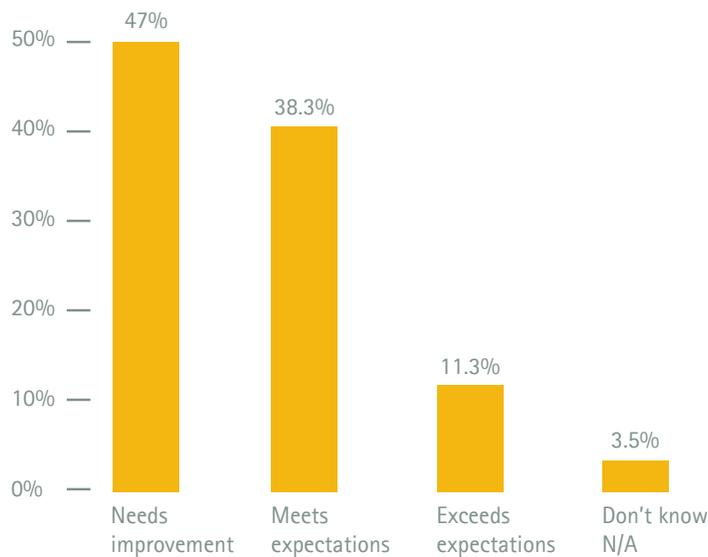
Although sales and marketing integration has been an ongoing topic of conversation, the recognition that sales and service must be better integrated is a newer trend among sales leaders. Lack of alignment can inhibit growth and create missed sales opportunities. For example, 47 percent of CSOs believe they need to improve their organization's performance in cross-selling and up-selling (see Figure 3), and a full 82 percent currently are not directing customer service representatives to take advantage of these opportunities. This is a vital channel to support the CSOs growth objectives, and it appears to be largely untapped.

Lack of alignment between sales and service also contributes to an inconsistent customer experience, which can increase churn. Complementary data from the 2012 Accenture Consumer Pulse research shows that the propensity for customers to switch companies or providers is up this year between three to eight percentage points, depending on the industry.<sup>1</sup> Top reasons for switching include price, value for money and poor customer service experience. This increase in churn is an obstacle for CSOs because they have to grow more than plan to make up for revenue they are losing.

Lastly, if service delivers a poor customer experience, the impact can be compounded through social networks, potentially damaging the brand among all of the people that a particular customer influences. With non-stop, digitally savvy customers, any negative customer experience can result in a social media post almost instantly, and depending on the network of followers the individual has, the impact can be significant and often hard to fully measure.

1. Accenture 2012 Global Consumer Pulse Research, [www.accenture.com](http://www.accenture.com)

Figure 3: CSOs indicated they need to improve their company's cross-selling and up-selling capabilities.



Source: CSO Insights 2013

## Actions to Improve Sales Effectiveness

- Improve the interconnection between sales, marketing and service to provide a customer-centric and unified experience that maintains and grows the customer base. Integrate internal processes and handoff points among the three functions.
- Align marketing, sales and customer service leaders around the same objectives, and use the same metrics to guide behavior and award bonuses.
- Leverage each touch point to increase consistency across the customer experience. For example, enable marketing to turn information collected from social media monitoring into sales opportunities. If a customer posts negative feedback about the company on a social media site, alert customer service to proactively contact the customer. If that same person posts negative feedback about a competitor, pass along a potential lead for sales.
- Create a chief customer officer role with responsibility for maintaining a customer-centric point of view across the marketing, sales and service functions.

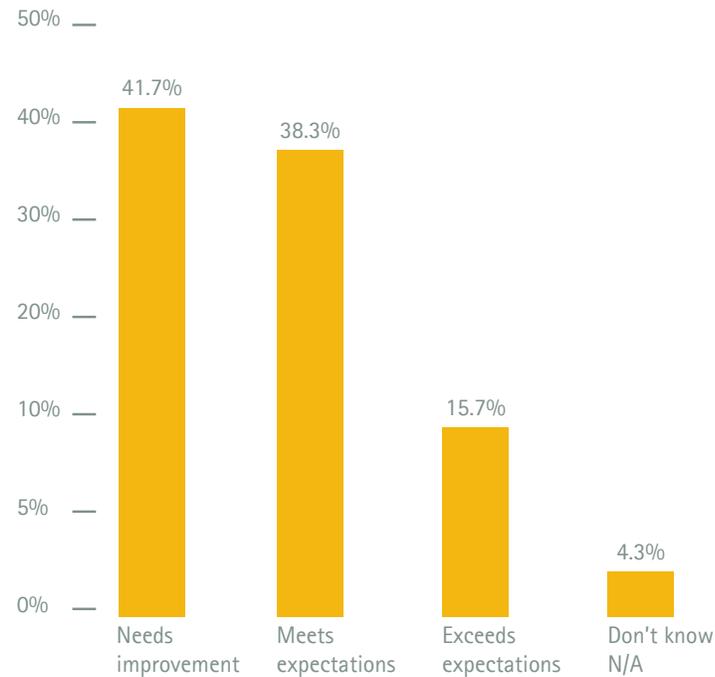
## 2. Improve the Customer Experience at Each Touch Point

Accenture's ongoing research has regularly found that enterprises thrive by revolving around customers versus their internal processes. According to Accenture's Global Consumer Pulse research, customer needs are changing quickly. The "digital savvies", constantly connected and in control of the buying process, have unprecedented expectations. This new reality demands a tailored and integrated customer experience—from touch points initiated by marketing, to promises made by sales, to customer service and support consistently delivered after the product is purchased.

But experience is not enough. The Pulse research also shows that in the past 12 months, the tendency for consumers to partially switch companies—moving some of their spend to other providers—is also on the rise. These findings tell us that customer loyalty is getting more complex to measure and obtain. Ultimately, it is eroding, despite a customer's level of satisfaction in the buying process.

Ironically, according to the CSO Insights data, sales executives appear more confident in their ability to create customer loyalty than they did last year. But everything else they tell us in the same survey contradicts this notion. For instance, more than 41 percent need improvement in growing current revenue streams (see Figure 4).

Figure 4: CSOs say they need to improve in farming additional opportunities from existing customers.

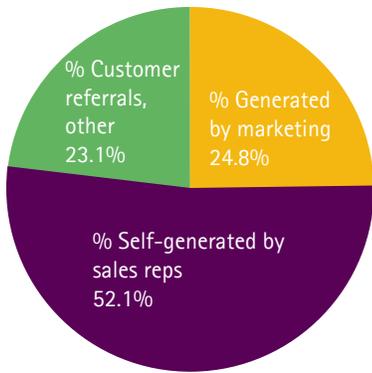


Source: CSO Insights 2013

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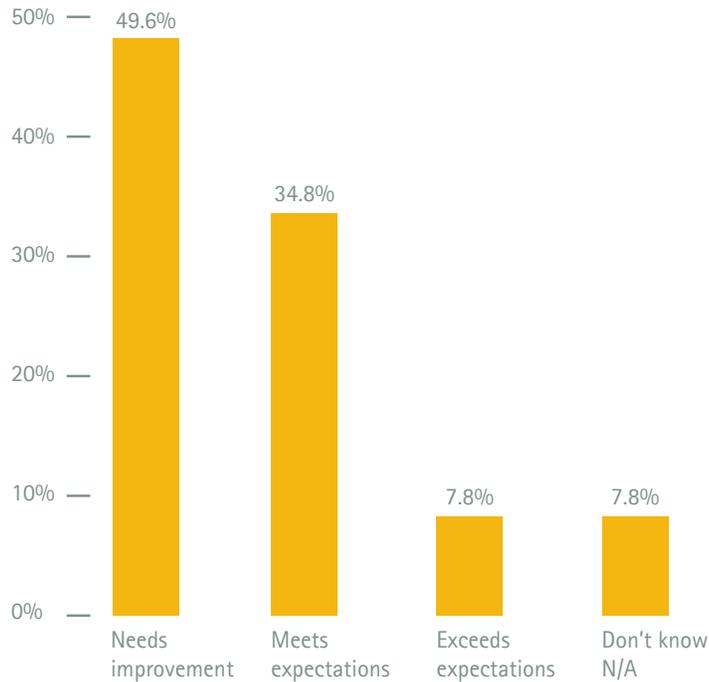
Perhaps even more telling is the lack of referrals from satisfied and loyal customers, a hallmark metric of customer satisfaction. In this area, CSOs say that less than one-quarter of total leads come from existing customers (see Figure 5). Finally, nearly one-half say they need to improve the ability to sell across the organization with existing customers, yet another indicator that customer referrals among peers within the business are undeniably low (see Figure 6).

Figure 5: Genesis of sales leads shows that less than one-quarter comes from customer referrals.



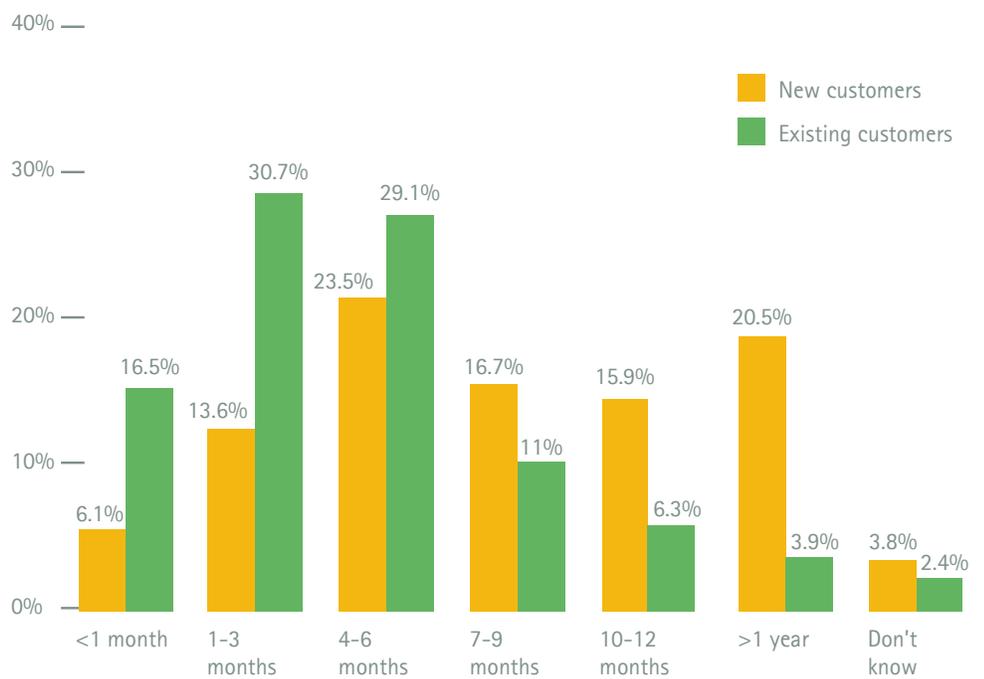
Why does it matter? Sales executives routinely tell us that it takes longer to acquire a new customer than to sell to an existing customer (see Figure 7). By driving a consistent customer experience that reduces churn, CSOs can enjoy shorter sales cycles, more productive sales representatives and a faster path to revenue attainment.

Figure 6: Nearly one-half of CSOs wish to improve their organization's ability to sell to other business units within existing customers.



Source: CSO Insights 2013

Figure 7: Typical sales cycle close time with new or existing customers.



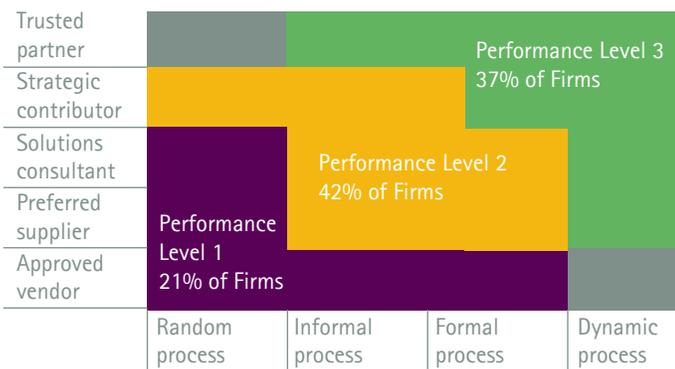
Source: CSO Insights 2013

One of the best ways for enterprises to counteract churn is to improve customer loyalty. Given the inefficiency expressed in the sales and after-sales processes, the data shows that approximately 70 percent of firms have yet to develop strong relationships with customers. In fact, only 12 percent of CSOs believe that their customers and prospects view their companies as trusted partners with the majority considering them as only as vendors or suppliers.

Unless an enterprise is in the coveted 12 percent, there is a significant risk that a larger percentage of customers may switch providers. This disloyalty factor means that sales organization will not be able to take advantage of selling to existing customers. Achieving a true partner relationship, when combined with effective sales processes, is pivotal and can shift the sales performance curve in terms of making quota, plan attainment and sales force turnover (see Figure 8).

Figure 8: Enterprises that build a trusted partner relationship with customers can improve results.

**Sales Relationship/Process Matrix™ –2013 SPO Study Analysis**



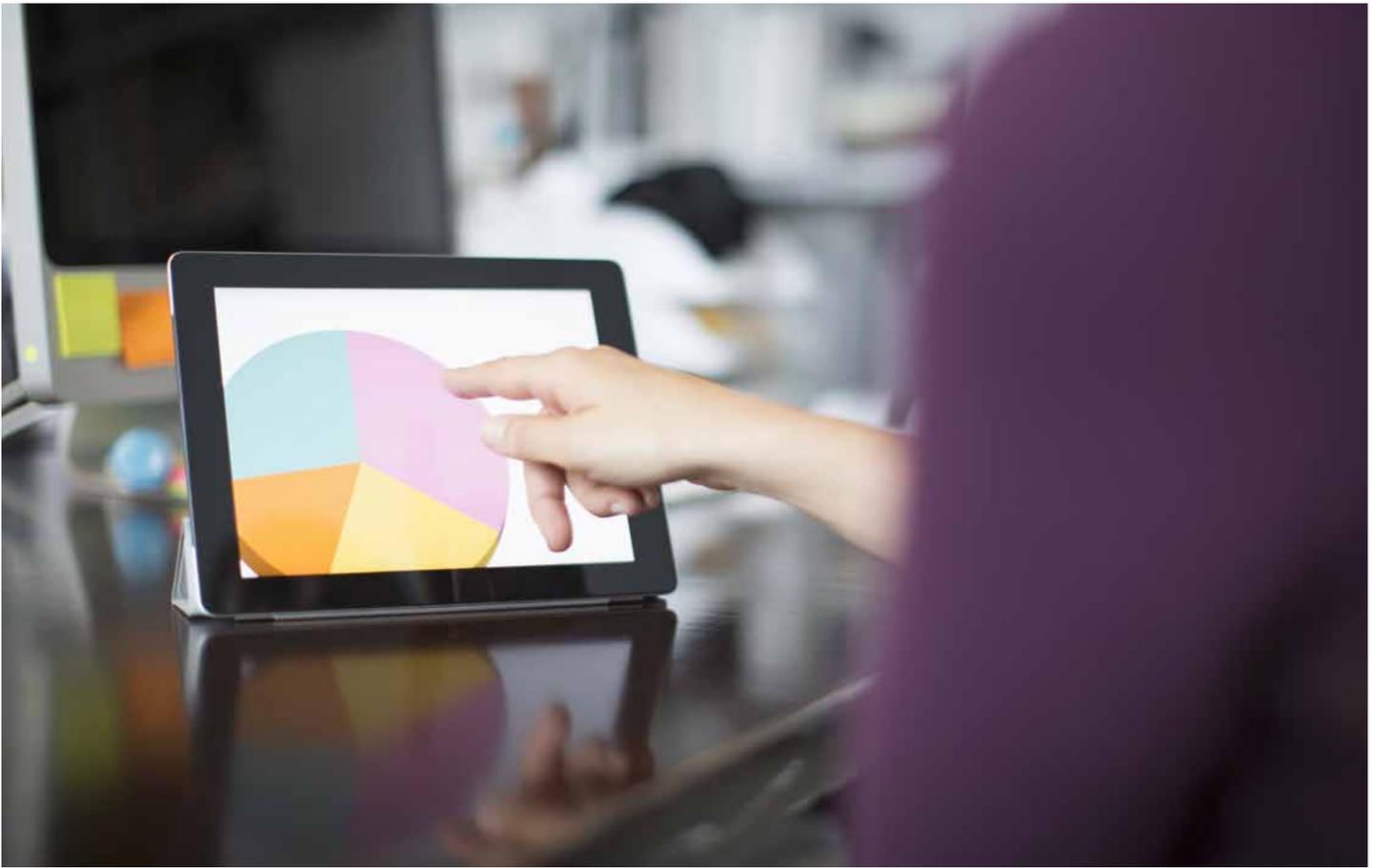
2013 Sales Performance Optimization Study level comparison	Level 1: 2012 results <sup>2</sup>	Level 2: 2012 results	Level 3: 2012 results
% reps making quota	55%	62%	67%
% of company plan attainment	85%	90%	93%
% forecast - wins	40%	45%	52%
% forecast - losses	33%	28%	24%
% forecast - no decisions	27%	27%	24%
% sales force turnover	27%	21%	19%

Source: CSO Insights 2013

2. Actual sales results are reported for previous year: 2012.

**Actions to Improve Sales Effectiveness**

- Work to gain a 360-degree understanding of customers by synthesizing internal data and harvesting external data.
- Ask customers which channel they prefer to interact in, such as face-to-face or digital, and then develop and apply a customer treatment model that matches each customer’s preferred buying behaviors.
- Tailor personalized messages to customers across marketing, sales and service and ensure message consistency across all customer touchpoints.
- Proactively address customer experience issues that could harm loyalty at all touch points to help reduce churn.
- Target and solidify customer loyalty to move a larger percent of the customer base toward trusted partner status.



### 3. Strengthen Immature Sales Methodologies and Processes

In the survey, CSOs pinpointed areas of their business that require improvement to help drive sales performance. Similar to our findings in previous years, every response is related to process or methodology, further validating that sales organizations remain challenged and immature in this area (see Figure 9). Without consistent and well-adopted processes and methodologies, impacts to sales performance are significant.

Figure 9: CSOs identified areas for improvement in their sales process and methodology.

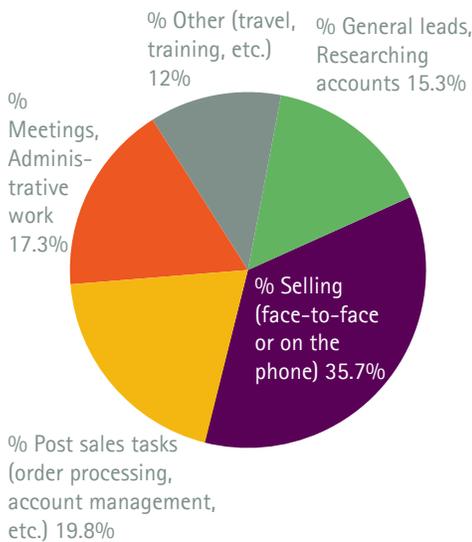


Source: CSO Insights 2013

Strongly-performing sales organizations find a way to balance the art of selling effectively with the science of structured processes and methodologies. Our experience tells us that representatives who adopt and are managed against a structured sales methodology are the ones who close their deals the quickest—accelerating revenue, and making or exceeding their quotas along the way. Additionally, sales managers within these organizations have better visibility throughout the sales process and are more effective coaches along the way.

Organizations that lack the balance between art and science are seeing their sales representatives build their own processes, which further complicates their daily activities. At a micro level, the result is a longer sales cycles and is a key contributing factor to the 65 percent of the time representatives are not spending in front of customers (see Figure 10). The macro impact, according to the CSO Insights data, is one-third of sales representatives will not make their quota this year, which will make it difficult for organizations to achieve their sales targets.

Figure 10: Sales representatives spend their time on a variety of non-customer facing activities.



### Actions to Improve Sales Effectiveness

- Pick one sales methodology and apply it consistently to maximize value and drive successful sales behavior.
- Balance the art of selling with the science required to effectively manage the sales organization.
- Optimize end-to-end sales processes and plan for flexibility as market conditions change.
- Make sure the methodology and processes add value to sales representatives and managers. Reevaluate if it is not improving productivity or sales performance.
- Regularly inspect processes and look for potential failure points, such as deal handoff or special pricing approval. Create mechanisms to measure process efficacy and make continuous improvements.

Source: CSO Insights 2013



## 4. Apply More Science to Sales Talent Acquisition, Development and Retention

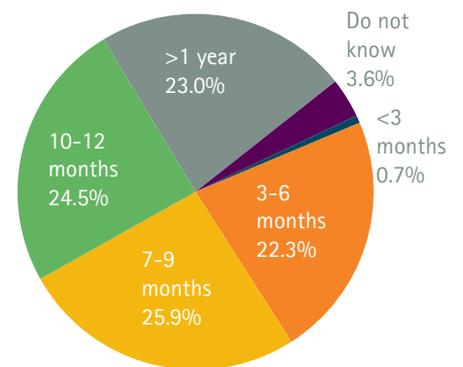
During the past few years, CSOs indicated they were striving to achieve the same quota targets with existing sales representatives. This year, in a more optimistic economic environment, more than one-half of CSOs state they are planning to increase the size of their sales force.

They are all grappling with how to make these hires successfully, though. Approximately 34 percent of CSOs believe that their enterprise's ability to hire successful representatives needs improvement, and slightly more than 40 percent of firms do not apply aptitude or competency testing to hire the right talent for the job. Unscientific hiring practices can be a bottleneck to creating a robust team structure.

The increase in involuntary turnover rate is another factor here, indicating the potential challenges CSOs face in hiring the right skills. This year, the data indicates that there is an increase in involuntary turnover when a sales representative needs to be counseled out. Competency testing could counteract this trend.

Two other issues compound the resource acquisition problem: the rate at which CSOs need to hire sales representatives to meet resource growth goals and the longer time it takes for new talent to become proficient in selling. Nearly one-half (47.5 percent) of sales representatives take 10 months or longer to become adept enough to contribute to company goals, mostly likely due to the lack of inconsistent sales methodologies and not spending enough time on selling activities (see Figure 11).

Figure 11: Time to proficiency for new sales representatives.

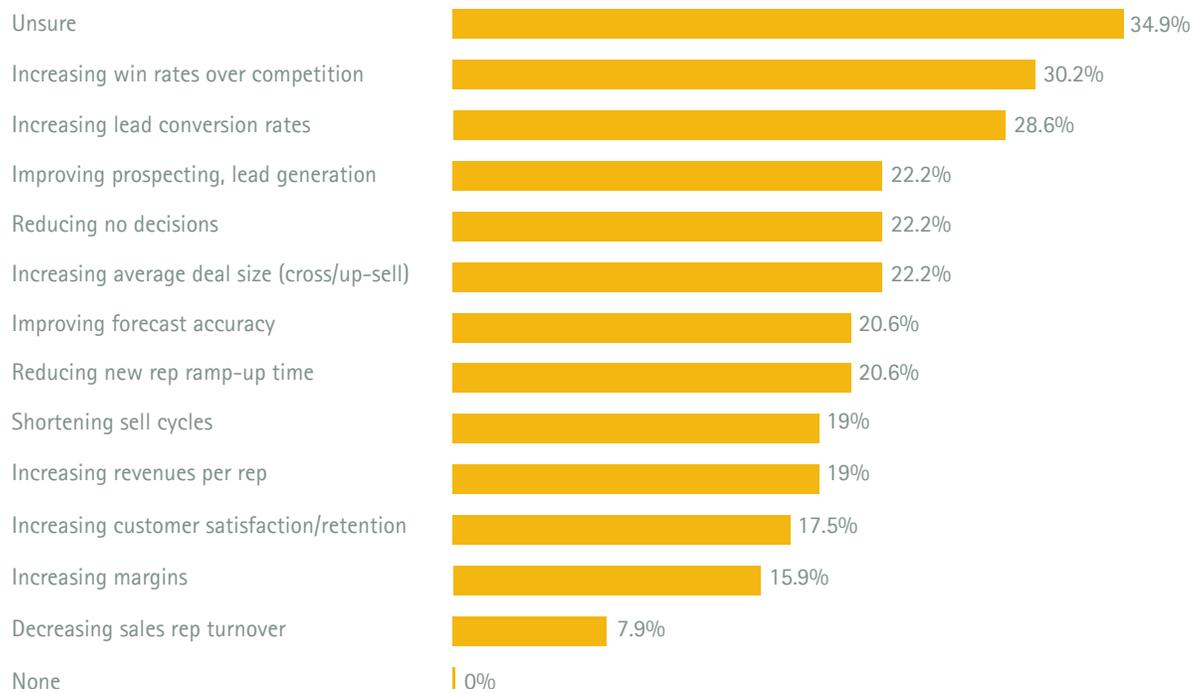


Source: CSO Insights 2013

**Current hiring and training practices contribute to suboptimized sales force effectiveness.**

Accenture analysis also shows that CSOs have increased annual training spend considerably since 2012, possibly due to the need to ramp-up cross industry hires. Nearly 45 percent are now spending between \$2,501-\$5,000/year on each sales representative. However, simply spending on training is insufficient. Organizations need to reinforce the training and incorporate it into daily sales activities to yield higher payoffs. Despite the uptick in training spending, CSOs are surprisingly unclear what measurable improvements result from the investment (see Figure 12).

Figure 12: One-third of CSOs are unsure what measurable improvements they seek from training investments.



Source: CSO Insights 2013

**Actions to Improve Sales Effectiveness**

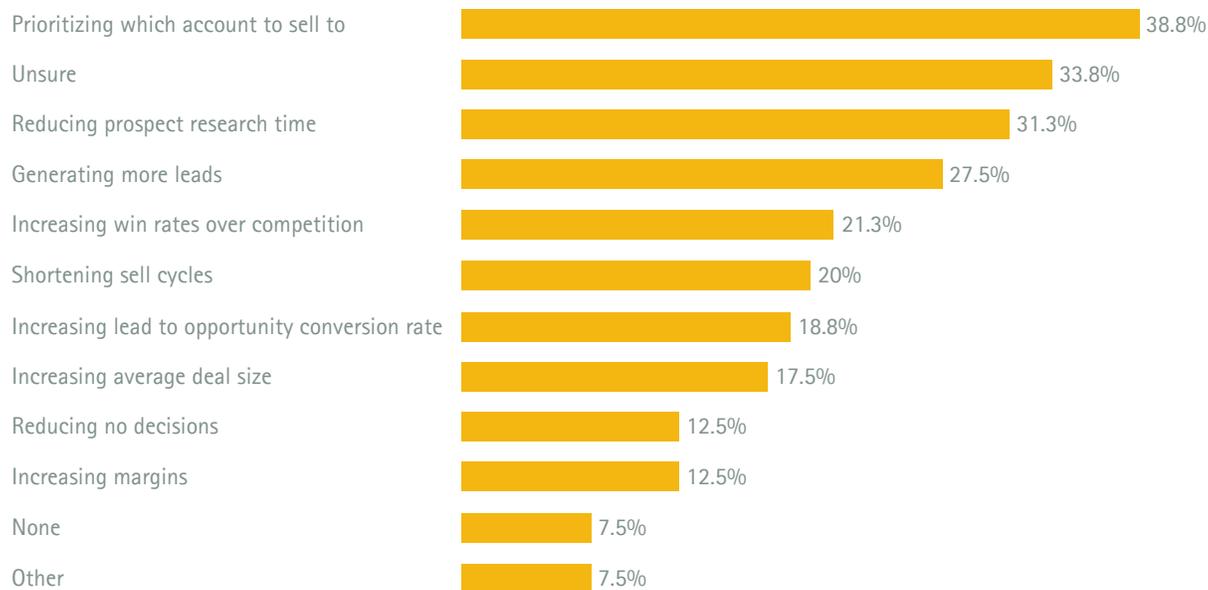
- Build talent strategies, competencies, learning models and analytics capabilities to create agility, speed and stronger integration inside and outside the organization.
- Know the DNA of high performing sales representatives and then revise recruiting, retention and training to maintain.
- Reduce time to sales representative proficiency by conducting more targeted recruiting and more effective onboarding.
- Increase sales representative productivity through more effective coaching, learning and motivation solutions.
- Improve sales representative retention through more targeted practices.

## 5. Drive Better Outcomes from Sales Technology Enablement

The data shows that organizations continue to invest heavily in technology, such as tablets, mobile and social CRM, and sales intelligence systems. But ROI continues to be disappointing. For instance, although nine out of 10 enterprises have implemented some kind of CRM system to streamline the forecasting process, improve sales organization communications or reduce administrative burden, more than one-third still face low CRM tool adoption rates.

In addition, a large number (61.2 percent) of CSOs are using external sales intelligence service providers, but one-third are unsure about what the investment is bringing to the company (see Figure 13). The majority (70 percent) are also not using sales intelligence systems to mine key customer and prospect information from internal ERP or CRM systems. The best way to increase the value of sales intelligence systems is to base them on accurate and complete data.

Figure 13: Measurable improvements from sales intelligence service investments



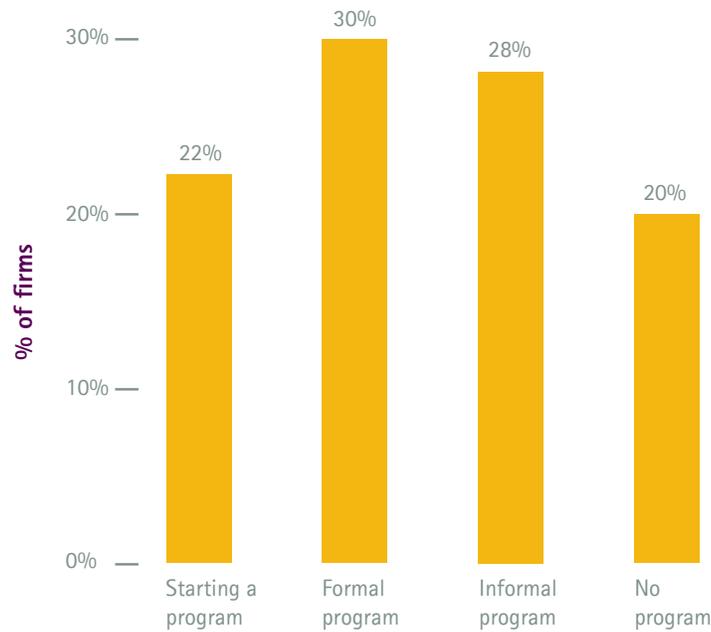
Source: CSO Insights 2013

Mobile capabilities and tablets continue to be popular as the majority of CSOs (76 percent) perceive that mobile CRM improves the performance of the sales team.

But there is still significant room for improvement. Less than one-half (48.5 percent) of firms are currently providing access to critical sales and customer information on mobile devices, possibly due to the evolving ecosystem for mobile CRM. However, only 30 percent have a formal policy to ensure use of tablets by the sales force (see Figure 14). This inconsistency can reduce sales effectiveness.

Lastly, approximately one-third of CSOs responded that they have some type of social CRM program that is intended to support lead prospecting and generation, build community or gather prospecting intelligence among other things. However, so far the impact of social CRM on sales and marketing effectiveness is marginal with more than one-half of CSOs saying it has only a minor to no noticeable impact.

Figure 14: A number of companies still need to institute a formal policy for tablet device usage by sales teams.



Source: CSO Insights 2013

Seventy-six percent of CSOs perceive that mobile CRM improves sales team performance; however, less than half that number (30 percent) have a formal mobile device policy.

### Actions to Increase Sales Effectiveness

- Leverage social, mobility, analytics and cloud to support sales technology enablement investments. Leverage these technologies to follow, sense and guide customers; listen, filter and curate content (via social media), and optimize services and experiences through context-based cloud services and experience-as-a-service solutions.
- Use descriptive and predictive analytics to gain a full view of customers and take preemptive steps in the sales, marketing and service continuum where churn might occur.
- Support greater differentiation in customer interaction through customer buyer-value analytics, customer value analytics, and cost-to-serve analytics to focus the marketing, sales and service models by segment.
- Align costs to serve based on value to the company, and create more relevant and personalized selling messages for each.



## Conclusion: Sharpen Focus on Goals and Customers through Agile Selling

Agile selling requires companies to operate at dramatically different execution speeds and different levels of collaboration. When done strategically, it can help to provide the flexibility, accountability and responsiveness necessary to capitalize on growth opportunities in today's economic environment and in response to changing customer behaviors.

In this new era, CSOs will be most effective by taking a holistic approach to sales effectiveness across the entire sales organization—from strategy, processes and incentives, to talent, enablement and operations. At the focal point is delivering a consistent and superior customer experience that draws together marketing, sales and service to inform and sell more

dynamically, and provide service to meet customers' ever-expanding expectations.

## Contact Us

To learn more about sales transformation and CRM initiatives to optimize sales effectiveness in your organization, please visit [www.accenture.com/managementconsulting](http://www.accenture.com/managementconsulting), or contact one of the authors:

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## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 261,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is [www.accenture.com](http://www.accenture.com).

## About Accenture Sales & Customer Services (CRM)

Sales & Customer Services (CRM) helps companies acquire, develop and retain more profitable customer relationships. We offer a broad range of innovative capabilities that address every aspect of the customer experience, including pricing strategy and profitability assessment, customer analytics, direct and indirect sales force execution, customer service, field support, customer contact operations, and retail/branch operations. We use these combinations of skills to help our clients accelerate growth, improve sales productivity and reduce customer-care costs—helping increase the value of their customer relationships and enhancing the economic value of their brands.