

THE INTERNATIONAL

# Journal of Sales Transformation

RESEARCH: UNIVERSITY OF PORTSMOUTH MASTERS STUDENTS ON KAM

+ SAP ON TRANSFORMING ITS TALENT HIRING PROCESS

+ SALES RESEARCH ROUND-UP

APRIL 2015 / ISSUE 1:1 / ISSN 2058-7341

## INFORMATION = POWER

*How superior intelligence wins business:*

*Big Deal p22, Outside the box p26, Value p29, Technology p50*



**P8** THOUGHT-LEADERS

### THE NEW PROFESSIONALISM

*Professor Neil Rackham*

**P14** REFLECTION

### CHARACTER, ETHICS & LEADERSHIP

*Dr Fred Kiel  
Professor Mark Johnston*

**P52** STRATEGY

### ALIGNING STRATEGY & SALES

*Dr Frank Cespedes*

**P55** SALES MODEL

### CHALLENGING CHALLENGER

*Chris Alder*

# THE SUMMIT GROUP

## Global Sales Transformation Webinar Series

As a global sales performance improvement firm, it is our responsibility to keep a finger on the pulse of what's going on in sales worldwide. In our role of helping clients improve results and solve issues surrounding their sales people's mindset, competencies, and approach, we are constantly looking to keep abreast of the emerging thought leadership globally and present it in a concise and consumable manner.

We have therefore gathered a distinguished group of business leaders, sales practitioners, academic researchers, and university representatives to share and provoke thoughts in this upcoming Webinar series, which will allow for interaction with the speakers and offer attendees actionable take-aways.

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### Themes

## The new sales paradigm

### Character and ethics

Trust is a huge component in business, not least in sales – irrespective of whether we're talking about trusted consumer brands or B2B relationships.

Two significant dimensions of whether a brand is trusted by customers are: the characters of the people in the leadership team – think banking for recent examples of poor leadership affecting business performance; and the broader example of ethics – mis-selling continues to dog our industry.

Two highly respected academics are writing about these topics in this first issue of the *International Journal of Sales Transformation*; both have identified a clear relationship between character or ethics and business performance.

Turn to [pages 14-15](#) to see [Dr Fred Kiel](#) discuss how leadership character dramatically influences investor returns and employee engagement in a positive way, while also reducing company risk.

On [pages 16-17](#), [Professor Mark Johnston](#) firmly establishes that "ethical business is good business".

### Insights and intelligence

If we don't want to be reduced to a transactional, price-driven relationship with customers, we need to be able to articulate value in order to sell in today's complex business environment.

This means understanding our customers and the ecosystems in which they operate, along with their concerns and those of their customers.

In order to do this we need to develop deep insight into our customers' businesses – and that means effective business intelligence.

On [pages 22-25](#), we explore how Atos used accurate intelligence to understand customer requirements and the positions of the various stakeholders in a complex mega-deal worth close to \$1 billion.

Of course, competitors sometimes



spread misinformation and it also pays to protect your interests with effective counter-intelligence measures. Strategic intelligence expert [Dr John Ardis](#) draws on his time in the intelligence services to examines the power of intelligence capabilities – see [pages 26-28](#).

Big data is lending a whole new dimension to business intelligence. [Chris Alder](#) looks at some of the developments – see [pages 50-51](#).

However, a desk is a dangerous place from which to view the world, as Harvard Business School's [Dr Frank Cespedes](#) points out in his interview around aligning strategy and sales – see [pages 52-54](#).

### Research and reflection

Research is not an activity that needs to be confined to professional academics and consultants – it is also the legitimate territory of sales leaders. Indeed, as [Professor Neil Rackham](#) clearly explains on [pages 8-9](#), "For sales to become a true profession, we must find better ways to bridge the gap between theory and practice."

On [pages 32-39](#), you will find eight pages of research, beginning with [Dr Beth Rogers'](#) round-up of recent research topics by Masters students at Portsmouth Business School – see [pages 32-33](#).

SAP has given us unprecedented access to some of the research its managers are undertaking as part of an innovative in-house Masters programme it is delivering with the help of Consalia and Middlesex University. We offer a summary of [Paul Devlin's](#) dissertation on re-imagining the hiring process to support the company's growth aspirations – see [pages 34-37](#).

Finally, [Jeremy Noad](#) of The Linde Group edits a round-up of academic research of special relevance to sales leaders and sales enablement specialists – see [pages 38-39](#).

### Snapshot

US COMPANIES SPEND, ANNUALLY, ON SALES EFFORTS MORE THAN  
**3 TIMES**

what they spend on all media advertising, more than

**20 Times**

what they spend on all digital marketing efforts, and more than

**10 TIMES**

what they currently spend on social media.

**"AT COMPANIES LIKE FACEBOOK, GOOGLE AND Groupon, FROM 40-60% OF EMPLOYEES WORK IN SALES, NOT ENGINEERING OR WEB SITE FUNCTIONS."**



available from Harvard Business Review Press, ISBN 978-1-4221-9605-2, US \$32.00 and the usual outlets.

Data provided by Dr Frank Cespedes of Harvard Business School. See [pages 52-54](#) for his article on "Aligning strategy and sales". His book *Aligning Strategy and Sales – The Choices, Systems, and Behaviors that Drive Effective Selling* is



# In this issue: Q2 2015



On the cover: Information = Power

Paul Myles talks to William Mills of Atos about how intelligence techniques learned in the military were behind a winning bid for a landmark outsourcing mega-deal. Intelligence expert John Ardis discusses the power of intelligence and counter intelligence in business. Todd Snelgrove examines how intelligence should guide our decisions about the value we seek to bring. Meanwhile, Chris Alder looks at the ways organisations are using business intelligence technology and Big Data to reveal customer insights.

3	<b>Themes</b> – Character and ethics: Do they affect performance positively? Business intelligence: the key to winning customers and eliminating competition. Research: how research drives professionalism. <b>Snapshot</b> – Sales spending in the US.	development programme; sales leaders celebrate Journal launch; performance and coaching research.
6-7	<b>Upfront</b> – Women in Sales: Three inspirational women achievers talk about their careers and what it takes to succeed in sales.	
8-9	<b>Thought-Leaders</b> – the new professionalism: Professor Neil Rackham explains why this new Journal is important for the global sales profession.	
10-11	<b>News</b> – Women in Sales Awards India, UK and USA; Toshiba TEC's new	
12	<b>Insight</b> – Bob Apollo on Building Scalable Businesses: "Crossing the Chasm" revisited.	
13	<b>APS News</b> – New general manager for the Association; annual conference announced.	
14-17	<b>Reflection</b> – Character and ethics: Dr Fred Kiel outlines research that establishes the link between a leader's character and financial results; Professor Mark Johnston explores the relationship between sales ethics and business performance.	
18-20	<b>My Journey</b> – APS COO Andy Hough talks about his path to leadership and the launch of	

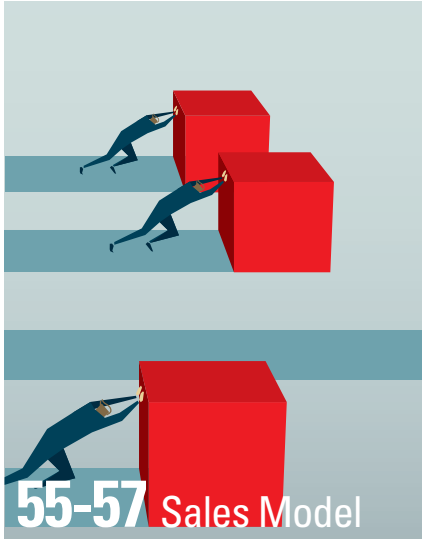


26-28 Outside the Box

# www.journalofsalestransformation.com



32-39 Research



55-57 Sales Model



66 What's On

22-25	<b>Big Deal</b> – Paul Myles in conversation with William Mills of Atos about how accurate information wins bids.	the Association of Professional Sales.	40-41	<b>Key Account Management</b> – Does pharma truly understand KAM, asks Nick de Cent?	performance, pricing, ethics, coaching and leadership.
26-28	<b>Outside the Box</b> – Intelligence expert Dr John Ardis on the relevance of intelligence and counterintelligence for industry..		42-43	<b>Theory Into Practice</b> – Can we learn anything about talent management from the competitive world of Formula 1?	
29-31	<b>Value</b> – Todd Snelgrove explores two practical strategies for communicating value to customers.		44-45	<b>Buyers' Perspective</b> – Paul Myles talks to CIPS CEO David Noble and two industry buyers about how they see sales.	
32-39	<b>Research</b> – Eight pages of the latest sales-related research: Portsmouth Business School on KAM, compensation and e-selling; Paul Devlin explains how SAP is transforming its hiring process in MENA; Jeremy Noad rounds up recent studies including research around sales		46-49	<b>Leadership</b> – Dr Javier Marcos-Cuevas and Dr Philip Squire discuss key transformational trends in selling.	
			50-51	<b>Technology</b> – Big Data and business intelligence are powerful allies in the sales process. Chris Alder looks at how they're being used today.	
52-54	<b>Strategy</b> – Harvard Business School's Dr Frank Cespedes discusses aligning strategy and sales.		62-65	<b>Databank</b> – First-line sales managers and coaching: research infographic. The global sales talent pool: we explore three key roles.	
55-57	<b>Sales Model</b> – Challenging Challenger: Chris Alder on where this popular sales model is headed.		66	<b>What's On</b> – Beth Rogers reports from the GSSI conference, plus upcoming events.	
58-61	<b>Resources</b> – Book reviews, suggested reading, classic webinars and podcasts, consultancy services, and other helpful information sources, now expanded to four pages.				

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*The assumption still persists of a prerequisite to be aggressive.*



# Simply the best

*In the male-dominated profession that is sales, women are still under-represented at the top level. We met three inspiring women at the 2014 Women In Sales Awards.*

 Nick de Cent

## Top sales director

Nicky Robinson  
winner Sales Director category

“I am responsible for managing and inspiring a field sales team of over 320 people who all locally drive the performance of our soft drinks portfolio across the national supermarkets of Great Britain. Retail sales value for this channel is £1.4 billion.

“I initially started out in research and marketing but quickly learned that, when I understood what customers would like, I wanted to be the person who directly acted on delivering against it. I also love the responsibility of feeding back and inputting into all the functions based on customer feedback and market developments.

“I think there are fewer women in sales leadership partly because of perception and partly because of reality. The assumption still persists of a prerequisite to be aggressive and have the capacity to thrive in a cutthroat, long-hours working environment. This is far from the truth and I think businesses don’t necessarily recruit with this in mind, and yet some women do not put themselves forward.

“However, as a business function, we are often not good at supporting flexible working requests. A lot of senior sales positions are still full time and require considerable travel when there could be flexing for job shares and part-time roles. For the right circumstances, I firmly believe that the cost of doing this would be more than offset by the benefit of retaining more women’s perspective, capability, passion and experience.”

*Nicola Robinson is Director – Field Sales at CocaCola Enterprises*

## Standout salesperson

Serra Erelcin  
winner Best Woman In Financial Sales and  
“Most Distinguished Saleswoman of 2014”

“I began my career in business development at a venture capital firm in the US after my MBA. Upon my return to Turkey, I became marketing manager in one of the leading casinos. Transitioning from one trading floor to another, I landed on a trading desk in the banking sector. However, I quickly got recognised for my strong interpersonal and selling skills. I was usually chosen to be a harmoniser and problem solver for various situations internally or externally. Based on these traits, I was transferred to the bank’s sales desk. All this experience has slowly but surely paved the way to join Thomson Reuters.

“I have been in Thomson Reuters Financial Sales for 18 years, responsible for a portfolio consisting of market-leader banks, asset management companies, investments banks and some big corporations. The portfolio is around 25% of the total revenue in Turkey. The day-to-day role involves keeping in close contact with the customer for retention of existing services while spotting opportunities for growth.

“Since 2010, I have also been acting as the Country Representative for Turkey where I manage all the operational details involved in running a legal entity and office in Turkey. Being an emerging country, Turkey is inherently volatile and relentlessly changing, so I am proud to say that I have been outperforming in both roles concurrently.”

*Serra Erelcin is Account Manager, Istanbul, Thomson Reuters*

## Media entrepreneur

Afi Ofori  
founder of the Women In Sales Awards

“As managing director of Zars Media, I oversee the day-to-day running of the company. My main responsibilities, however, are sales and marketing. We launched the Women in Sales Awards in North America and India earlier this year and also launched the Women In Construction and Engineering Awards and the Women In Private Equity Awards. We plan to launch these in North America as well.

“After I graduated, I applied for a position at Saatchi & Saatchi as a media buyer; however, I missed the deadline for the graduate programme and was asked to try the following year. Instead of taking a year off, I got a job selling advertising space; this was when I realised my ability to direct and influence the decisions of senior executives.... There was no going back after that.

“In my experience, women generally don’t like sales. I have worked with a few women who were afraid of asking for the sale. They were uncomfortable asking the clients for money. You can’t be in sales if you can’t ask for the sale. My dream is that the Women in Sales Awards will help boost the number of women in sales roles by highlighting the fact that sales is one of the best platforms to help women get into senior positions and into board rooms.

“I believe women bring empathy to the table; they nurture a sale rather than go in straight for the kill, which in 21st century selling is a great skill to have.”

*Afi Ofori is Managing Director of Zars Media*



Guest View

# Bridging the gulf between professors and practitioners

*As sales continues to develop at breakneck pace, business and academics need to open channels of communication.*

✎ Professor Neil Rackham

For well over a century, there have been organised attempts to increase sales professionalism. The case for doing so is nowhere more engagingly expressed than in an editorial appearing in 1884 in the magazine of the Society of Commercial Travelers: "If we do not strive for the professional respect accorded to other occupations of substance and worth, then the world shall judge us no better than peddlers and rogues."

In the intervening century there have been many attempts to elevate sales into a profession of "substance and worth". Most of the earlier efforts focused on improving moral character, as all professions must be underpinned by an ethical code. The Order of United Commercial Travelers, for example, was founded to "improve character and instill temperate habits". And, here's an interesting piece of trivia, the Gideons, of hotel bible fame, were founded to "eliminate, gambling, drinking, dirty jokes, Sunday trading and other forms of temptation peculiar to traveling (sales) men<sup>1</sup>."

## Certification

Professions, of course, require more than just an ethical code. They need standards and a process of certification that shows the world that practitioners are suitably qualified. This, too, has been the subject of many attempts over the years in the sales field, starting with John Patterson, founder of National Cash Register in the 1890s.

These attempts at professional certification had even less chance of



© Mark Green

success than the Gideons' prohibition of gambling, drinking and dirty jokes. Before you can have a credible, certifiable sales qualification, you must first

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**For sales to become a true profession, we must find better ways to bridge the gap between theory and practice.**

have a legitimate and systematic body of testable knowledge about selling on which certification can be based. Although there has never been any shortage of opinions on how to sell, objective, teachable knowledge has been harder to come by.

However, in the past 20 years or so, our knowledge of selling has advanced from seat-of-the-pants opinion to a corpus of well-researched and tested facts about every facet of sales. Whether it be compensation, recruitment, metrics, training or territory and pipeline management, each area has advanced significantly.

In 2000, John DeVincentis and I wrote a book on the future of selling, called *Rethinking the Sales Force*. We opened the book by lamenting that sales changed so slowly that a Rip Van

Winkle salesperson who had fallen asleep 50 years earlier could wake and walk back into a largely unchanged job half a century later. How different, we observed, from any other function of the organisation. Finance, manufacturing, even HR, had all altered unrecognisably. Selling, we predicted, was poised for a seismic change.

## Speed of change

It turns out that we underestimated the speed and extent of these changes. Selling today is moving so fast that it's hard to keep up.

So we can now claim to have an evolving body of knowledge that is more than enough to underpin a vibrant sales profession. On the whole, there's reason to feel optimistic about how sales has been growing up lately. But there is one glaring omission. Look at other successful professions like medicine and law. They have solid and effective mechanisms to link theory and practice, to put practitioners and academics together.

New ideas are communicated through professional networks; improvements in practice are codified and confirmed by academic research. Where are these mechanisms in sales? The answer is that they are just not there. Between theory and practice, there's a gulf – and it's in danger of getting wider.

The academic research literature in the sales area is starting to lose touch with practice. The 2012 Harvard Invitational Conference on Thought Leadership in the Sales Profession

recognised this state of affairs in the conference invitation with the warning, "Although the sales profession continues to grow and evolve, academic teaching and research have failed to keep pace."

On the other side of this chasm, there's equally bad news. If academics are in danger of losing touch, practitioners face the dangers of missing new developments and advances. I'm continually taken aback at how little senior sales management knows about the important advances in sales theory that have taken place in recent years. But then, I ask myself, where could they find these things out? Not from the popular sales press where old ideas are continually recycled and hopeful consultants pitch their wares.

So that brings me to the new *International Journal of Sales Transformation*. It will meet the increasingly important need to bring theory and practice together. It will give practitioners access to new concepts, models and methods. Equally vital, it will help academics and researchers to understand how the real world of selling is evolving and, in doing so, will help influence the future direction of sales research.

For sales to become a true profession, we must find better ways to bridge the gap between theory and practice. *The International Journal of Sales Transformation* is the most promising step that I've seen towards this essential goal.

<sup>1</sup> T. B. Spears. *100 Years on the Road: the Traveling Salesman in American Culture*. Yale University Press, 1995.

Neil Rackham is Visiting Professor at four universities, including: Visiting Professor of Sales and Marketing, Portsmouth University; Visiting Professor of Sales Strategy, Cranfield School of Management; and Visiting Professor of Sales, Sheffield University. His current research looks at the integration of sales and marketing and at emerging issues in large complex sales. Three of his books have appeared on the New York Times best-seller list and his works are translated into over 50 languages. His classic book *SPIN Selling* is widely credited with starting the consultative selling movement.

Our View

# It's the start of something big!

*Sales is evolving into a true profession as corporations, practitioners and academics combine in the search for excellence.*

“  
**"Today's business world is a far more complex place than it was even ten years ago: buyers are better informed, competition is fiercer and technology has empowered customers.**

Welcome to the very first issue of the *International Journal of Sales Transformation*.

As salespeople, managers and leaders, we are rightly proud of the fact that we are in the front line of business, creating and facilitating exchanges of value and aiming to serve our customers with dedication, flair and integrity.

However, the sales function is singular in providing employment to so many – and being of such significance to business – yet having little in the way of any credible professional structure.

Today's business world is a far more complex place than it was even ten years ago: buyers are better informed, competition is fiercer and technology has empowered customers. In short, times have moved on: selling at the higher levels has become an even more complex and skilful role that we can only entrust to our highest-calibre people.

Nevertheless, our currency in many instances couldn't be lower: reputations have been tarnished by mis-selling and ethical scandals; boardroom surveys find that C-suite executives report that few

salespeople deliver what they require.

Forward-looking sales leaders are responding to these challenges. We are witnessing the birth of a movement determined to mould sales into a true profession – and are delighted to support both the Association of Sales Professionals and the Women in Sales Awards in their endeavours as part of this.

Large corporations are pursuing development best practice through their own academies in reaction to a paucity of established professional structures; academics are beginning to view sales as a fruitful field of research; and some of the best new entrants to the workplace are at last recognising that sales ability is a useful skill for ultimate career progression.

At the moment, this movement may seem fragmented, with emerging pockets of excellence, but this is where the new *Journal* comes in. We are called a "journal" for a very good reason: we wish to convey the very best thought-leadership, based on genuine research and academic rigour, but thoroughly grounded in the practical world of business.

## Inaugural issue

In this inaugural issue, you will find important research from established academics and Masters students – who are also senior practitioners – alongside contributions from leading journalists, commentators and consultants. We cover the crucial matters of ethics and diversity as well as more commercial issues from both the seller's and the buyer's perspective. We look at industries ranging from hi-tech to pharma, and we take a truly international stance, with contributions from the United States, Europe and the Middle-East.

Overall, we seek to be both interesting and practical. It's early days yet but do let us know if we are on the way to achieving our goal – and please don't hesitate to tell us how we might improve. This is, after all, your *Journal*.

• **To share your views, please email us via editor@journalofsalestransformation.com.**



# Powerful women across the world celebrate sales achievements

High-achieving saleswomen in India have been celebrating the first ever Women in Sales Awards. The winners were announced last month.



▲ Citi's Ruchita Taneja Aggarwal: most distinguished in India.

Ruchita Taneja Aggarwal, who is Director, North & East India Sales Head for Citibank, celebrated winning the award for Best Woman Sales Director and the overall accolade of "The Most Distinguished Saleswoman of the Year".

She says: "I hope this recognition can serve as that catalyst for other women colleagues within Citi to allow them to know that it is indeed possible for a woman to have a family and also do well at work."

## London event

Meanwhile, Thomson Reuters account manager for Istanbul, Serra Erelcin was recently voted "Most Distinguished Saleswoman of 2014" at the second Women in Sales Awards event at London's Savoy Hotel, where she also won the "Best Woman in Financial Sales Category."

Erelcin has been in Thomson Reuters Financial Sales for 18 years, responsible for a portfolio consisting of market-leading banks, asset management companies, investments banks and some large corporations; she is also Country Manager for Turkey.



▲ Avention Inc's Diana Morales (right): "Companies should embrace female talent."

A truly international event, the London awards attracted entries from across Europe and beyond. IT Sales winner Diana Morales, who has an engineering background and an MBA, has worked in IT consulting sales for 15 years in the United Kingdom, Spain, Portugal, France and Colombia. "I have lived and studied in London and Paris and speak fluent English, French and Spanish," she tells the *Journal*.

She says: "I took a big risk to chase my dreams and left an established career in Bogota to start from the bottom in London. My proudest business achievement has been to become a top performer. It means that all the efforts and sacrifices I have made so far have being fruitful. It is a confirmation that I can achieve whatever I dream of."

Commenting on the fact that are fewer women sales leaders than men, Morales explains: "If a role needs ten key criteria, a woman could dismiss herself if she believes she only meet nine while men go ahead if they have only four! We need to be accountable for our

own development, have confidence in our natural strengths and instincts and create a clear plan to get there."

She adds: "Companies should embrace female talent and realise the enormous advantages of using female skills such as listening, understanding, nurturing and collaborating to grow their businesses. However, it is our own responsibility to stand up for ourselves, provide results and therefore earn our own chair at the big table."

## North America awards

Meanwhile, there is still time to enter the North America awards with nominations extended until 22 April and the presentation ceremony due to take place at the Fairmont Copley Plaza on 18 June.

Visit [www.wisawardsna.com](http://www.wisawardsna.com) for more information.

• See pages 6-7 for interviews with some of the women involved in the 2014 European awards.

## Marines inspire Toshiba TEC's development focus

In the crowded UK office equipment market, what are the chances a manufacturer could double sales through its dealer channel within five years? Not only is it a tough goal but it's one that Toshiba Tec UK expects to achieve a year ahead of schedule, according to the Indirect Division's sales director Carl Day.

Day attributes much of the success to the organisation's focus on learning and development, including time spent with the dealers training with the Royal Marine Commandos in Devon. "That's where I learnt that you can really do a lot by developing people, no matter what age they are," he tells the *Journal*.

That experience inspired a strategy, which now sees dealer principals engaged in a Masters in Sales Transformation programme. Further plans include introducing a one-year certificate and two-year diploma for dealer sales teams, open to salespeople with a minimum of five years' experience.

Day adds: "We've released a lot of



▲ Carl Day: released a lot of energy.

energy back into the channel. They feel supported; they know we're a partner they can trust."

## Sales leaders toast *Journal* launch



Sales leaders and academics gathered in the City of London on 26 February to celebrate the launch of the new *International Journal of Sales Transformation*.

Celebrated author Professor Neil Rackham gave the keynote speech highlighting the importance of bridging the gap between sales academics and practitioners in terms of building a vibrant sales profession.

He said: "The new *International Journal of Sales Transformation* will meet the increasingly important need to bring theory and practice together."

He was supported by presentations

from Consalia CEO Dr Phil Squire and editor Nick de Cent, who set out the journey towards the launch of the new publication.

Professor Rackham is pictured above (right) with Dr Squire (left) and Andy Hough (centre), COO of the Association of Professional Sales.

Guests at the event included representatives from: the Association of Professional Sales, AT&T, Blackdot, Boeing, BT, City University, EMC, Huthwaite, Inflexion-Point, Lyreco, Middlesex University, Oracle, Shell, Sony Mobile, Thomson Reuters, Toshiba and Wipro.

## What qualities define performance?

Verbal acuity, an achievement-oriented personality, the ability to display situational dominance and inward pessimism are the key attributes of high-performing salespeople compared with their less-successful counterparts, according to a specialist in "sales linguistics".

Writing in *Harvard Business Review* on 18 March, Steve W Martin asked the question: "What separates high-performing salespeople who exceed their quota from underperformers who miss their quotas by more than 25%?" Los Angeles-based Martin, who is best known as the exponent of the "Heavy Hitter" sales philosophy, recently conducted a research project involving nearly 800 salespeople and sales leaders to better answer this question.

• **Steve W Martin teaches sales strategy at the University of Southern California Marshall School of Business. You can read the full HBR article here: <https://hbr.org/2015/03/what-separates-the-strongest-salespeople-from-the-weakest>**

## Coaching style of management



▲ Angie Dixey: coaching research.

New research by Angie Dixey at Oxford Brookes University presents some interesting findings for organisations actively aiming to encourage managerial coaching. Dixey's dissertation *How Managers Experience Their Role As Coach: An Interpretative Phenomenological Analysis* explored how the "preference towards a conversational nature of managerial coaching supports the sentiment found in leadership theory that coaching should be a way of managing, rather than a prescribed activity."

She cites literature suggesting the "line manager role is better conceived in management style terms as a coaching style of management, integrated within a move from a command and control to a more participative style of management."

• See page 62 for more.



👁 Bob Apollo on Building Scalable Businesses

# “Crossing the Chasm” revisited

👤 Bob Apollo

When Geoffrey Moore published the first edition of *Crossing the Chasm* over 20 years ago, it rapidly became a B2B sales and marketing classic – rated by *Inc.* magazine as one of the top-ten marketing books of all time. Moore’s focus on the behavioural chasm that exists between innovators and pragmatist buyers was a revelation to a generation of technology marketers.

It’s probably accurate to claim that a large number of market-leading businesses (and Silicon Valley fortunes) were built upon the principles enshrined in that book. But new generations of disruptive technology start-ups have emerged in the period since the book was first published, and it’s appropriate to ask: is Moore’s methodology still as relevant today?

The third edition of *Crossing the Chasm* was published in 2014. It’s clear that many things have changed in the intervening decades, but it also seems that the fundamental principle remains: if technology vendors seek to bring disruptive technologies to mainstream business markets, they must target pragmatic buyers with burning business issues that conventional solutions have been unable to address.

## Complex value proposition

Moore acknowledges that a few consumer-oriented technologies might appear to have been able to grow to scale without having to worry about having to cross the chasm – although even they typically started with a targeted approach. But wherever the

value proposition is complex, the potential costs significant, or the buying decision process convoluted, the chasm remains very real – and very relevant. For any organisation in a similar position, there is still no substitute for focus.

Dave Brock, CEO of management consulting company Partners in EXCELLENCE, which numbers the sales organisations of GE, Bank of America and Deutsche Telekom among its clients, argues that “the fundamentals still prevail”. He adds: “To be most effective, we have to clearly define the customers and markets best aligned to our solutions. Using those as leverage points, we can grow into adjacent spaces over time. Without this focus, we are sure to fail.”

Organisations that are trying to enter mainstream business markets with disruptive solutions still need to identify carefully defined target markets that have burning business issues for which they need an urgent solution – and throw all their energies behind creating high-value, repeatable use cases.

According to Charles Clark, CEO of Rosslyn Data Technologies, “having cutting-edge technologies isn’t enough; in order to break through into mainstream markets you’ve got to identify a cluster of potential customers with a compelling reason to use your solution.”

## Targeting

But there’s a problem: the traditional demographic dimensions of market segmentation (size, sector and location) invariably prove inadequate as a basis



## About the author

Bob Apollo is the CEO of UK-based Inflexion-Point Strategy Partners, the sales and marketing performance improvement specialists. Following an eventful corporate career, Bob now works with a growing client base of UK and European-headquartered B2B-focused expansion-phase technology companies, helping them to find ways of systematically accelerating their revenue growth.

for targeting or qualifying these high-potential prospects. In fact, the only reliable way of identifying them is usually through some combination of structural and situational factors.

In short, you’ve got to do your research, and progressively refine your initial view of your primary bridgehead market(s) in the light of evidence. This is not a trivial exercise – but then again, the prize of market leadership is hardly insignificant either. The chasm may have evolved over the past 20 years, but for most solution categories, it still can’t be avoided.

Organisations still face the same choices as their peers did 20 years ago: either get focused and get across, or adopt the strategy of targeting everyone and everything – in which case, you still run the same real risk of free-falling into the chasm until the money runs out. When it comes to new market creation, miracles rarely happen....

# World-class speaker line-up for first annual conference

Keynote speaker at the Association of Professional Sales’ first annual conference is Stanford University’s Zakary Tormala, who will be discussing how and why people make buying decisions. Dr Tormala will offer an overview of current methodologies and the sales behaviours advocated within them to support momentum in the buying cycle.



▲ Tim Riesterer: storytelling.

He will be joined during the opening morning by Tim Riesterer, Chief Strategy and Marketing Officer of Corporate Visions, with a presentation “Defeating ‘No Decision’ – Your Biggest Competitive Threat”. Riesterer will



◀ Zakary Tormala: buying decisions.

also present an afternoon session offering insight into “Improving Your Presentations with Visual Storytelling”.

Additional interactive and panel sessions under the overall conference theme of “Sales Transformations” will further explore the evolution and transformation of professional selling, and discuss where we need to be today. Among the topics under discussion will be: “Improving the adoption and quality of coaching in your coaching managers”; “Recognising, developing and retaining talent to improve sales quality”; and “Leveraging the organisation as a cross-functional sales effort”.

Day one wraps up with a cocktail hour, representing an ideal networking opportunity for marketers and salespeople alike.

Day two of the conference presents a specially prepared half-day programme around the theme “Conversations That Win”: this will focus specifically on the ability of companies to articulate value – including sessions on the messages, tools and skills you need to have great customer conversations. There will be a choice of breakout sessions with separate streams for sales and marketing.

“*Sales Transformations*” is at the London Kensington Hotel Hilton, 10-11 June 2015. Conference fee is £150 for the full day and a half. Delegates can also choose to register for each day individually. Conference fees cover breakfast and lunch throughout the event. For further details, visit: [www.eventbrite.co.uk/e/aps-annual-conference-tickets-16278564625](http://www.eventbrite.co.uk/e/aps-annual-conference-tickets-16278564625).

## Industry leaders launch UK sales body

The Association of Professional Sales (APS) is the only professional association run by sales professionals for sales professionals – that’s one of the unique selling points for the new not-for-profit organisation setting out to represent sales professionals in the United Kingdom.

“The sales profession needs a body that has credibility with senior practitioners, employers and the UK public,” says Andrew Hough, Chief Operating Officer.

Sales leaders from a number of major corporations have come together to launch the APS. They include representatives from EMC Corporation, Barclays Bank, HSBC, Arrow ECS,

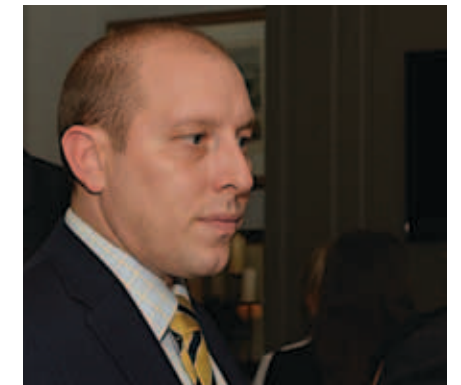
Banner Managed Communication, EY, SAP, Yodel, Rentokil, BT and AT&T.

“Salespeople understand how critical good selling is to the success of their company and also to UK Plc. The Association of Professional Sales is committed to enhancing professional standards and championing best practice for sales,” says Hough.

“Membership of APS will allow sales people to continue their professional development, whilst contributing to maintaining a credible and dynamic sales community,” he adds.

See “My Journey” on pages 18-20 for an in-depth interview with APS Chief Operating Officer Andrew Hough.

# ISMM sales director joins APS



▲ Ben Turner: new general manager.

Former Institute of Sales & Marketing Management sales director Ben Turner has joined the Association of Professional Sales as director and general manager. As the new general manager, his role is to drive the association forward as a full-time resource.

“I buy in massively to the vision and the goals of the APS,” Turner tells the *Journal*.

His new role encompasses the full range of association activity across membership and events. APS is all about valuing the salesperson, according to Turner, and selling sales as a career to young people. It’s also concerned with gaining recognition outside the profession, acting as an advocate with government.

“The first thing to recognise is that sales is a career. How do we create that buzz? That’s the role of the association.”

Currently the association is looking for “pioneer” leaders – senior sales professionals, who will help drive forward the membership and aims of the association and wider profession. “It’s about getting the right people involved to form that voice.”

The long-term vision for the APS is to gain chartered status for qualifying members.

The APS has evolved out of the Chartered Institute of Marketing’s Sales Leadership Alliance initiative. The long-established Institute of Sales & Marketing Management also seeks to represent sales professionals in the United Kingdom and “be the body that represents professional sales people worldwide”.

For information on joining the APS, visit: [www.associationofprofessionalsales.com/join-us/](http://www.associationofprofessionalsales.com/join-us/).

# Character wins through

 Dr Fred Kiel



*Is there link between a leader's character and business performance? Research conducted by Dr Fred Kiel and his team indicates there is. Here, he talks to editor Nick de Cent.*

**NdeC: Can you summarise the link between high-character leaders\* and business performance?**

**FK:** We studied the lives and leadership skills of over 100 CEOs. We interviewed and surveyed these CEOs, and we surveyed the ratings from over 8,500 randomly selected employees about the CEOs and their senior leadership teams. So, our findings are based on a very large sample.

Then we selected the ten CEOs who were rated as having the strongest character habits and compared them to the ten CEOs who were rated as having

the weakest character habits.

We studied the differences between these two groups. Keep in mind that these were all CEOs – by definition they had all achieved a measure of success by becoming a CEO.

Three findings were compelling:

1. The CEOs with the strongest character habits – we call them the Virtuoso CEOs – produced investor returns five times greater than the CEOs with the weakest character habits – who we call the Self-Focused CEOs.
2. The Virtuosos created conditions that successfully energised and engaged the workforce 16 points higher on our Workforce Engagement Index than did the Self-Focused CEOs.
3. And finally, the Virtuoso CEOs reduced risk significantly compared with the Self-Focused CEOs – one declared bankruptcy, one was teetering on insolvency, and two struggled with their workforce's unions. None of the Virtuoso CEOs encountered these problems.

So, we concluded that strong Character CEOs bring significantly more \$ to the bottom line, they energise and

engage the workforce and they create cultures where risk is significantly reduced. Profits and employee engagement go up, risk goes down.

**NdeC: What is the importance of the four qualities of integrity, responsibility, forgiveness and compassion?**

**FK:** We settled on these four moral principles because they are human universals. Parents in all cultures around the globe teach their children to tell the truth, keep promises, accept the consequences of their choices and admit mistakes, and to show forgiveness and compassion to those in their tribe.

My co-author and I made the case in our first book, *Moral Intelligence*, that these four universal moral principles provide the foundation for effective leadership. Our findings reported in *Return on Character* confirm that indeed, when leaders treat people in ways that are aligned with these four principles, they create exceptional value for all stakeholders – customers, employees,

vendors and investors.

**NdeC: Is character different from ethics?**

**FK:** Yes, there is a difference. Ethics is a branch of philosophy that deals with morality. We don't view the business world from a philosophical vantage point – we begin only with what we can measure.

We measure the habitual ways a leader treats people. When a leader behaves in ways that enhance the wellbeing of others, we generally view the leader as a person of strong character. We believe that how a person treats other people is a reflection of his or her character.

**NdeC: Is it also possible to link high-character leaders (for instance, sales leaders) with sales performance?**

**FK:** It's interesting that you should ask this because we are launching a major research project to assess just that. We are quite certain that high-character sales leaders enjoy higher performance than low-character sales leaders. After all, achieving success in sales is all about trust and relationships – who you are as a person is almost certainly more important than your technical knowledge about products or services.

**NdeC: "There is a significant return on character." Can we go beyond the two metrics of return on assets and level of workforce engagement – for instance, revenue, innovation?**

**FK:** In fact, we did assess a variety of other dimensions in our research and we discuss them in the book. For example, strong character leaders create the organisational conditions so that both collaboration and innovation flourish. When we launch our research on the link between character and sales performance, revenue and specific sales metrics will be included.

**NdeC: Are there any other possible explanations for the results around return on assets?**

**FK:** Our research is descriptive – we do not and cannot prove any causal relationship between character and the return on assets. What we can say, however, is that we cannot find any other factor that would explain the

consistent, observable and measureable relationship we found in our research. We researched and found many other dimensions that do not explain the results. For example, neither age nor tenure of the leader was significant nor was education, religious practices, nor political beliefs.

**NdeC: How do you teach character?**

**FK:** I am certain that one's character is expressed in the habitual ways we treat other people, and because these are habits, they can be modified – either strengthened, weakened or replaced. Of course, changing one's habits is never easy. (I'm sure you've experienced that in your own life.) But it can be done. So, since we know how to help people change habits, I guess in that sense we also know how to "teach character".

**NdeC: Learning character habits: empathy, others first, admitting to mistakes. How does this translate to sales?**

**FK:** There is incredible complexity in the sales world, especially in areas like Key Account Management. Have you ever seen a presentation or made a major purchase from a person or an organization where it was obvious that they were primarily interested in their own agenda or their own metrics? Or have you worked with a group where individuals showed little or no empathy to you and if a mistake was made, tried to blame someone else? I doubt if you would have done business with that kind of a salesperson or organisation.

I'm quite certain that outstanding sales executives and management are masters at viewing the world from the customer's eyes (and even perhaps the customer's customers' eyes.) I'm also quite certain that they are honest, transparent, and openly admit when they've made a mistake. And they certainly are highly focused on what the other person cares about the most – not what they want from the other person.

I believe we'll be able through our research to demonstrate a very strong connection between these "character habits" and sales performance.

**NdeC: Mentors – where do you find these?**

**FK:** Companies that place a high value on talent development build in mentoring as part of their culture. Additionally, a culture that sponsors strong character leadership finds that their executives see mentoring three



**Dr Fred Kiel**

Fred Kiel PhD is Chair of the Board of KRW International, Inc and brings over 30 years' experience to his work with Fortune 500 CEOs and senior executives on building organisational effectiveness through leadership excellence and aligning organisation with mission. He is often called the "father of executive coaching" for his pioneering work in this field. He received his BA and his PhD in Counseling Psychology from the University of Minnesota.

or four other younger executives as part of their job. They just do it. Costco Wholesale, a large global retailer, is a good example of this. Managers at all levels are told that the most important part of their job is not to manage their people, but it is to teach (mentor) their people. It's built-in as part of their culture.

**NdeC: You mention developing a tool to assess character. What is the value in having a character rating for senior leadership figures? What are the practical issues? How do you prevent this becoming just another tick-box activity?**

**FK:** We have developed several diagnostic tools for assessing the character reputation of an individual, a senior team and even the culture of an entire organisation. We don't allow these tools to be used as stand-alone entities but only offer them in the context of a well-planned programme for benchmarking and then elevating the leadership character strength throughout the organisation.

\*The real "virtuosos" were groups that included both the CEO and the senior team.





# Leaders link ethics to performance

✍ Professor Mark Johnston

*What is the relationship between sales ethics and business performance?*

*Professor Mark Johnston takes us through the latest research.*

From Apple to Volkswagen, the axiom – ethical business is good business – is firmly embedded in today's corporate culture. While this ethical business model is driven at all levels and throughout the organisation, nowhere is it more important than the sales force. As the customer-facing representative for the entire organisation, the salesperson either reinforces or diminishes the customer's perception of a company's ethical business practices.

As a result, there has been a significant research focus on understanding the role of ethics in the sales process and the drivers of ethical

decision making at the company (sales force) as well as the individual level. One area of particular interest has been the role of leadership and its impact on the ethical climate (Demirtas, and Akdogan, 2014) and, more specifically, the impact of sales leadership on the ethical climate in a sales force. Not surprisingly, research suggests a strong positive association between the ethical role modelling of managers and organisational ethical climate (Brown and Mitchell, 2010).

## Performance

However, what has not been widely researched is the impact of ethical climate on actual sales performance metrics. Intuitively, managers and salespeople connect the organisational climate and more specifically ethical organisational climate with a wide range of salesperson attitudes and behaviours (Martin and Cullen 2006). Indeed, while the evidence for the positive impact of ethics on business practices has been demonstrated at the broad strategic

level (Savitz, 2014) there is far less empirical evidence on the impact of ethics on salesperson attitudes and, more importantly, critical behaviours such as performance metrics.

Couple this with the ongoing, even increased, pressure to enhance sales performance as well as the changing nature of sales objectives and the result is a lot of "belief" but not much real understanding. Consider, for example, that salespeople today are asked to be more a consultant than "salesperson", engaging the customer on a deeper, more strategic level than ever before. The result is the transformation of the salesperson from marketing message communicator to an integral part of the value proposition (Terho, Hass, Eggert, Ulala, 2012).

## Leadership challenges

Do these new relationships create ethical challenges for sales leadership, the salesperson and the customer? How, for example, does the salesperson

balance the needs of the customer for strategic product planning information with the need for confidentiality of company data? Or the inherent conflict between being an advocate for his or her company while also being an advocate for the customer?

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**When salespeople perceive their organisation's climate as ethical they are more willing to engage the customer in building stronger relationships and doing the little things to add value.**

At the same time, salespeople increasingly operate far removed from the company's ethical culture and climate making it difficult to know the "right thing to do". While company policies and procedures are easily accessible, the challenging ethical dilemmas faced by today's salespeople are often not so easily relegated to a company policy manual or online Q&A.

As a result, the sales leader takes on an important role as mentor and consultant in helping salespeople work through ethical challenges. If the salesperson perceives the sales leader is unwilling or unable to address the ethical issue, he or she is operating "in the dark". Even worse, if the sales leader's ethical practices are inconsistent with company's policies or the individual's own values, the salesperson is drawn into a "no-win" situation.

## Ambiguity

As a result, one negative outcome of these two phenomena – changing sales roles and salespeople operating outside the organisation – is a much higher level of role ambiguity, with salespeople increasingly asking themselves: "What should I do here?" Training and coaching can help mitigate many of the sales procedural questions but ethical ambiguity is more difficult to address, particularly when there is an ethical vacuum in sales leadership.

Recently, research has begun to shed light on these issues, reinforcing the widely held belief that the organisation's ethical climate and, more specifically, the individual salesperson's perception of the company's ethical

climate, does impact performance. Given the sales leader's primary role in creating the organisation's ethical climate a clear picture emerges of continued organisational emphasis connecting ethical business decisions with "good business" as defined by enhanced customer value and increased sales.

When salespeople perceive their organisation's climate as ethical they are more willing to engage the customer in building stronger relationships and doing the little things to add value. At the same time, the opposite is true, when salespeople perceive an unethical organisational climate they are less willing to create the added customer value that is so essential to increase sales performance.

## Equal enforcement

Critical to creating this ethical organisational culture is the sometimes difficult policy of equal enforcement, in other words, salespeople need to believe that ethical policies and codes of behaviour are applied equally across everyone in the sales organisation – even the "star" performers. Sales leaders are at the centre of enforcing the ethical policies of an organisation and it is now becoming clear that the manner in which a company addresses equal enforcement of ethical policies directly impacts performance.

Another benefit of equal enforcement of ethical policies is that it helps mitigate the ethical ambiguity that so often happens in the sales process. When sales leaders establish and then enforce ethical policies, salespeople have a clearer understanding of the company's ethical decision-making guidelines, which enables them to more effectively engage the customer, in effect, empowering the salesperson.

Customers are frequently asked – what are you looking for in a salesperson? One of the key success factors they identify is the salesperson's willingness to take personal responsibility for the customer relationship. The willingness to take responsibility for the customer relationship connects directly to the salesperson's understanding of the company's ethical policies and his or her belief that those policies are going to be enforced by their sales leaders.

So, in the end, sales ethics and performance are linked and the axiom is true – ethical business is good business. Equally true is that the sales leader plays an essential role in creating an ethical climate that encourages the salesperson to engage the customer and create the added value that is so critical to sales success.



**Professor Mark Johnston**

Mark W Johnston is the Alan and Sandra Gerry Professor of Marketing and Ethics at the Roy E Crummer Graduate School of Business, Rollins College, Florida, USA. Prior to receiving his doctorate from Texas A&M University he worked in industry as a sales and marketing representative for a leading distributor of photographic equipment.

His research has resulted in dozens of published articles in a number of professional journals such as *Journal of Marketing Research*, *Journal of Applied Psychology*, *Journal of Personal Selling & Sales Management* and many others. He is co-author of *Sales Force Management*, 11e, *Contemporary Selling* (4e), and *Marketing Management* (2e). His market-leading book, *Sales Force Management* has been translated into Spanish, Russian and Chinese.

Mark has been cited by the *Journal of Business Research* as one of the most important researchers in the area of personal selling and sales management. He continues to conduct research in sales and marketing ethics as well as sales force performance and motivation. He has been retained as a consultant for firms in the personal health care, chemical, transportation, service and telecommunications industries.



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Leaders need to inspire that discretionary effort from the people around you.

# You lead to serve

Nick de Cent

*EMC vice-president and one of the driving forces behind the Association of Professional Sales, Andy Hough talks about leadership, career development and his aspirations for the sales profession.*

You lead to serve – this key principle has guided Andy Hough throughout his career, and it's one that he has sought to demonstrate right from the outset, even while participating in group workshops as part of the interview process for his first job.

“A lot of people make the mistake of going in and wanting to dominate situations and show that they're the best, but you also need to bring others on and let their skills shine,” argues Hough, who is Vice-President Enterprise & Mid Range Storage at IT-as-a-service giant EMC. Active participation rather than domination is the name of the game. “And that's what business is still looking for today, well-rounded leaders who can actually bring the best out of other people.”

For Hough, leadership is about balancing four things: revenue growth, profitable market share, employee

satisfaction, and customer satisfaction. “It's really hard to get the balance right. There are lots of cases where you can see people who do really well at one or maybe two of those, but it's actually about balancing all of them.” Perhaps unusually for a sales specialist, Hough is a traditional university graduate. He read geography at Liverpool University and then pursued various employment options via the Milk Round prior to graduating in 1992. More predictably, though, a sales career was not a foregone conclusion: “I really didn't know what I wanted to do at that particular point – it was management of some sort.”

## Spark and tenacity

The job search process did, however, bring out qualities that have stood him in good stead subsequently. At the time, the economy was emerging from another period of downturn and a lot of the banks were looking for the kind of skills Hough had – “that spark and tenacity to say I wanted to learn” – and he ended up in Lloyds Private Banking. “I had a passion to want to get on and I think, at that particular time, that wasn't necessarily evident within a lot of students; I think a lot of people were of the viewpoint that ‘I've got a degree and a job will arrive’. And, just at that time, clearly the economy had changed and organisations

were looking for something just a little bit different.”

What was that difference? According to Hough it's the ability to “inspire that discretionary effort from people around you”. He declares: “That's the difference between somebody who's going to make it – and the organisation that's going to make it with those > leaders – and the ones who are just going to make up the numbers.”

Immersion in the principles of relationship management and marketing as part of a very small private banking team, as well as placements in Geneva and in a City trading environment, helped Hough to build his skills. A move to the then Barclays Asset Finance, joining a fledgling team in Manchester, helped to hone his capabilities, particularly in terms of managing his own profit and loss and mixing and matching a margin portfolio in the context of building a long-term business while also hitting short-term goals.

## Phone, car, desk and postcodes

“I was given a phone, a car, a desk, a set of postcodes, and I had to go and build that business myself. You effectively sold three times: you sold yourself to the customer; you then sold your products >



to the customer; and then you had to sell the customer's risk to the internal underwriter."

Of course, success was a team effort in that Hough was surrounded by experienced people – not least a "very strong" sales manager, who was "able to take those chances on me that probably others wouldn't have seen". In particular, he was "allowed to make a huge amount of mistakes" in a safe and controlled environment. "A lot of people forget that making mistakes is what a lot of people learn from."

Subsequently headhunted by General Electric, which was looking to set up a joint venture with Sun Microsystems, Hough found himself involved in leasing solutions designed to help sell equipment, during the frothy early Internet days at the turn of the century and with the City as his lucrative patch. Once again, he needed to figure out very quickly what his business plan would be ("there wasn't a manual").

Although it seemed simple, as so often with joint ventures, the practicalities in the field turned out to be challenging. The business model sought to apply GE Capital's traditional expertise in the copier market, with an

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***I very quickly realised that, in reality, the role was almost like oiling the San Andreas fault.***

average deal size of £10-20k, to the City's requirements for major banking and storage and server systems costing £5-20 million. "That caused a lot of people to be very concerned about the decisions they were making. I very quickly realised that, in reality, the role was almost like oiling the San Andreas fault. You had a very rapid fast-moving organisation on one side and a very cautious, risk-averse organisation on the other."

This tension sparked a new move to EMC as a financial salesperson, which had a "completely different proposition – a financing proposition, which actually becomes a sales enabler". The new model saw a move away from a traditional back-loaded leasing approach towards facilitating technology refreshes by rolling one lease into another. The new challenge again involved Hough in building his own portfolio and explaining to customers the new proposition – "which actually meant explaining to reps, who had those relationships with the customer, what you were doing".

Indeed, the ability to explain the proposition to the reps turned out to be a key factor in the success of the venture. "They would sell you into the customer relationship." However, that was not the end of it, because selling to the IT department was not the final goal; the finance department were the ultimate customers for the offering. "You had actually sold three times just to get to the right user."

Hough suggests that the process is all about confidence. If people have confidence in you as an individual and the things that you are saying – "it needs to be in a language that they understand" – then you can layer on more complexity and intelligence. However, it's important not to layer on complexity right at the start as this simply scares people away.

He adds: "I don't think much has changed; if you think about successful sales forces in the field, they are the ones who are most confident in their product." Furthermore, you can't fake confidence in a product.

Interestingly, EMC has an approach that doesn't involve incentivising its reps to make such introductions; instead, they are simply very well paid and do it because it's the right thing to do for the customer. According to Hough, when the company had tried an incentive approach in the past, it found that it paid out to the people who "would have done it anyway and the people who weren't going to do it weren't motivated by the financial uplift". Trust and the right kind of relationship are the factors that actually make the difference.

Since then, Hough has risen to manage Europe and subsequently into a programme role for the entire business as director, sales operations. This experience has taught Hough a huge amount about change management and offered a first foray into sales enablement working with people like Charlotte Campbell at EMC and Cranfield University. "Whilst I really loved being a salesperson and a sales leader, what I also enjoy is actually seeing people develop."

### New professional body

As a prominent figure in the newly established Association of Professional Sales (APS), training is a particular issue for Hough, having "received some great training" from Barclays Mercantile, which even as an organisation of only some 300 salespeople had its own training establishment – a setup you would be unlikely to find today. "As larger organisations seek to recruit from those mid-size organisations, what they could have taken for granted isn't there

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***Whilst I really loved being a salesperson and a sales leader, what I also enjoy is actually seeing people develop.***

anymore."

"The industry really does need to drop down and help these smaller organisations in terms of how they can invest in their people, how they can therefore benefit from that investment in the short term and sometimes in the medium term; but help them also understand that life is a journey and they will lose good salespeople – salespeople do move on."

For an organisation to invest in its salespeople is a real business cost, Hough acknowledges. "How do you get a return from that cost? I think there are a lot of areas where the Association of Professional Sales and other bodies can really start to engage these mid-to-small companies and help them by consolidating courses that are easily consumable for them and help them move forward to be able to really understand what's out there as options that can benefit their business."

Combining the vocational world of sales with academic insight is a priority for Hough. He contrasts the "sheer number of people practising sales and the completely disproportionately low number of qualifications that you can get".

Hough sees it as the great sales paradox: "everybody does it so nobody thinks about it," yet, at the same time "nobody wants to be seen to do it because of the negative connotations". Hough is clear that there is a need for more professionalisation, qualifications and academic institutions to support the sales community, especially to help develop standards and ethics in selling, so it's no surprise then that he is one of the prime moving forces behind the newly launched APS, which emerged from the Chartered Institute of Marketing's Sales Leadership Alliance initiative.

He acknowledges that his "personal credibility is on the line" (along with that of others) but is heartened by the "desire to contribute and make a difference by senior people, thought-leaders, academics and practitioners". And the ultimate goal? A drive towards chartered status for the sales profession in the UK, a set of standards, and ensuring that sales becomes a "destination career".

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I homed in on a technique that the CIA came up with after the Bay of Pigs, something called ‘classification of evidence on believability’.

Business Technology &  
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Atos



# The intelligent approach

Paul Myles

*Truly understanding the customer underpinned the success of this hugely complex mega-deal. We talk to William Mills of Atos about how information really is power.*

Succeeding in a sales environment sometimes means turning over long-cherished beliefs such as: all negative thoughts are destructive. It was this ability to embrace the problems when creating a bid for new business that enabled William Mills, vice-president Strategic Sales Engagements at outsourcing specialists Atos, to write a new chapter in bid tendering. And his unique approach helped land a \$750 million deal while up against a seemingly impossible deadline for a bid of mind-boggling complexity.

Yet Mills could draw on personal reserves honed in 15 years' commanding an armoured squadron in the army, a career that included senior roles at staff and NATO headquarters. Particularly relevant were his three positions in army intelligence during Northern Ireland's 'troubles'.

He tells the *Journal*: "Naturally, I can't talk too much about those roles but the experience helped me to recognise that, in sales, there is a mantra that says 'all favourable information is true, all unfavourable information is false or being negative'.

"I realised this was a totally incorrect way to look at information. I studied some of the disasters that happened with some outsourcing deals where they had been running on faulty intelligence. Gathering intelligence means assembling the facts and marshalling them into what is believable and what is not."

Still true to his military background, Mills sought inspiration from the CIA's approach to the problems of information after its botched invasion attempt on Cuba in 1961.

Taking up the story, Mills explains: "I homed in on a technique that the CIA came up with after the Bay of Pigs, something called 'classification of evidence on believability'.

## Tangible evidence

"This process talks about tangible evidence and testimonial evidence. In this way you can start to classify evidence into whether it is true or not, how believable it is, and then you can say how relevant it is. I felt a lot of deals were being misled by overly enthusiastic salespeople who would manipulate facts, or even half-truths, to ensure a positive spin was put on the deal. The result was a lot of the deals were not won simply because the intelligence was wrong.

"I preached to my teams that we have to go through this classification of evidence and I encouraged them to build intelligence maps, cross reference things and make sure that, if a piece of information is put on the table, there is some corroboration to it from an independent source. This is important

because procurement departments and boards of directors are becoming experts in misinformation because they want people to bid.

"By applying the classification of evidence to bids I could say: 'I want to see evidence qualification, not just hearsay.' For example, has the information appeared in a chairman's statement, is it mentioned in the company's annual report, is it in an email from a CEO of that company? And are there corroborating pieces of evidence to support those findings?"

And just like drawing up a battle plan, Mills argues that a potentially successful bid must rely on building up a map of believable intelligence especially in the minefield of an intensely complex deal. He says: "I use a little program called iThought, which creates a mind-map. I've put it together to build up a picture of a deal. These look like what they are – a spider's web of information. In one particular case, where naturally I don't reveal the company's name, I've broken the map up into customer segments; players of the customer's that we are dealing with; advisers to the customer; events that happen relevant to the bid."

## Pressure bid

The campaign to win the business was even more pressured because the Atos team had a very late invite to the bid process and had just days to construct and present its outsourcing solution for an intensely complex deal.

Mills explains: "We had two days' notice that we were being >





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*If you sell something correctly using the right intelligence, you will reap the rewards afterwards.*

William Mills: built a comprehensive intelligence picture.

considered for this deal. I was called on New Year's Eve 2011, arrived in the US on 3 January and had to submit a full proposal by the 7th. Normally this process would have taken four to six weeks even with a full team working on it. Yet we did it and I'm not joking when I say that people actually slept on their desks.

#### Entire company mobilised

"However, the quality was fantastic because almost the entire company mobilised for us and got behind the strategy of understanding the customer and all the different pieces of

information, and we were able to slot all these pieces into the overall pictures very quickly."

The intelligence Mills and Atos had to gather must have seemed like a mountain of information made more challenging still by the actions of the protagonists involved.

Mills says: "I had to try to make the correlations between the relationships, what their actions were, in conjunction with a deal diary that lets me look back and say, 'three months ago so-and-so said that and now they are saying something different'.

"In this particular case I had known leaks of information from

various different sources. I had CIOs (chief information officers) within different divisions of the company who had allegiances to other outsourcing companies who were, in one case, blatantly transmitting our prices 20-minutes after we had submitted them."

#### High-stakes game

But the effort was worth the potential win in what was becoming a high-stakes game of corporate warfare. Mills adds: "This was a major blue-chip American company going through a separation into two different entities – one was a

financial services entity and the other a massive education entity. So all eyes of the shareholders, the stock market, were on this company to make sure it did not fall apart in the middle of the separation. This was a company worth \$10 billion and we had to handle the separation, the transformation and takeover of staff, purchase of a data centre, working across 43 countries, which shows this was not a straight-forward transaction.

"There are lots of politics involved, lots of different players with lots of different angles so, unless you build up a comprehensive intelligence picture, you are going to be misled. And we found our competitors were being misled by their own deductions."

#### Additional revenue

Mills and his team landed the deal and, while price-cutting had reduced the contract's value from an initial \$1.2 billion to \$750 million, they still had plenty to celebrate. "Since we won the deal we have achieved more than \$180 million of extra revenue and projects because we understand the business."

He adds: "This is testament that, if you sell something correctly using the right intelligence, you will reap the rewards afterwards."

Mills suggests Atos's success is built on a solid foundation of understanding its customer's needs and core business goals. "One of Atos's strengths is that we are a very customer-centric company that tries to listen to our customers and this gels with intelligence. Because, if you listen to your customers and hear what they are saying and you listen to enough of them, you will get a consistent message back to build an accurate picture. If you then grade that information properly you can sift out the red-herrings, which can so often lead people down the completely wrong track and end up losing the deal.

#### Intelligence picture

"We won the deal I've referred to because we had our intelligence picture very well mapped out for a very complex situation and we were able to relate that back to the customer in a customer-centric way. We were able to say: 'We do understand your business; we do understand your drivers, here, there and everywhere.'

"I believe this was what gave the customer huge confidence in choosing us."

Mills concludes: "If you identify the problem positively by method rather than chance, then you will be head-and-shoulders above any competition and that's the value of intelligence."

#### The customer

- The customer is a blue-chip financial services and educational publishing company based in New York.
- Over 100 years old, it has a portfolio of major brand names including a ratings agency and market indexes.
- The company is also a leader in both printed and, increasingly, digital educational publications, being a familiar name in many schools, universities and colleges around the world.

#### What did the bid comprise?

- The bid involved full outsourcing of all IT, data centre, workplace, network, telephony and service desk.
- In addition, the process involved transition and separation to create two new entities: financial services and education. This process involved financial, logical and, finally, physical separation.
- The competition on the bid came from IBM, HP, CSC, Wipro and TCS (Tata Consultancy Services).

#### What was the value of the bid?

- The value of the bid started at circa \$1.2 billion and ended at around \$750 million.
- However, since then, the project work to separate the business into two entities has come to around \$200 million.
- Consequently, the overall value of the project is worth close to \$1 billion.

#### The bid team

- The bid team comprised some 50 people but was elastic during different phases of the process.
- Almost the entire Atos board was involved and supporting the bid.
- The bid timeline was extremely short: it kicked off on 3 January and the deal was closed on 30 June.
- This frenetic pace required the initial response to be created in just six days instead of the usual four to six weeks!

#### What differentiated the Atos bid?

- Mills reports that a "real understanding of the customer's business" was a key differentiator in the bid.
- The offer to purchase the customer's data centre and to take over its people – something that tends to be a rarity in the United States – provided a solution that demonstrated that Atos understood the risks for such a market-prominent organisation.
- The bidders were prepared to accept behavioural service-level agreements – that is, action first, questions later – and acted as though they were working for the customer rather than Atos.



# Intelligence collection: the second-oldest profession

 Dr John Ardis

*Can business learn any lessons from the professional intelligence community?  
Dr John Ardis suggests we can.*

During the Cold War, teams of intelligence analysts would pore over microfilm and squint at grainy aerial photographs. Human intelligence sources (or HUMINT in the vernacular – better known as spies) provided secret information about weapons, other spies, dark strategies and double bluffs.

You may have seen some classic films that portrayed the enduring friction and competition between the superpowers in the period between the end of the Second World War and the fall of the Berlin Wall in 1989. Many of these films are somewhat fanciful, and others exposed the gritty and thoroughly unglamorous reality of espionage and counterespionage. Intelligence collection was the focus, and the bottleneck; analysts would explore each nugget of intelligence assiduously. Meanwhile, the seasoned spymasters worried whether they were being spun a yarn.

## What's changed? The problem of selection

Spy versus spy remains a constant competition, and it's a congested space these days. You'll recognise some-high profile personalities (Snowden, Assange), but the sheer complexity of data and the number of players in the high-tempo game is the real challenge.

So are there parallels we can draw between contemporary national intelligence activities and business intelligence? The answer is a resounding "yes".

We have seen already how some CIA methods\* can help us make sense of complex data, and assist us in the pursuit of meaning (get it right first time – no pressure).

Companies can extend their capabilities, developing their own tradecraft and harnessing intelligence practices to help

them survive and flourish in this fast-moving environment. Data are available through multiple media streams 24 hours a day from around the world.

The bottleneck now revolves around the processes of selection, interpretation, analysis, correlation and confirmation of data from multiple sources, against the clock. This information helps the decision maker act now, and act successfully. Information has ceased to be a "more is better" function. Being able to identify and discard useless information rapidly is a particularly valuable skill.

## Analysis

A working model of an effective national intelligence capability includes some components that can be grown very effectively in industry, and used at the front line (with a dash of tactful audacity!).

Systems analysis is a logical approach to understanding the components and relationships in a set of connected systems. Here we can look at the propagation of information and understanding through a network such as your organisation or team. We can also include all the other participants and influences in our analysis.

Such analysis isn't new, but it may be a new application to an existing task or problem. The knack is to be rigorous in inclusion and representation, and there are a few methods we can import from the fascinating portfolio of The Dark Arts. Training and mentoring can be exploited; some from within the organisation, and some from external sources.

It's important that the ability of an individual or team to undertake rigorous systems analysis is recognised as an essential competence by their peers and managers. If you can grow this skill in an organisation, its operations and development can be enhanced.

Systems analysis is a way of addressing a wide range of problems – including personal and organisational development, professionalisation, strategies, risk mitigation, complex >



decision making – that grows with use and experience, and provides the best chance of selecting an optimum strategy from a set of candidate strategies.

After understanding the interconnected systems in the wider environment (we'll call this the context), we can work out what we don't have, but might need. This isn't usually a process that can be undertaken with certainty, but with experienced and open-minded staff it's possible to identify useful risk-reduction functions. We have found that one of the first vital functions to be identified, and one that is usually absent, is counterintelligence (CI).

### Capabilities and counter-capabilities

Intelligence activities are usually competitive. Other agencies or companies will be trying to understand the context and each participant's history and background. While you are gathering and analysing intelligence (for example trying to understand who is involved and what capabilities they have), your competitors will be trying to understand your capabilities and strategies.

You are unlikely to know everything about your competitors' approaches, and everyone wants to keep their real plans secret. Denial of knowledge to competitors requires defensive counterintelligence.

But is this enough?

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**James Jesus Angleton, the CIA's head of CI for 21 years, is often quoted as saying "...if defensive counterintelligence is checkers, then offensive (active) counterintelligence is chess.**

### Advanced counterintelligence

If it is expedient to manipulate the context, the next step is to consider an active capability. This could require a single specialist, or a dedicated CI team (which should be staffed separately from the sales team). CI activities can run continuously, controlling the information environment methodically, in concert with the PR (public relations) department and the strategic corporate narrative.

CI staff would be actively engaged with suppliers, the media and commercial partners. They can enjoy total integration with intelligence functions, and should work closely with intelligence staff to identify objectives and confirm outcomes.

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**At a presentation on special operations, one member of the audience summed up her view of CI. "You can get all the intelligence you want, but you don't control the adversary's decisions – so (active) counterintelligence may be risky," she said. "But it's nothing like as risky as not doing it.**

This is active counterintelligence (what Angleton called "offensive counterintelligence") – the ability to intentionally influence others' intelligence activities, probably in support of specific sales opportunities or to move into lucrative but challenging market sectors. It helps you protect your teams and it gets behind enemy lines.

### Counterespionage

Senior managers will also identify the potential benefit of having a capability that could be tasked also to mitigate the threat of industrial espionage. A company's insurance bills can be cut by having a formal counterespionage (CE) capability. Counterintelligence and counterespionage capabilities can share staff and information, requiring many of the same skills but different activities.

### Capability development

In all cases, an investment in a CI or CE capability requires clear direction and support from senior management, and integration into existing teams and practices. To make it really work, and to provide cover and agility for your sales enterprise, you need the right people, experience, knowledge, training and absolute trust.

That means you probably already employ, or work with those who might be your company's soon-to-be CI staff. How you build an integrated capability depends on your company and your ways of working.

If you have established your intelligence functions, the next part of your transformation might be advanced counterintelligence. It might be worth having some special capabilities on your side.

- See "The intelligent approach" pages 22-25.



### About the author

John Ardis has worked in the electronics industry, initially in the music sector and then as a director of two UK electronics companies serving the automotive and medical sectors. He graduated from the University of York in 1991 with an honours degree in Computational Physics and entered HM Government service. He has worked in acquisition (managing projects worth up to £800m), policy and security. Ardis read for a Doctorate of Professional Studies in Strategic Intelligence and Deception Operations and graduated from Middlesex University in 2009. He works across Europe, the Middle East and the US with a range of partners including governments, agencies and industries.

# Two types of value

Todd Snelgrove

*Todd Snelgrove on how customer intelligence can help you define your strategic approach to value, with a choice of two approaches.*

As salespeople, we need to use our understanding of the customer, and each decision maker within a customer, to decide what drives them professionally and personally and to know which sales strategy is best suited to engage them in a discussion about why they should choose our firm's offering. Too often, though, because of a lack of thoughtful proactive planning on our part, assumptions we make that all people in a customer want the same thing, or incorrect intelligence (intentional or unintentional), we come with the wrong value proposition to customers.

Let's start with intentional false intelligence, and why it would happen. In a scenario where your channel to market includes value-added distributors or resellers, most notably with multi-branded distributors, very often we rely on their market intelligence to know what the customer wants and how to act. However, I find sometimes that this is where miscommunication can occur (intentionally or not).

If our bid proposal is solely shaped on feedback from the channel that "your price is too high", for example, maybe we need to stop and think about where that information is coming from. Who within the customer originated the sentiment that prices were too high? In some markets, the role of the distributor or channel partner has changed; if they are multi-branded, too often they are just worried about getting their sale as opposed to supplying your specific offering.

In this case, the position they might assume is to get the major players all to feel that price is the major customer concern. With this pressure, they get all suppliers to drop prices. Then, once the contract is signed, they push hard for your value-added services, explaining that in the future this will help prove and justify your value and subsequently lead to a higher price in the next round of negotiations.

I think we need to look at the "intelligence" the channel brings back and ask: is this really what is happening? Also, let's challenge and find out if all the stakeholders in a customer feel the same way or is it just the buyer? It then behoves us to do our homework and make sure we consult all stakeholders and determine what they value above and beyond price – such as maintenance, installation, operation and disposal costs or production, environmental factors, production yield, safety, and numerous other things.

We must also meet with the procurement manager; this is a strategic position versus a purchasing manager, who is more about the activity of buying. The person in the strategic position will be the one who decides what should be measured and what the criteria will be for the buyer to make a decision.

### Procurement phases

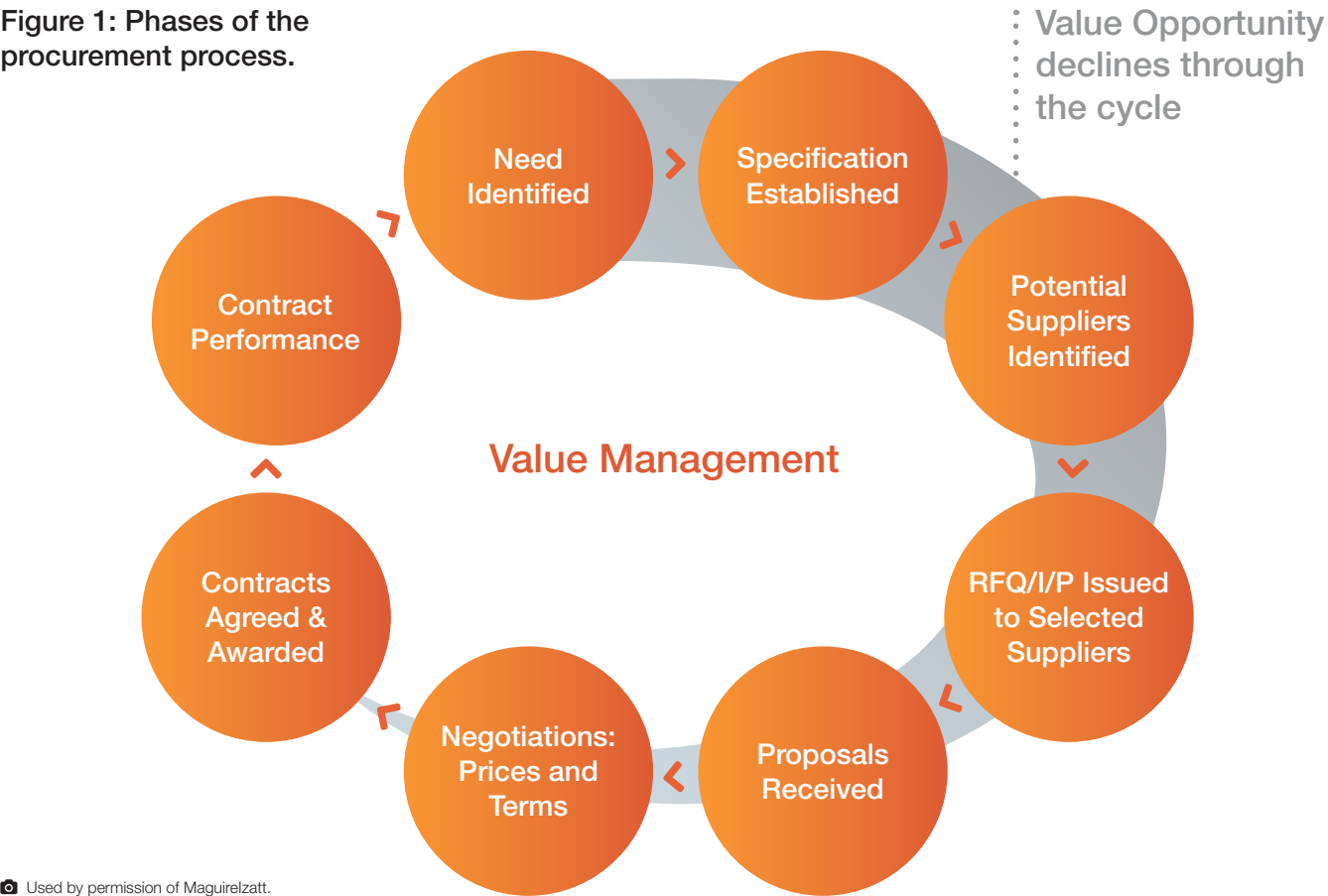
I love the following graphic procurement consultant Rob Maguire once gave me: it shows the phases of the procurement process, with the green arrow indicating the possible area of impact into those decision selectors (see figure 1).

The opportunity to change the decision criteria is before the customer has identified a need; we demonstrate a need by enumerating an opportunity to help them be better (whatever that is – such as more efficient, more profitable, reduce risk, and so on). Then the specifications can be established based on our offering or the decision of what the measurement criteria should be based on.

Should it be about all the value elements such as total benefit of ownership or should it be about price and delivery? If you are the value person, I assume you and your solution offer



Figure 1: Phases of the procurement process.



Used by permission of Maguirelazz.

a lot more than price and delivery as your value.

However, we as salespeople sometimes discover an opportunity when our channel advises us or the customer comes to us at the RFP/RFQ stage. By this time, the parameters are set and a buyer might not be aware of all the other hard value that they should be looking for. So, if a distributor or our sales force come back with intelligence that our price is too high, let's decide: is it that the channel just cares about getting an order by trying to leverage all of the majors to drop price to show the value they bring, or is it that we are so late in the sales cycle that the decision on what will be measured has already been made, and price and delivery are the main measurements?

Value selling

Once we know why we're in the situation, we can determine our course of action. If we are early enough or we can reach higher, strategic people, or engage all the stakeholders, we can do value selling. What I mean by value selling is specifically setting a discussion around all the cost/benefits and values that our solution can bring, and discussing how this will be measured and how we will be rewarded. This is where we set the playing field and rules: our price difference is greater than at least 5% of the next-best alternative (and it's usually 10% or more).

The unintentional intelligence that a customer is focused on price and delivery could be that they really do see the purchase as non-strategic. This could be because we were too late in the sales cycle to change the perception of the real value we could deliver; or we cannot find all these value drivers or the people that would appreciate that value; or it's a transactional relationship.

In these cases, we turn to those value gurus who brought us that bible on value in 2007 – *The Value Merchant*. James Anderson, James Narus and Marc Wouters have broken value selling down into two distinct subsets: the one discussed

above where you're able to obtain a higher price – greater than, say, a 5% differential (which you can justify by providing documented proof); however, the authors also found that, even with transactional customers and suppliers, a version of value selling could be appropriate – this might more appropriately be called "tie-breaker selling" (see figure 2) as the authors outlined in their March 2014 article in *Harvard Business Review*.

Tie-breaker selling

This should be used in the scenario where you're meeting a buyer who has already determined that this purchase is non-strategic; it will, therefore, be handled in a different way from interactions with strategic suppliers. The major differentiation for the qualified candidates is price and delivery, and all are committing to some value-added extras.

In these circumstances, it's too late really to suggest that the customer should be looking at all the positive and negative costs associated with your offer. They have decided that, for example, three players are all worthy of the business and will do a good-enough job. In this case, the authors suggest not to try doing the full value sell, but to denote one or two "justifiers". These are reasons the buyer can use to justify a price premium of up to 5%; the buyer can then enumerate them to internal colleagues to demonstrate the extra value negotiated in order to justify not paying the lowest price.

In this scenario, a full value analysis is not warranted nor appreciated by the customer; they have already made the decision you are non-strategic. In non-strategic buying decisions, the customer has pre-determined that that the offerings are very similar; these are not critical to differentiating their business; and they don't have the time or willingness to do extensive research. In such cases, salespeople need to find that one nugget of gold that will differentiate their offering.

Figure 2: The difference between value selling and tie-breaker selling

	Value selling	Tie-breaker selling
Supplier's core offering	Highly differentiated	Undifferentiated
Customer's view of purchase	Strategic	Non-strategic
Customer's willingness to extensively evaluate the value of the offering	High	Low
Deal winner	Provides quantifiably higher value	Supplier offers justifier
Supplier's goal	Gain business at >5% price premium	Gain/retain business at slight price premium 3-5%

In their paper, Jim Anderson and his co-authors focused on those value-added extras that allowed the buyer to justify a price premium for something that was notable and offered by just one of the suppliers. In discussing his research, I remember talking to Professor Anderson when he shared with me examples of such justifiers, and I will briefly describe a few here (but do read the article – its worth it).

Example justifiers

A company was looking at switching out older equipment for newer technologies; one supplier said they would take back the old equipment and refurbish it and sell it in a different market. Another example is where a customer measured cash flow – specifically, the customer said: "Okay, we will deliver the order and bill you in instalments for our solution versus it being a one-time investment, so you can smooth it out and start realising the benefits."

These are of benefit, but a full value analysis is neither justified nor required. In my world, I can sometimes see people offering free training, creation of an e-link ecommerce portal, cleaning up of warehouse space and cleansing inventory and parts databases as other justifiers.

Takeaway

I guess the takeaway is this. First, understand the motives behind the person who gave you the intelligence. It might be that it's coming from just one person or the wrong people, who have other motives. If the information is correct and you are late in the sales cycle or the customer has made the decision (rightly or wrongly) that it's a non-strategic purchase, then look to offer that one distinct tie-breaker. (Note that all the examples discussed are not product feature and benefits, but things a salesperson may be able to offer to justify a marginal price premium.)

However, if you can prove that you can demonstrate real measurable value and that you should be treated as a strategic supplier, then proactively go to the customers, help identify needs before they are known (people do not know where improvement opportunities are, some of the time), and show how you can take real costs out and/or make measurable increases in benefit and, therefore, justify a much higher investment in your offering.



About the Author

Todd Snelgrove is Global Manager, Value with SKF, the world's market leader for bearing and related industrial products. He has over 15 years' experience in being the team leader on understanding, presenting, calculating, pricing, and purchasing on Total Cost of Ownership (TCO). His work has been featured in articles on TCO buying, selling, pricing, and procuring in numerous publications from leading business schools and scholarly reviews published by Harvard, MIT Sloan, Case Western, Wake Forest, Journal of Revenue and Pricing Management, London Business Press, Routledge, and others. He has also led sessions on value at Executive MBA courses at IMD Switzerland, Chalmers Sweden, Kellogg USA, Esade Business School Barcelona, University of Tennessee USA, University of Macquarie Australia, and London Business School.



# From KAM to commission

*Beth Rogers leafs through some recent Masters dissertations to see what has been exercising the minds of sales managers.*

One of the joys of running a course such as a top-up Masters programme for sales managers is that their learning is applied to their company, and both tutor and student can see the potential impact. One of the downsides is that dissertations are almost always company confidential. The specifics of the work produced in this academic year may remain under wraps, but the nature of the topics explored demonstrates some important trends in sales management.

Since the establishment of the MA in Sales Management at Portsmouth in 2002, key account management has been explored by many students. It is one of the successes of academic-practitioner interaction in the 1990s that key account management has progressed as a field of study and as a successful business activity. Companies are always keen to ensure that their account management programmes are leading edge. Research findings are instructive, but there are some gaps, both of which were picked up by this year's students. There are very few specific studies on KAM in developing economies, the application of KAM to channel partners is lacking, and the application of KAM to "specifiers" in the supply chain is also sparse.

Previous studies in the Middle East, China and Indonesia suggest that KAM is relevant, but needs to be positioned carefully with the personal network obligations of *guanxi* and *wasta*. While KAM in Western cultures is an objective business process designed to create value for objectively-defined strategic customers, in many developing economies with developing legal frameworks, personal trust is key to business success. Consequently, many key account managers spend a lot of time developing personal relationships, to a degree that might seem odd in the United States or United Kingdom.

A complication is that developing economies are sometimes characterised by high job turnover, and re-building personal relationships after a key account manager or key customer decision maker has moved on can be difficult. But, there is no alternative. Success in different cultures does require different resource allocation, and the extensive time required to build relationships must be recognised.

## KAM and the channel

US and European companies often enter markets they perceive as distant using third-party agents, but they are also common in manufacturing supply chains across the world. Can KAM be applied to third parties? Ideally, channel partners are carefully chosen for their partnership potential, and allocated relationship managers in a similar way to key accounts.

In much the same way as key accounts, the mutual value enjoyed between suppliers, channel partners and end customers

evolves over time and may become more transactional or even negative. Renegotiating or exiting channel contracts will be scrutinised within an industry sector, and even by the media. The risk of reputational damage means that channel partners can be more challenging than key accounts in terms of relationship management.

On the subject of tripartite KAM, in some manufacturing sectors and in construction, it is specifiers who hold the power in the supply chain. In some cases, a supplier may do no business with them but needs to treat them like a key account because they choose the components of a new train or a new building.

What then of the intermediary, who actually orders the goods and builds them into their project? They cannot be ignored. They still expect good relationships and suppliers who are easy to do business with. They cannot be proactively chosen by the supplier, as the specifier chooses them. Once again, investment in relationship management skills is critical.

What if the customer does not want to reciprocate the suppliers' effort to build a business relationship? Until recently, much research about customer portfolio management was focused on the strategic importance of the customer to the supplier, while in practice the customer's strategic supplier management has been driving many business relationships. Companies still have challenges in incorporating the purchasing strategy of customers into their resource allocation choices.

Sometimes customers are not forthcoming about sharing information, and some account managers are not coached enough to discuss the customer's analysis. However, it is also a matter of judgment for suppliers to determine when sales strategy should mirror what the customer wants and when challenges and new ideas should be introduced to initiate a change in the relationship.

## E-procurement and e-selling

Ultimately, some customers are willing to push all their suppliers on to e-procurement and focus on driving the cost efficiencies of buying online, which includes a perception that

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*In 2014 the nuances of undiscovered elements of KAM are being chosen as dissertation topics. I believe that this shows that we are indeed moving forward.*



MA Sales Management students: elite thinkers.

a huge amount of time is saved by not talking to salespeople. E-procurement will not go away; indeed it is increasing, especially in the public sector. Therefore, companies in supply chains driven by e-procurement and e-auctions need to hone their skills accordingly.

The sales literature explains why suppliers resent e-auctions. This kind of arm's length contract negotiation can drive transactional approaches, whereas partnership might result in more exchange of value.

E-selling is rarely mentioned in the current research. Attempts to replicate face-to-face selling online include avatars guiding enquirers around websites. Regrettably, there is little research on e-selling as an alignment with e-procurement. Barriers to supplier contact only start to ease after several rounds of providing requested information by requested deadlines. Companies are advised to pay particular attention to each customer's ground rules, while taking every opportunity to provide value-adding information and accreditation.

## Motivation

Whether salespeople are managing the whole sales cycle or not, many students over the past 12 years of MA Sales Management have explored motivation and remuneration. One student completely changed his mind from being an advocate of high

levels of commission to a critic, when he observed that the temptation to sell quickly using discount was incompatible with the company's service-oriented brand.

Another examination of the topic this year, in a completely different sector, also suggests that a focus on a behavioural approach to reward rather than outcome-based control is desirable. A major constraint on implementing such a fundamental change is the fear of losing salespeople who are highly money-oriented to competitors who continue to pay high commissions.

Detailed questioning of a broad sample of salespeople reveals that they have different motivations, and that their motivations change over time. Should companies consider managing multiple reward choices? Change is never easy, but the risks of not changing can be equally difficult to manage.

If related topics come up regularly, how far are we progressing as a field of study and as a profession? Studies of KAM in 2002 were generic. In 2014 the nuances of undiscovered elements of KAM are being chosen as dissertation topics. I believe that this shows that we are indeed moving forward.

MA Sales Management students are a self-selecting elite of thinkers, who are already doing their utmost to implement best practice. It is an honour to help them to leverage further competitive advantage from their studies.



# Re-imagining the hiring process to support growth aspirations

Paul Devlin



As part of his SAP Masters programme, Paul Devlin is exploring how sales transformation can be implemented within his team and wider organisation. Here, he discusses how he has used reflection, “action research” and “appreciative inquiry” to enhance the sales recruitment process.

## Background

I have spent 24 of my 28-year working career in sales. For the past 15 years I have been leading teams of salespeople in the pursuit of sales excellence. I have also been privileged to work for some of the largest and most respected software companies globally, with the opportunity to sell and lead teams in the United Kingdom, Europe, United States, and right now in the Middle East.

In all of these years, it always troubled me that, despite following proven sales methodologies and despite recruiting salespeople with proven track records, it has been unusual to find a company where more than 40-50% of the sales team achieved their annual targets.

Personally, I cannot remember a time when I have led a team where more than 70-80% of the team achieved their annual targets regularly. As a sales leader I was committed to having all of my team achieve target. As you can imagine, these

statistics never sat well with me. Accordingly, it has always been my belief that there needs to be more evidence sought from sales candidates during the recruitment process, beyond an ability to follow a methodology or for the individual to have been successful in a similar company or field.

My current thinking and experience is also heavily influenced by recent study around the Challenger sales methodology put forward by the Corporate Executive Board (CEB), which recently surveyed over 6,000 salespeople.<sup>1</sup> The research concluded that only one profile consistently outperforms in a complex sales environment, similar to the one that SAP sells in – “The Challenger”. The Challenger is a salesperson who pushes the customer; encourages the customer to think outside of the box, see new and different possibilities; and links this to their solution. This was recognition of an emerging breed of salesperson – 27% of salespeople – according to CEB’s research.

While excellent, this research did not go far enough in my view. Sure it is competency based, but where are the personal values? Successful salespeople, when I worked with them or interviewed them, always seemed to have values that drove them to go the extra mile for clients, for their company, for themselves and their families – personal values drove continuous learning and self-development. Personal values drive us to care enough about our clients’ success such that we would challenge their strategy and way forward – we set out to educate not just sell.

When looking at this aspect deeper, I came across research from Consalia, a global sales performance improvement

company – in particular a 2008 paper by Squire P, Hennessey, Prof D and Hurley, M.<sup>2</sup> Their findings, when implemented, had achieved significant success at Hewlett Packard, a company very similar in sales cycle complexity to SAP. Their research identified four characteristics or values: client centricity, proactive creativity, tactful audacity and authenticity. (I refer to these moving forward as the “four characteristics”.) Whilst I may have come up with different names for these characteristics, this research concurred with my own practical experience.

Meanwhile, SAP had made significant efforts to find a way to simplify its complex message, and enable the sales force to adopt and use this methodology. SAP embraced Stanford University’s well-tested Design Thinking<sup>3</sup> model used in Research and Development, using this to work with customers in identifying and exploring new approaches to the complex problems they face.

Within this context, my ultimate goal was to leverage my sales experience to develop a recruitment system for SAP MENA that would positively impact our growth aspirations.

## Current situation

I lead a sales team of 18. The SAP MENA teams and my annual growth targets are set at a minimum of 50% year-on-year software revenue growth until 2016. Never in my career to date has this growth expectation been set – this is very definitely a non-standard sales and, perhaps even more, a non-standard sales leadership journey.

My team is part of a larger team of 500 people who represent SAP in the Middle East and North Africa. This region is experiencing hyper growth. Today, SAP MENA delivers four times the amount of new software revenue compared with when it started five years ago. Of course, this required a huge effort in growing the teams to deliver against that market uptake. In the past year alone, we had recruited close to 250 new employees, and still have plans to recruit at least the same number over the next few years.

## Current challenges

Inevitably, as we grow, our organisation is also encountering various challenges:

- In any given quarter, we do not have the desired participation from the sales organisation as some will forecast no revenue for that quarter.
- Our average time to revenue for new salespeople is lower than peer best by 30%.
- SAP is continually launching new software solutions and areas of innovation for our clients and future clients. These new solutions can be complex to learn in their nature and, by definition, involve selling to many different departments in a company to be successful.
- The “talent pool” from which we can recruit new employees in MENA is traditionally weak in comparison with the United Kingdom, Europe or the USA. This issue is discussed in a November 2010 paper from Deloitte.<sup>6</sup>
- Not everyone in the team will achieve target this year.

It was clear that recruiting in the way we were – however well intentioned – was not bringing in the right talent, given the results described above. In consideration of these challenges, my project focused on how to recruit a new type of salesperson into our organisation.

## Methodology

I began to learn about the Gibbs Reflective Cycle (GRC), “appreciative inquiry” (AI), and “action research” (AR). These tools can also be used to help overcome future challenges.

Much of this learning came from classroom and further reading:

- Magruder Watkins J, Mohr B J and Kelly R, 2011, *Appreciative Enquiry: Change At The Speed Of Imagination*.
- McNiff, J, 2013, *Action Research Principles and Practice*.
- Gibbs reflective cycle (Gibbs 1988).
- Cooperrider D. and Whitney D, 2005, *Appreciative Enquiry: A Positive Revolution In Change*.

I decided to adopt the Lewin action-reflection cycle (Lewin 1946)<sup>7</sup> because it is simple and easy to explain, especially to those with no knowledge of AR.

I started with our human resources (HR) department and internal recruiters as they were doing the initial searches to find sales candidates. We held workshops during which I could share thoughts and ideas that originated from being challenged and guided during the Sales Masters programme. In this environment I could explain my reflections and was able to take on the team’s practical input. I also introduced and explained my ambitions for the potential outcomes of this project, the action-reflection cycle I wanted to use and, of course, AI.

We began by using the Appreciative Inquiry 4-D Cycle<sup>8</sup> and came to realise the following:

- What gives life to sales recruitment is the brief surrounding the candidate. The better the brief, the better the employed candidate tended to be. The more involved in the brief both HR and the hiring manager were, the more successful the candidate would end up being.
- The dream was to devise and implement a sales recruitment process that we could be sure, when complete, would deliver us the candidates most likely to succeed in our business and market. Furthermore, we wanted the process to be mandated for all sales recruitment, including all stakeholders from HR and internal recruitment through to the SAP MENA executives. We wanted the process both to be a true stretch and, at same time, enjoyed by those candidates whom we interviewed.
- We wanted to have a touch of “real life”. The ideal scenario would be a process that evaluated for the Challenger profile, the four characteristics and a person’s ability to utilise design thinking to simplify a message.
- We would ensure all stakeholders were trained in this new process, understood its value and were committed to its success in enabling their own and their team’s success, and in so doing, their client and SAP MENA’s success.
- As a next step, we agreed that we had five main stakeholders who could help us with this project:
  - HR/recruitment team
  - The current sales team
  - Partners
  - Clients
  - Sales leadership who were regularly involved in the recruitment process.

I would interview the recruitment team and HR to understand how we currently brought salespeople on board. I would also ask them to reflect on their current practice and how they could improve it. I would ask the sales leaders their views on current recruitment.

The recruitment team and I would interview up to 20 members of the sales team. We wanted to understand what consistent behaviours the successful salespeople had that the less successful did not. We also wanted to understand how many, if any, were: comfortable in challenging our clients and partners; could define values that aided success; and could use design thinking and could provide evidence. A pre-defined set of questions was asked of each salesperson. We also agreed on a questionnaire to go to our clients and major partners to understand their view of what made a successful salesperson and to see what correlation existed.

Finally, we passed all of this through our executive to ask for final comments, approval and ensure buy-in; except for a few minor changes, everything was approved. ➤



## Findings

### HR/recruitment interviews

- LinkedIn was the most used tool for sourcing prospective interview candidates.
- There was no defined competency/value-based process for recruiting salespeople, other than a psychometric test.
- Over 50% of our recent sales recruitment came from our direct competition.
- The recruitment team felt uninvolved in the sales recruitment process and, furthermore, that their recommendation of candidates was largely ignored by sales management. However, many members of this team had significant experience in recruiting salespeople and significant value to add.
- There was no evidence that psychometrics tests were used by sales management in any capacity to assess a candidate.
- Most salespeople received a job offer following one, two or three classical sales interviews – if the sales or country manager thought you could do the job, you were in. No competency-based questions or profiling or presentations were required.

### Sales team outcome

It was clear that the successful salespeople demonstrated at a high level the following. They:

- had elements of the Challenger profile;
- displayed many of the behaviours behind the four characteristics;
- were comfortable on a whiteboard and they used technology such as iPad to support sales cycles;
- kept up with market, industry and client trends;
- focused on ensuring their clients understood value, dealing with this early on in the sales cycle;
- had personal values, some of which were measured in being trusted by their customers and prospects;
- were consistent time after time;
- had a real focus on time management and ensuring internal stakeholder buy-in; and
- all stated they had a poor induction – however, they were proactive to find “buddies” who, given their knowledge of the company, could support them to be successful.

With regard to those who were less successful, it was clear that they:

- were much more short term in their thinking;
- could not provide evidence for much adherence to personal values other than client relationship building being important;
- typically left the software value discussions to the latter part of a sales cycle;
- would not use the talent of the business as a resource;
- did not spend the same amount of time in keeping their industry or solution knowledge up to date;
- had poor time management;
- had the same poor induction – however, they were not proactive in seeking out the information or understanding which they felt they lacked; and
- did not use technology or display creativity to the same extent through white boarding, etc.

In relation to the sales interviews that were conducted, we reflected as a team using GRC after each interview and also weekly. It became clear that my being part of the initial interviews (as a senior executive) was not achieving the desired results. The consensus was that perhaps candidates were telling us what I wanted to hear. Accordingly, we agreed HR would continue with the interviews. All subsequent interviews received much more detailed information.

It was also clear that SAP MENA needed to focus on a new

sales induction programme/formula as part of its recruitment process.

### Partner interviews

Our partners told us largely what we already knew. They want salespeople to:

- operate with honesty and integrity;
- work in partnership with them and to support them as they close contracts on behalf of SAP;
- understand them and their business/solutions;
- when they have committed to something, make it happen; and
- keep them up to-date with SAP solution knowledge and pricing policy.

### Client research

As a team we made a decision to use research from CEB and the Consalia paper discussed. There was also a recent *Harvard Business Review* paper (Adamson B, Dixon M, Toman N, “Dismantling The Sales Machine”, November 2013) calling for the sales process to allow room for discretionary judgement by today’s sales reps, to enable their creativity to shine through.

Reflecting upon this research, we accepted that our customers in MENA would be unlikely to differ in their responses and we could use it to design our new recruitment process. We also agreed we would revisit the situation with customer questionnaires in future and incorporate any new insights as necessary.

### Sales management feedback

Having discussed the challenges relating to the current recruitment process with members of the sales management team, there was a consensus that the sales interview process would significantly benefit from using insights derived from our research.

Prior to this, sales managers tended to recruit based on their own beliefs of what it took for a salesperson to be successful. It became apparent that our research needed to be shared and then tied into the recruitment process in a way that enables everyone to see the benefit.

### What have we developed as a result?

- A new recruitment process for sales candidates that has the Challenger profile, Design Thinking ability and the four characteristics at its heart. This process will also be taken through to the individual’s induction into the company. It involves all stakeholders from the start.
- We have increased the pool of companies we will target to include more niche vendors. We will also research those companies already using the Challenger profile to recruit.
- We will widen our search to include areas we would not traditionally recruit from, such as Asia, India and Pakistan.
- We will look to be diverse in our candidates, looking also at non-salespeople, people in other industries and early talent who, through evidence, can prove they meet the new criteria.
- Created an outline of a suggested induction programme. A different project is being set up to make this happen.
- Brought a culture of reflection, AR and AI – not only to my team, but beyond into HR and recruitment. This has succeeded in bringing teams together to create value.

We accept, given previous comments re the talent pool, not everyone we bring on board will be Challengers. However, by understanding the power of this profile and how individual values support success, we can ensure we look for it, recruit for it or close to it, and coach and support those already in the company to move towards it.

### Next steps (all achieved and being monitored)

- Convene with the MENA board to share findings and recommendations. Also seek approval to adopt new recruitment process and implement it as part of our MENA culture and standards.
- Seek approval to build a new induction programme that is much more goal oriented and from which we can measure impact on reducing time to success for salespeople.
- We will then begin a process of sharing our findings, research, recommendations and ways forward with all key stakeholders. We will train them in the new recruitment process and its benefits, and ensure buy-in, understanding and adoption. We are also willing to amend this if the process brings new insight.
- We will hold regular quarterly management reviews to ensure our time to success is being reduced and the positive aspects we expect to see from these candidates is being achieved. We will also review the recruitment process itself, every three months, to ensure adoption and fit.

### Learning takeaways

- Reflection using GRC, both daily and with teams is a very positive and non-threatening way to obtain the agreed situational analysis. It’s now part of my routine with my own team whenever we meet.
- Appreciating what we do well also helps us better understand the gaps; it gives positivity in moving forward.
- The combination of internal and external research, with reflection, has very powerful results in enabling a wider team to come to consensus, which can typically be difficult to achieve in MENA.
- Not only will SAP MENA recruit better candidates through this exercise, as a result of this research I feel a few steps closer to enabling SAP MENA to bring on board talent who will meet and exceed our growth aspirations as well as their own and those of our clients.

### Update November 2014

The programme has been receiving full sponsorship of the MENA executive leadership and has been implemented as the only way to recruit salespeople into SAP MENA. The initial results are already showing promising outcomes. SAP MENA is currently forecasting to achieve its most successful year to date. We have doubled the rate at which we convert opportunities into customers signing contracts. Whilst the new recruitment process cannot take all the credit for this, it has been surely a key contributor, acknowledged by all involved. The feedback from all sides – candidates, hiring managers and recruiters – is also overly positive.

### Bibliography

- 1 CEB is a leading member-based advisory company.
- 2 Squire P, Hennessey, Prof D and Hurley, M, “Could values underpin a new sales paradigm for global and complex sales effectiveness?”, 2008.
- 3 Design thinking quoted from *Harvard Business Review* June 2008 by Tim Brown. “Put simply, it is a discipline that uses the designer’s sensibility and methods to match people’s needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity.” SAP has simplified this further by using simple shapes, such as squares, circles, rectangles and straight lines to tell its story in a document or on a whiteboard.
- 4 Peer worst. When compared by our European Executive team SAP, MENA converted in Q3 2013, 16% of the

opportunities into signed contracts during that time period. Other similar countries in Europe would convert around 30%.

- 5 Time to success was the time it took a salesperson who joined the company to have their first customer contract signed. Again, peer worst and peer best is measured internally by SAP.
- 6 Deloitte and Touche Middle East. “Middle East Point of View, Education and Talent, How does MENA score?”, November 2010.
- 7 McNiff 2013 (56-58), Lewin action-reflection cycle.
- 8 Cooperrider, D and Whitney W, 2005, (16-18) Appreciative Inquiry 4-D Cycle.



### About the author

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# Research review – edited by Jeremy Noad



These pages aim to keep readers informed of recent published research on sales-related topics, by including abstracts of a selection of peer-reviewed academic material published in a range of journals. We have grouped them in the following broad themes: sales performance; customer management; capability development; behavioural studies; leadership; and systems and processes.

## Sales Performance

**“Salespeople as knowledge brokers: a review and critique of the challenger sales model”**

Over the last several years, there has been increasing interest in a new sales training approach – referred to as the Challenger Sales model – to engage customers. This approach, focusing on purposefully generating tension with customers to spark new ways of thinking, has gained traction among leading sales organizations. Although generating tension with customers has received a great deal of interest, researchers have yet to complete a systematic, in-depth examination of the Challenger model. The purpose of this article is to provide a much-needed comprehensive review and critique of the approach. By conducting both an empirical and conceptual review of the framework, we offer insight into its novelty, merits and weaknesses.

Rapp, A, Bachrach, D G, Panagopoulos, N, & Ogilvie, J, *Journal of Personal Selling & Sales Management* 34.4 (2014), 245-259.

**“The good, the bad and the effective: a meta-analytic examination of selling orientation and customer orientation on sales performance”**

The concept of customer orientation (CO) is a focal construct in marketing and sales literature. This study synthesizes empirical evidence from 1982 to 2013 to provide insight into the antecedents and consequences of both CO and selling orientation (SO). A conceptual model based on research into interpersonal motive models is tested using effect sizes from 126,790 salesperson survey responses to advance theory development on our understanding of how SO and CO behaviours affect organizations. Findings show that adaptive selling mediates the impact of both SO and CO, which has important practical implications for hiring and training salespeople. Furthermore, this study shows that goal orientations are antecedents of SO and CO and that the impact of SO on job performance varies by customer type.

Goad, Emily A, and Fernando Jaramillo, *Journal of Personal Selling & Sales Management* 34.4 (2014), 285-301.

## Customer management

**“Strategic embeddedness of modularity in alliances: Innovation and performance implications”**

This paper examines modular product structures in alliances. Results from a survey of 225 alliances show that modular product structures within alliances affect alliance firms’ competitive performance. Product innovation performance, assessed as both speed to market and radical innovations and contingent on the employed innovation strategy, partially mediates this effect. Modular product structures exert curvilinear effects on product innovation performance and linear effects on competitive performance. Although the interaction of modular product structures with an innovation strategy increases product innovation performance, this contingency also reduces the positive effect of the innovation strategy on competitive performance.

Bouncken, Ricarda B, Robin Pesch, and Siegfried P Guderger, *Journal of Business Research* (2015).

**“Examining the application of behavioural price research in business-to-business markets”**

Business-to-business (B2B) and business-to-consumer (B2C) markets differ in many ways as documented in the contemporary marketing literature. However, many behavioural characteristics of human beings – particularly those related to judgment and decision-making – are present across diverse contexts. From this insight, we derive a proposition: many behavioural price concepts developed in the past B2C behavioural price research may be applicable in B2B context as

well. The objective of this paper is to examine this proposition through analysing the existing evidence on five important behavioural price concepts: reference price, price thresholds, acceptable price range, price as an indicator of quality, and the price-perceived value model. At a more general level, the objective of this paper is to demonstrate the importance of recognizing how buyers’ responses to prices and price information differ from the traditional assumptions about such behaviours in B2B marketing literature.

The results provide strong evidence for the applicability of the reference price concept in B2B markets. The price-perceived value model is widely applied in B2B pricing, although in narrow form. Use of price as an indicator of quality also receives some support. For price thresholds and acceptable price range little research activity exists in B2B domain. Overall, while there has been some behavioural price research specifically in a B2B context, nevertheless it is comparatively sparse, and for some concepts virtually non-existent. We end the paper with a call that more behavioural price research is needed as such research has potential to help business marketing managers make more effective pricing decisions.

Monroe, Kent B, Veli-Matti Rikala and Outi Somervuori, *Industrial Marketing Management* (2015).

## Capability development

**“Is managerial coaching a source of competitive advantage? Promoting employee self-regulation through coaching”**

The present business environment of extreme competition and rapid changes has motivated scholars to identify variables that can help companies stand up to and overcome these challenges. Research on self-regulation found that self-perceptions of efficacy not only can mediate the effects of external influences on results, but can also regulate employees’ initiation, persistence and choice of purposeful actions. Within the self-regulatory framework, this paper specifically explores the role of managerial coaching as an antecedent of employee self-efficacy and performance. Using a sample of 122 Financial Advisors, we found that managerial coaching can increase employee self-efficacy, which in turn fully mediates the effects of coaching on results and behavioural performance. We suggest that, if generalised use of coaching by managers can increase employees’ self-efficacy (which is instrumental in increasing employees’ initiation and persistence of coping behaviour when faced with challenges and problematic situations), then the use of managerial coaching by an organisation might promote employee self-regulation, increase the organisation’s general resilience and, thus, can be considered a sustainable competitive advantage.

Pousa, Claudio, and Anne Mathieu, *Coaching: An International Journal of Theory, Research and Practice* (2015), 1-16.

## Behavioural studies

**“The Impact of Resilience to Change on the Transformational Leadership Behaviors Demonstrated by Frontline Sales Professionals”**

This study explores the impact of resilience and key demographics on the transformational leadership behaviors demonstrated by frontline sales professionals. Data were collected from a sample 356 frontline sales professionals (55% male, 45% female, and covering both large and small industries). The sample responded to two pre-validated surveys about their transformational leadership, resilience to change, and socio-demographic profile. The analysis indicates that resilience was a positive, low to moderate predictor of transformational leadership behavior explaining 23% of the variance in the transformational leadership behaviors. This study relied on self-reported responses, which are subject to biases that may result from the research participants’ capacity

to recall or remember events and/or routinely demonstrated characteristics.

The data obtained in this study confirms that the level of resilience to change in frontline sales professionals predicts a portion of the level of transformational leadership behaviors demonstrated by individuals and throughout organizations of varying sizes. The current literature lacks an exploratory analysis of the relationship between resilience to change and the demonstration of transformational leadership behaviors. This study adds to the empirical literature on both topics.

Sylvester, Mary H, *Journal of Management Research* 7.1 (2015), 150-172.

## Leadership

**“Leading Sales in the 21st Century: The Ambidextrous Sales Organization”**

Over the last decades, the changing role of the sales function has attracted a rich debate within academic and practitioner communities. In this paper, we aim to contribute to the ongoing dialogue about how sales organizations are changing and its implications for sales leaders. Based on a set of sixty six interviews with thought leaders from academia, sales consultancy and industry across the US, UK and central Europe we argue that globalization, technology, changes in buying behavior and unprecedented levels of external and internal pressures are forcing sales organizations to revisit sales strategies, structures and practices in a fundamental way. We claim that selling has been polarized between transactional and strategic, having profound effects into the role and profile of the future sales professional. The ambidextrous sales organization is presented as an approach to reconcile and orchestrate disparate but needed sales strategies, together with a discussion of the challenge a sales leader has in managing such organization.

Marcos-Cuevas, Javier, Ryals Lynette J and Ladik Daniel M, *Ideas in Marketing: Finding the New and Polishing the Old, Springer International Publishing*, 2015, 700-700.

**“Servant leadership and ethics: a dyadic examination of supervisor behaviors and salesperson perceptions”**

This study uses dyadic data from 145 salespeople paired with their managers to investigate relationships among servant leadership, ethical work climate (EWC), behavior control, trust in supervisor (TS), and salesperson performance. The manuscript tests a conceptual model based on precepts from servant leadership, the services climate concept, and the EWC notion. Research findings show that servant leadership behaviors from management (SLMB) impact salesperson performance through a mediating process that involves servant leadership perceptions from the salesperson (SLSP) and EWC. Results also show that (1) behavioural control moderates the impact of SLMB on SLSP and (2) TS moderates the impact of SLSP on EWC.

Jaramillo, Fernando, Belén Bande, and Jose Varela, *Journal of Personal Selling & Sales Management* (2015), 1-17.

Articles featured in the research review are not available from the *International Journal of Sales Transformation*. Readers wishing to find out more around a specific paper can use a simple search online using the author and paper title to find out more details on the paper. The copyright of the articles is acknowledged to the publisher and authors. Any correspondence regarding the “Research review”, including recommendations of articles for future issues, should be sent to the section editor: Jeremy.Noad@port.ac.uk.



# Does pharma truly understand KAM?



Nick de Cent finds that pharma thought-leaders are successfully adapting KAM models to their own ecosystem.

Not all big accounts are key accounts. That's one important lesson that the pharma industry has been learning the hard way. Another is that effective key account management (KAM) is more about finding effective solutions than simply flogging product in a more complex environment.

KAM has had something of a painful birth in the pharma sector. Touted as the saviour of the industry when its long-established "coverage and frequency" model became less effective in the face of increasing resistance from

organisations paying for drugs (payers) and general practitioners (prescribers), KAM largely failed to live up to its initial hype because the industry didn't fully understand the concept. In particular, it has taken pharma time to come to grips with the concept of value and to switch from a product-focused to a solutions-based approach.

Part of the problem, of course, was that pharma organisations needed time to understand how to adapt KAM to the complex commercial ecosystem in the healthcare sector where, on the one hand, many of the decision makers are traditionally physicians who make the choice over what product to prescribe but don't ultimately pay for it; payers such as insurance companies, governments and even individual patients, on the other hand, don't necessarily drive rates of usage but do foot the bills; and other policy-makers

such as government agencies, insurers and groups of GP practices, which may play a role in deciding which drugs are approved for national and local formularies.

Traditionally, pharma sought to get its drugs approved and then drive usage through "feet on the street" – large field forces of reps who would visit physicians to encourage them to prescribe their drug and, on occasion, switch from a rival brand. The key to this activity was to get blanket coverage of essentially a product-oriented message to the prescribers.

As with other industry sectors, this essentially transactional sales approach became less effective as the customers not only became resistant to the calls on their time involved in seeing reps but, crucially, became more empowered through greater competition – the rise of cheaper, generic brands – and the easy

availability of online information.

As it became harder and harder to push the mass-market product message and the influence of other stakeholders grew, pharma sought alternative go-to-market models by increasing the focus on selling to funding bodies, organisations managing a substantial budget and major healthcare providers such as hospitals chains; in some geographies, pharmacies and wholesalers also became important.

Crucially, however, many companies failed to appreciate the fundamental importance of having the right person in the right role – and also failed to identify which large customers warranted a true KAM approach. All too often, pharma companies simply rebadged existing reps from their field force and sent them to engage the newly designated key accounts.

**“The organisation needs to provide the right environment in which its KAMs can thrive.”**

Inevitably, there was a mismatch: growing a business long term by crafting solutions for a complex organisation with multiple stakeholders was completely alien to salespeople who were used to a high volume of short visits to doctors who usually didn't hold the purse strings.

That said, not all high-value accounts actually require a true KAM approach. In many instances, the reps (as pharma has traditionally styled its salespeople) can be upskilled to embrace the greater complexity of engaging with a large account.

Talent specialists SalesAssessment.com argue that the KAM role<sup>1</sup> can only properly be delivered by "high-calibre individuals capable of delivering a complex mix of sales and business skills while operating comfortably at C-suite level" (see figure 1). Many successful KAMs have likened their role to that of the conductor in an orchestra, marshalling the resources of their company to deliver innovative solutions – that may be more or less tailored – to the individual needs of their customers.

In 2011, consultants McKinsey & Company took the concept one step further, by arguing in a briefing to clients<sup>2</sup> that effective key account management is less about process and account plans and more about entrepreneurship and hiring the right people for this

demanding role. This approach requires individual KAMs to operate with a mind-set primed to spot potential opportunities. Just as importantly, the organisation itself needs to provide the right environment in which its KAMs can thrive: a degree of autonomy, along with the necessary resources and support – not all organisations are set up for KAM. The consultants went on to suggest that pharma organisations could learn a lesson about KAM from the best FMCG organisations.

## Today's KAMs

So where are we now? In a series of interviews for the respected eyeforpharma.com website<sup>3</sup>, I talked to a number KAMs who are enjoying considerable success in their roles. Among the market-leading KAM players mentioned by the executives were Novartis, Pfizer and Roche.

Anja Schmidt-Fink, Head of Key Account/Channel Management for Novartis in Germany acknowledges that, today, key account managers have largely moved on from the stage of being "super-reps" to much more of an entrepreneurial focus. However, she points out that their ability to be creative and craft solutions for the clients is also heavily constrained by regulation.

Her Novartis colleague Jan Schlüchter, Global Head of Key Account Management and Customer Model Innovation, emphasises that it is vital for an organisation to define which are its key accounts – not all large accounts will qualify as strategic key accounts. He bases his definition around three important principles:

1. they need to be important accounts, influential in the market with their decisions impacting a larger number of people;
2. accounts have to be sizeable enough to justify a dedicated KAM resource; and
3. they have to be governed, ie there is a formal group of stakeholders that holds central decision-making power, which is binding and followed through.

Alberto Navia-Osorio, Account Manager Team Leader for Pfizer highlights four key skills for effective KAMs:

1. the ability to identify useful insights around important drivers for their customers;
2. project management expertise aligned to the ability to qualify an opportunity – the KAM needs the ability to decide whether (s)he can help the customer at the first interview;
3. internal team-building skills to facilitate creation of the appropriate

4. the facility to display leadership without authority – a critical skill but one that often proves difficult to learn for most salespeople.

Hossam El Faramawi, the KAM lead for MSD (Merck Sharp & Dohme Corp) in Egypt, was at Novartis before his current role. His success with KAM has been instrumental in driving significant growth in his market: 74% in 2014, with 35-40% from a single project. A multidisciplinary approach to key account management has been essential to this success.

Win-win is the mantra we heard from all the successful executives we spoke to. However, they also suggested that the rest of the industry still has some catching up to do. For the majority of pharma organisations, there remains a need to embrace more of a partnership approach to key accounts rather than concentrating solely on traditional product-centric, sales-driven models, provided that they have the ability to deliver genuine value to the customer.

For the future, as we see non-traditional players enter the healthcare market, we can expect a move towards more co-creation of solutions and away from traditional negotiation techniques, especially those solely centred around rebates. However, we do have to be aware that it is not always possible simply to transfer techniques across from other sectors – for instance FMCG, IT or outsourcing – to the closely regulated and sometimes heavily politicised health sector.

<sup>1</sup><http://www.salesassessment.com/roles/>  
<sup>2</sup>Chinmay Bhatt et al, The Journey to Entrepreneurship – Key account management in pharma, McKinsey & Co, February 2011.  
<sup>3</sup>These interviews are available at [www.eyeforpharma.com](http://www.eyeforpharma.com).

## Figure 1: KAM role

"Key Account Manager (KAM) is one of the most critical roles for any organisation and offers long-term potential for delivering substantial revenue gains and maximising retention of the most important clients. Note that this proactive role is a significant step change from Account Manager, and can only effectively be filled by high-calibre individuals capable of delivering a complex mix of sales and business skills while operating comfortably at C suite level."





◀ Lewis Hamilton and Nico Rosberg: when rivalry turns dangerous.

Mercedes AMG Petronas

# Can two stars ever shine together?

✍ Chris Alder

*Last year's spat between Mercedes Formula 1 team drivers has implications for the performance of business teams, a recent study suggests.*

HOW does a sales manager harness the abilities of two competing star performers in the sales team to best advantage?

The manager's skill at getting the best out of his team could have a significant impact on the fortunes of the company – but when there are two roosters in the same henhouse the individual performance of all the team members could be eroded, with inevitable consequences for the company's bottom line.

Now, the high-octane rivalry between top Formula 1 racing drivers has provided a telling insight into sales team dynamics, according to a new study.<sup>1</sup>

Dr Paolo Aversa, Lecturer in Strategy at the Faculty of Management at London's Cass Business School and the study's co-author, says research into Formula 1 racing drivers sheds light on

why some star performers may fail to live up to expectations. He says one reason could be the emergence of internal team conflict as two high-status employees compete for the same results.

But the race track isn't the only place where conflict arises. "This is a phenomenon that affects top managers at public and private organisations, leading scientists in R&D teams and rock bands," says Dr Aversa.

"In Formula 1 there can be two drivers going for the same goal, leading to conflict. In a sales team there may be two salespeople targeting the same customer, or there may be more than one star salesman selling the same product set, where both want to be the best. If there is just one prize they may not work together."

Dr Aversa, who has studied top racing drivers over a 30-year period, cites as an example the much-publicised

feud between Formula 1 team-mates Lewis Hamilton and Nico Rosberg; this spectacularly culminated in a collision at the Belgian Grand Prix last August and saw the championship fight between the Mercedes pair break out into open warfare.

Away from the race track, rivalry at the top of Apple provides another example, he says. "Somehow, despite Apple looking like a promising venture from the very beginning, Steve Jobs underwent serious conflicts with his associates and ended up leaving the company. His comeback was successful because he restarted as absolute leader and his "team" was focused on making the best out of his genius, rather than taking part in an internal rivalry between two over-talented leaders."

He says Formula 1 teams deal with the "two rooster" situation by either favouring one of the two drivers in order to avoid internal conflict, or by refusing to side with either driver, thus promoting internal competition.

"Neither option entails a positive outcome," says Dr Aversa. "The first option tends to demotivate both drivers, as the favoured driver tends to relax his rivalry, and the second loses his ambitions as he acknowledges that he will not be allowed to overtake his colleague."

Dr Paolo Aversa is Lecturer in Strategy at the Faculty of Management at Cass Business School, which is part of City University in London.



"In the second case where the team promotes internal conflict, the resulting antagonism often leads to the failing of any intra-team collaboration, and eventually triggers aggressive duels that can end with one or both cars crashing, as happened in Belgium this summer."

He adds that a second reason for the decline of individual performance in teams with two top stars concerns the inefficient use of resources. When two top performers enjoy similar status, teams might decide to split the available resources equally between the two stars, even when this decision doesn't maximise the team's likelihood of winning.

"Think of Pink Floyd as another good example. As long as Sid Barrett's creative leadership was not under discussion the team did not really face the risk of breaking up. When in 1968 Barrett left due to health issues, the creative leadership was shared between Roger Waters and David Gilmour. However, the band members soon started falling apart. Wright left in 1975 and Waters in 1985 despite having released some of the most successful albums of all time."

## Lesson for sales managers

The lesson for sales managers, says Dr Aversa, is to have a clear strategy for dealing with trouble within the sales team. "When teams employ two star individuals, they have to make their strategy clear from day one. Therefore, expectations are well defined and everybody knows the right thing to do in each situation."

So, do managers need more than one star, or do they go for a squad of reliable, average performers rather than several hard-to-manage stars who may also be mavericks? Dr Aversa says: "The problem is how to help the star achievers help others by sharing their expertise."

"Individuals can be incentivised to help others in the team so that the contribution of an experienced salesman is not just seen as selling more, but in helping others to sell more. Let us say there are two salesmen: a star whose sales area is Italy, and another less experienced selling across Spain. The Italy salesman could have a bonus based in part on the performance of the other, incentivising him to train his less able colleague."

"Companies and organisations often face the dilemma of how to assemble the best team. The typical mistake is considering the overall quality of a team as the mere sum of their individual's performance, and

thus assembling a team of superstars. "Teams' success is based on internal coordination and collaboration, and team members seldom work in isolation. This is why just assessing their individual value has little to say on how they will perform in team. Accordingly, when two talented professionals end up within the same organisation, they might turn what looked like a promising collaboration

into a fight for internal supremacy.

"Salespeople appreciate being considered good enough to train others, but their ability to train is not often included in their performance measures. In sales teams, companies have the opportunity to multiply the prizes. F1 teams do not have that luxury."

"The key aspect in teams of stars is to avoid self-interest as far as possible."

## You've got to have ground rules

**Andrew Dugdale, president, SalesAssessment.com.**

For Andrew Dugdale, a former sales leader in the IT sector and now heading a company that delivers online talent assessments for global corporates, managing a sales team is largely a matter of common sense.

He says: "Ask any CEO what they want from the sales organisation and they will tell you three things: more revenue from individuals and the team as a whole; a better return on investment in sales talent; and sustainable long-term growth."

"Salespeople, like everyone else, sit within a distribution curve. You need a balance of abilities to perform well. You don't only want average performers but neither do you want a sales team full of

superstars. The challenge is to manage that balance to avoid conflicts between higher and lower performers."

He adds: "Obviously sales managers will want superstars. They are the ones who will make the significant accounts sing and dance. We calculate these individuals can provide often double or more of the revenue achieved by their less-gifted colleagues. You can, of course, have more star performers providing the boundaries are clear. You also need those who are reliable to provide the bedrock for the team."

For him, the Mercedes team of Hamilton and Rosberg failed because of a lack of ground rules. "It seemed a perfect example of managers allowing anarchy, and the inevitable problems followed. In the end, it's a matter of plain common sense on the part of managers."

## One of the pair was a disruptive influence

**Andrew Hough, VP enterprise & mid-range storage solutions, EMC, Europe.**

Andy Hough comes at the issue from a slightly different angle. For starters, Andy, as the leader of sales programmes and execution via directors, sales teams and channels, thinks the term "sales team" is a misnomer.

"Sales collective would be a better description because members work for themselves rather than for the team. Each member has a territory and is tasked with achieving business goals by the sales manager that he or she must meet individually. Consequently, there is no real desire to share best practice."

"Sales managers like to share best practice, but rarely will you see salespeople helping each other out."

He says the Hamilton and Rosberg analogy is interesting "up to a point" in that there were two star performers in a team. "One of the pair was a disruptive influence. While they were racing for

the same team goal only one could win, whereas in a sales team members are racing for their own individual goals," he argues.

The key to success is for sales managers to take the time to look long and hard at the behaviour of individuals in their team and define what makes them stars. "When team members do well and do not display disruptive behaviours, then there will be few problems that can't be dealt with. It's when people start to behave less well that problems arise."

## Play fair

When colleagues don't play fair, that has a negative impact on the sales team and consequently the whole business. How people behave within a team is as important to the company and its brand as is the revenue they bring in."

• **What are your views? We'd love to hear.**

<sup>1</sup> Dr Paolo Aversa, Professor Gino Cattani (Stern Business School, New York University) and Dr Alessandro Marino (Management Department, Luiss University, Rome): "Why do high status employees underperform? A study on conflicting status within Formula 1 racing," paper delivered to the Strategic Management Society Conference in Madrid, 22 September 2014.





# Buyers are growing up too

Paul Myles

While most areas of business have changed in recent years, none has seen as dramatic a revolution as procurement and supply chain management, argues David Noble, CEO at CIPS.

Speaking exclusively to the *International Journal of Sales Transformation*, Chartered Institute of Purchasing & Supply chief executive officer David Noble explains that the profession has had to change dramatically to keep pace with the sheer complexities of modern business relationships. "I don't think there's another profession that has changed so dramatically over the last 10-20 years and I've worked 30 years as a professional buyer before taking over the running of the Institute."

He says: "It used to be a very cost- and results-driven environment. That's not to say that element is not there still but what really has changed are the complexities of the role and the degree of risk associated with it. Supply chains around the world have become far more volatile and people are far more aware and raise comments on malpractice in supply chains, particularly with the influence of social media."

## Strategic thinking

Noble stresses that the key weapon in the modern buyer's armoury is the strategic thinking necessary to understand how their actions can even influence the creation of new businesses. He says: "Today's role goes further because some activities we are now seeing include



**“Sales needs to recognise this profession is changing dramatically and, if it doesn't, it will catch a cold.”**

strategic procurement becoming heavily involved in setting up new companies by segregating their spend in the right way to encourage these start-ups.

To meet these growing challenges, business professionals have to look beyond the simple functions of buying and selling. "I'd say we've moved a long way from being just a tactical activity. I'm talking here about both procurement and supply chain management, which has line-of-sight across the entire enterprise. If you look at the trends in modern business, and certainly in the private sector, organisations are leaning far more towards partnerships than just attempting to do everything themselves.

"This has to do with the influences

of flexibility, technology, speed and therefore the strength of your relationships in your downstream is fundamental to success in the upstream."

Naturally, with so much change in the buyer's world, the relationship with the sales professional is also under enormous pressure to change. "I do see the professional salesperson as a potential partner in all this. I have my own sales team here in the CIPS group because, while we're a charity, we sell corporate products to corporate buyers. I'm seeing the need for structured solution sales rather than widget sales.

"The purchasing profession is being driven upwards in terms of strategic intent because, frankly, tactical buying can be done by a computer now and that will increasingly be the case with smart multi-sourcing software.

"So we're training our professionals to work on the complexities of relationship building, something integral in our space because we have the core skills to do this. "It's very much a grown-up activity compared to what it was. And, because sales mirrors what we do, the need for it to have a relevance to that space is increasingly necessary.

## Talking the same language

"The successful sales relationships that I see in the procurement world are the ones where they are able to talk the same language, look to a long-term situation and are recognising economics. Sales needs to recognise this profession is changing dramatically and, if it doesn't, it will catch a cold."

CIPS is hoping to spearhead this drive for increased professionalism with a change in its Charter from January 2015, enabling it to offer Chartered Procurement and Supply Professional status for suitably qualified and experienced MCIPS and FCIPS members. Noble says it's time the sales

industry took steps to improve its own professionalism with the use of both stick and carrot. He explains: "While we've upgraded our profession, the first thing sales needs to do is to mirror this in terms of capability."

Noble emphasises: "The penalty for not doing this is quite extreme because professions will not survive if they don't adapt and evolve in the environment that we live in."

"Our Chartered grade and the ethics

test we've just brought in, brings us to the point that it's about understanding the need for standards of behaviour and not just about competency – doing the right thing. So there is a consequence or penalty for doing the wrong behaviour and I think this is something sales needs to apply to itself."

Noble says the stakes have never been higher for business in the current legislative environment, for instance the UK's current Modern Slavery Bill. "The

Slavery Bill that going through the House of Commons has just been amended to include supply chain accountability for all company managers in the future and so this could become a regulated activity."

Noble argues that the relationship between buyer and seller can only become a mutually successful partnership when both perceive each other as equals. "Sales needs to be more professional to cope with a huge ethical and compliance agenda these days."

# View from the aerospace industry

Today's buyer-seller relationship is like being in a marriage lasting decades, says Craig Osbourne, Procurement Agent in the Supplier Management function at a major aerospace company.

He says: "In today's environment, buyers can be 'married' to a suppliers for 30 years or more on long-term partnering contracts – these buyer/supplier relationships are longer than many people's own marriages!

"So the moment the relationship deteriorates into arguments, then it's game-over. You need to stare that person in the face, every day for many years and you can only truly deliver value by partnering and co-operating with them.

Osbourne explains that the demand for value-for-money is the mantra driving the two professions together. "Nowadays,

the end user wants and expects value for money. With an MoD contract, for example, the UK government is often constrained on budget, so they must drive affordability through their extended supply chain.

Customers now want more for less, and the only way to achieve this is to plan and work together with the supplier and minimise supply costs without necessarily reducing margins.

"If your supplier is charging £100 for something, consider how you can partner with them to develop their processes and reduce their costs. For example, in this approach the supplier's cost can reduce from £80 to £70 and the price to the buyer reduces from £100 to £90 – still maintaining the supplier's profit margins."



# Are relationships breaking down between buyers and sellers?

Technology is not helping improve the buyer-seller relationship and it's the salesperson who suffers most, according to Geoff Chalmers, director at GC Procurement Solutions.

He said: "The professional arrangement between sales and procurement is ever evolving with emphasis that ever-increasing sales are carried out online to the detriment of the sales professional who still relies on 'relationships' and meeting people to provide them with much-needed turnover."

Many buyers are also struggling with the lack of perceivable professionalism among some salespeople.

Chalmers explains: "The perception of salesperson as being 'shady' or dubious still exists within the professional procurement body just as, in the same way, the 'lowest price' is what the buyer wishes to seek is prevalent in the salesperson's world.

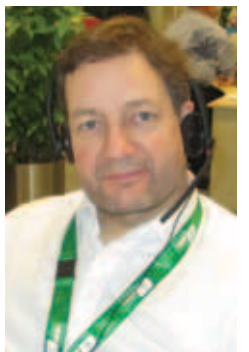
"Yet, procurement has taken bold steps in the last ten

years to be a legitimate professional body attracting the right personnel and this is reflected in the CIPS qualification, which many employers seek to involve in the supply chain within their organisations.

"Salespeople, in the mind of procurement personnel, are born – not generally trained in any capacity.

"All too often "professional" techniques are used to open-the-door to access the buyer with 'hard sell' being still way too common. This aspect of sales needs to change so the onset of a professional, trusting relationship is seen as an opportunity to enrich the buyer-seller relationship for both parties to succeed.

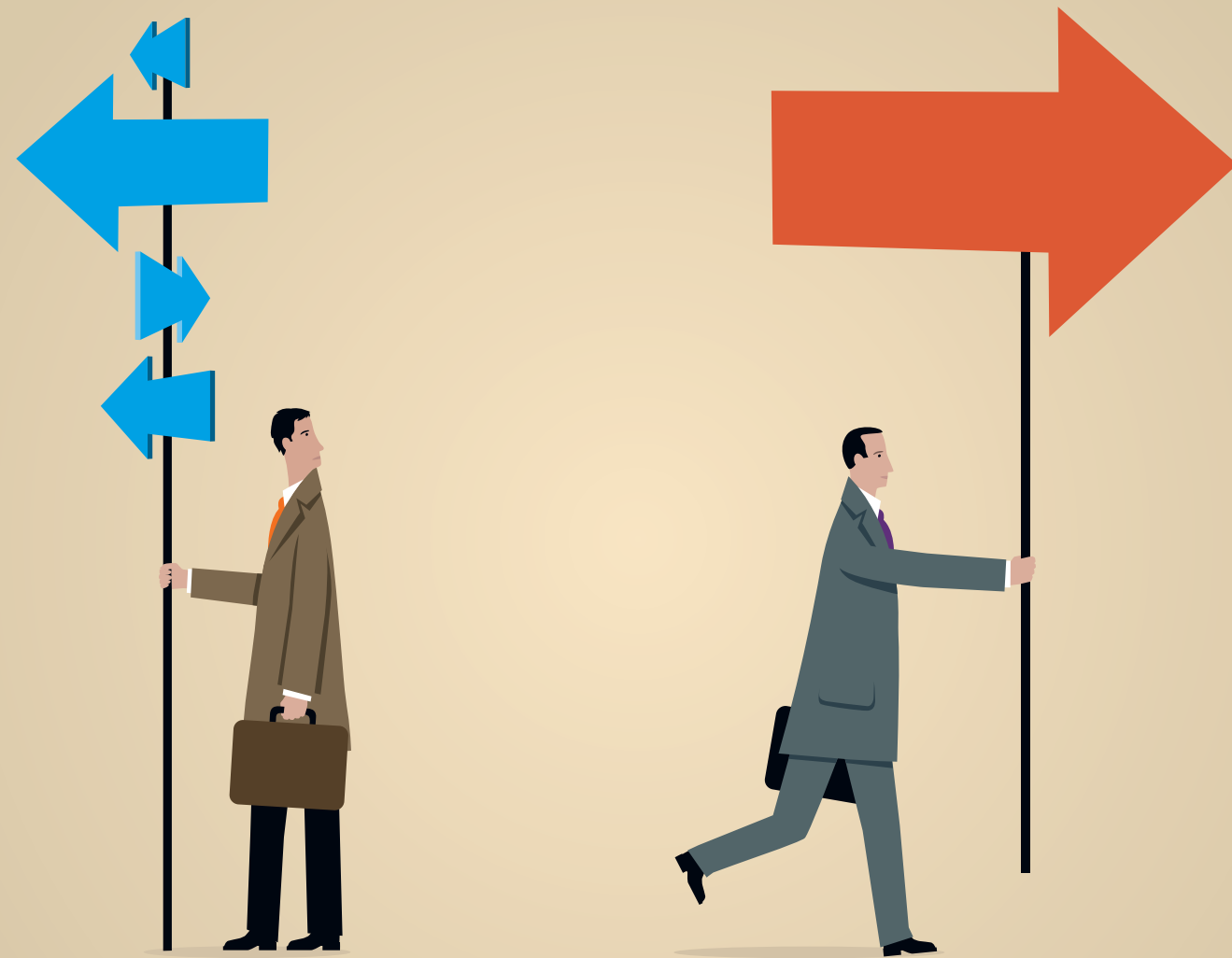
An interesting adage, I have been recently exposed to, reads: 'The bitterness of poor quality remains long after the sweetness of low price is forgotten'."





# Key transformational trends in selling

✎ Dr Javier Marcos-Cuevas & Dr Philip Squire



*Organisations need to understand how selling is evolving and to involve sales leadership in developing strategies to thrive in the new environment.*

## Summary

Professional selling is undergoing significant and unprecedented change that, in turn, profoundly impacts the role of the professional salesperson. Change has always been part of professional selling; however, the scale and speed of that change has increased so substantially that for many to describe their response to market challenges simply as “change” would be to completely underestimate the degree of adjustment required.

Transformation is the new environment for many sales organisations.

Many factors can potentially affect sales organisations and their performance. These include: the macro environmental issues of politics, civil and military unrest; recession and lower growth rates in the economy; new competitors; new markets; emerging and disruptive technologies; and also internal issues relating to organisational change; acquisitions; and ever-shifting reporting structures.

We argue that future sales success will be defined, in part, by companies’ ability to understand these transformations and to develop action plans to address them.

In 2008, Cranfield initiated a study in collaboration with Consolia into the changing nature of the sales profession, of which the initial phase was concluded in 2013. The research revealed a number of transformations.

## 1. From selling products to customisable bundles of products and services

Over the past decade or more, companies operating in both industrial and consumer markets have embarked on growing their businesses by selling integrated offerings of products and services (“solutions”) rather than just products alone. In Western economies such as those of the United Kingdom and the United States, services accounted for 77% of GDP, with manufacturing representing just 22% in 2010. In terms of labour force, the service sector accounts for 75% of employment in the US and UK and more than 50% in Brazil, Russia, Japan and Germany. About 40% of manufacturing firms sell services as well as products and, in some cases, industrial companies operating in sectors such as aerospace or transport obtain over 50% of their revenues from services.

Service offerings and customer solutions are generating significant opportunities to create and capture value for customers and suppliers alike, having given birth to a trend often referred to as “servitisation”.

Examples of “servitised” companies can be found in various sectors. In telecoms, Ericsson and Nokia offer turnkey solutions to design, build and operate mobile phone networks. In transport, Alstom, Siemens and others can offer maintenance, upgrade and operation of trains and signalling systems. In aerospace, Rolls-Royce coined the concept of “Power by the Hour” where the customer pays for the servicing of the engines according to the number of hours the engines are in use. Xerox launched innovative document management services with a guaranteed fixed price per copy. One of the participating companies in this research, IBM pioneered the transition from a product-based company (hardware) to a world-class service provider.

The shift towards the provision of integrated services

means a change in the approach and the extent of the value proposition of many companies. Providers often evolve from supplying well-defined products or services such as IT systems, aero-engines or trains, to “data management”, “flying hours” or “transport availability”.

These complex value propositions require new contractual approaches, such as outcome-based contracting, that reshape the nature of B2B customer relationships. These approaches often require the supplier to take on a level of risk that is either higher or more unpredictable than when products and services are sold in a more transactional fashion, putting more pressure onto sales organisations to establish the “right” relationships and sell the “right” solution.

## 2. From discrete exchanges to dynamic relationships

Relationships have always been paramount in B2B selling. Most of us would recognise that establishing and developing relationships with customers will remain a key dimension of the role of professional salespeople. However, the nature and complexity of such relationships are rapidly changing.

Team selling is now standard in complex selling, and multilevel and multifunctional relationships are increasingly commonplace. Typically, sales teams comprise several specialists who interact with the customer to deliver integrated solutions. In most cases, an account manager takes charge of the required coordination of sales teams. There is a growing trend of serving transactional customers with online self-service portals, call centres and resellers.

In a context where sales organisations have to streamline their processes for transactional customers and to invest decisively in strategic accounts, the ability to implement coordinated customer approaches through different channels becomes essential. This in turn, requires managing customer expectations and implementing systems that bring together information about contacts from different functions across the supplier and the customer organisation.

Relationships between sales staff and customers are increasingly defined as “multilevel and multifunctional”: multilevel, to go beyond procurement departments to demonstrate value and make an impact at higher levels of decision-making; multifunctional, to enable a more enduring relationship with the customer, establishing different interaction points.

In a number of industries, supplier-customer relations are becoming more formalised and increasingly regulated, which poses a challenge to traditional relationship-building strategies. For instance, in the life sciences sector in some jurisdictions, salespeople are no longer able to develop personal relationships with their customers (usually physicians who prescribe medicines) by regularly visiting them, thus restricting the influence of personal contact in buyers’ decision making.

Sales professionals have to find new ways to engage the customer rather than the traditional path of simply building personal relationships – new approaches to influencing people, and different decision makers. Following the example above, pharmaceutical companies are having to develop a wide range of relationships with regulators (Medicines and Healthcare Products Regulatory Agency in the UK), public bodies like NICE (National Institute for Health and Care Excellence), and within healthcare centres with the physicians, pharma purchasing and hospital management functions. Orchestrating these complex relationships appropriately should enable stakeholders in the healthcare system to align the commercial interests of pharma companies with the agenda of healthcare institutions of providing better patient care and creating a more sustainable healthcare system. (For more on pharma sales models, please see pages 34-35 where editor Nick de Cent discusses KAM.) >



### 3. From product knowledge to customer business knowledge

Buyer behaviour in business markets has progressed as customers have become increasingly informed and more demanding, particularly in seeking to gain superior value from suppliers. A key precondition for providing compelling value is in-depth customer knowledge. Higher levels of customer understanding enable suppliers to define more effective service-delivery processes.

Since value has a perceptual component, a deeper understanding of the customer organisation and its internal relationships will help frame value propositions more in sync with customers' expectations.

Customer knowledge is recognised to be important, not only to deliver against current customer expectations, but also against future ones. The development of business with a number of customers depends on the seller's ability to anticipate and capture future needs and to develop novel solutions for those customer needs.

Sales-related knowledge, of which customer knowledge is a key component, has been identified as a key driver of sales performance. A recent study suggests that high-performing salespeople "challenge" the way the customer thinks about his/her buying decision. Only a deep understanding of the customer's business will ensure a meaningful and constructive conversation about the customer's needs and how a supplier may fulfil them.

Gaining in-depth customer knowledge is neither straightforward nor quick. It requires sales forces to spend time developing insights about the customer's strategy, its processes, its people and even the customer's customers. Sales management practices, in particular targets and incentives, may influence the extent to which salespeople spend time cultivating relationships that lead to customer knowledge generation. Furthermore, the sales leader's style will affect the extent to which professional salespeople develop knowledge-creation capability.

Customer business knowledge can be seen not just as an individual skill, but also as an organisational competence. As such, it requires linking internal processes and practices such as customer information systems, marketing-IT interfaces, senior management involvement, and employee alignment with the firm's strategy.

In best-practice organisations, salespeople are involved in "customer intimacy" workshops that are set up as mechanisms to find ways to improve customer service. Joint customer-supplier activities such as innovation meetings are organised to create new value propositions or enhance existing ones.

These practices are underpinned by a co-creation approach; in this model, value is created partly at least in partnership between customer and supplier, rather than in the traditional way where customers specify the "value" they want and the supplier delivers that "value" according to specification. At the heart of this approach lies the salesperson's knowledge of the customer business in addition to the offerings of his/her own organisation.

#### What are the implications of these transformations for sales professionals?

Imagine what it's like to be part of the transformation... in a an organisation that, within six years, witnessed market share plummeting from 47% in 2007 to 3% in 2013 – such was the experience for Nokia. Consider the impact on every aspect of the sales process from account planning to opportunity management to negotiating strategies in a world where once you were the dominant player but now only a marginal one.

How different it is working in the banking industry today

compared with pre-2008 times where salespeople are now called relationship managers, sales commissions are curbed, and where the sales process is now forensically scrutinised by regulators.

Consider the impact of the transformation of merging two huge sales organisations such as Novartis and GSK that are currently undergoing massive structural changes as they create a new global consumer pharmaceuticals business.

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**Traditional approaches to develop salesforce competence do not equip sales professionals with the approaches to handle transformation.**

Transformation is not just the remit of the board. The sales organisation plays a critical role in the execution of board strategy in the field and an emerging role in providing the board with insights gained from the field. Yet, a study by Forrester (2011) cites CEOs stating that the "sales force is always 12-18 months behind strategy".

Addressing the profound transformations in sales will rarely be done by tactical investment in resources such as CRM processes, sales force automation or superficial organisational changes. What is required is a change in mind-sets and core belief systems about markets, customers and one's own organisation. We argue that realising transformation at an organisational level will require high doses of personal transformation.

#### Implications

So what are the implications for sales professionals and sales leaders? Traditional approaches to develop salesforce competence do not equip sales professionals with the approaches to handle transformation. Knowledge and process is becoming less relevant in a world that changes so fast. What is required is fostering self-directed learning to enhance sales performance by helping salespeople develop their own competence though enhanced awareness and mindfulness.

The qualities to address such domains, underpinned by the right mind-sets, will be *de rigueur* in the future. In *Five Minds for the Future*, Howard Gardner eloquently sums up the requirements for future success: "For (sales) people to meet the world of the future – with its ubiquitous search engines, robots and other computational devices – will demand capacities that until now have been mere options.... (Sales) people need to be well equipped to deal with what is expected as well as what cannot be anticipated; without these minds, the (sales) person will be at the mercy of forces that she or he can't understand, let alone control."

For sales leaders a new paradigm of sales management and sales leadership is required to manage complexity encompassing dimensions such as: managing ambiguity; innovative thinking; synthesis of insights and information; reflective practice and enhanced collaboration.

#### How to manage ambiguity

Decreasing prejudgement; learning how to let go the unnecessary; be inquisitive; challenging received wisdom and thinking; understanding your own values and belief systems; challenging the status quo and the processes that stifle creativity.

#### How to think innovatively

Developing the use of mind maps; considering design thinking techniques; listening to others particularly when in disagreement; adopting appreciative enquiry to problem formulation and to problem solving.

#### How to synthesise informaton

Seeking the facts beyond the anecdote; collaborating with others to seek patterns in data that otherwise would not be apparent; using software to map key words; developing critical thinking skills and learning the value of simplicity.

#### Developing reflective abilities

Spending more time white-wall gazing, more time with people and mastering reflective techniques.

#### Enhancing collaboration

Creating stronger stakeholder networks with highly competent people; teaching others how to think; being generous, open, recognise credit where credit is due, being humble.

#### About the authors:

Dr Javier Marcos is a Senior Lecturer in Sales Performance at Cranfield School of Management and an independent consultant. His areas of expertise focus on the development of sales and key account management capabilities, addressing issues of personal and team performance and sales organisations' effectiveness. He also has interests in organisational knowledge and learning and management education. He has co-authored two books: *From Selling to Co-creating* (BIS Publishers, 2014) and *Sales Management: Principles, Processes and Practices* (Palgrave, forthcoming).



Dr Phil Squire is CEO of Consalia and also the co-founder of the *International Journal of Sales Transformation*, as well as a Trustee of the Association of Professional Sales. Having worked in the banking sector with HSBC, he took a sales role in the financial services industry. He joined Mercuri Institute in 1981 and, in 1985, he left to set up a sales training and consultancy practice ITC Network Ltd. In 2006, ITC Network was merged into Consalia, a joint venture company with Praxi (Italy's largest HR consultancy group) and Development Systems (Spain and Latin America's largest HR consulting group). He is currently collaborating with academic institutions and sales leadership institutes to raise the levels of professionalism within sales, sales leadership and general management, through Masters programmes tailored to the specific roles of managers and salespeople.





# Big data just got useful

Chris Alder

*From online shopping outfits to industrial conglomerates, airlines to pharmaceutical companies, businesses of all shapes and sizes are tapping into the immense resource that is business intelligence.*

Casey Stengel, the 1950s American Major League Baseball outfielder, famously said: “Never make predictions, especially about the future.” Now, however, the science of business intelligence has evolved to the stage where predictions can indeed be made to provide forward-looking insights into markets and prospects.

No more do companies have to rely on out-of-date information on which to base key business decisions. Enterprises large and small are using complex business data to track brand reputation and shape business strategy – and in turn second guess prospective customers.

Social networks constitute a huge and growing source of consumer ‘big data’. According to Business Intelligence Insights, the average global Internet user spends two-and-a-half hours daily on social media. What users do while visiting these social media sites is what companies are increasingly paying attention to. User activity on social sites reveals a lot about their interests and what makes them tick. It follows that the company that knows who it needs to be talking to can focus its energy on creating campaigns that will be more effective.

## Internet of consumers

The figures are mind-boggling in this new era of customer engagement. By 2020, according to Cisco, there will be 50 billion connected things – and behind every thing, every device, and every app is a customer. The dream is to connect everything together in this “Internet of consumers” to create one-to-one experiences with customers across every channel.

Analysts Enterprise Management Associates say a number of drivers are providing the processing power to handle this maelstrom of information, pushing

companies to rethink their sales and marketing strategies. Maturing users and applications, commodity hardware and low-cost storage and memory, advances in technology, such as in-memory computing and massively parallel processing, and new data sources such as social, machine-generated and sensor data are all playing a role.

As a consequence, speed and accuracy are ever more important in how efficiently a sales organisation can react to opportunities and trends.

## Unearthing insights

Big Brother seems not to be the bogeyman he once was. Take, for instance, pharmaceuticals intelligence gatherer Treato, which uses big data analytics to unearth patient insights about drugs and medical conditions from thousands of online health communities using the Hadoop open source distributed platform.

By bringing together the voices of patients and carers leaving comments on thousands of message boards, blogs, community forums and health sites across the web about their battles with

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*No more do companies have to rely on out-of-date information on which to base key business decisions.*

disease, their experiences with drugs and their paths to recovery, it aims to enable drug companies using the service to monitor patient responses to their products.

The company says it analyses health-oriented web sites and claims to have qualified 2,000 sites, such as netdoctor.co.uk, Topix.com, Drugs.com and smaller condition-specific health sites. Thousands of different medications are listed on the company’s web site, along with their side effects, effectiveness, whether patients switched to alternatives and more. The detailed insights it can provide are immense, including the ability to provide information on why patients and doctors are switching brands – intelligence of significant

interest to pharma sales forces.

Meanwhile, industrial giant GE is using Software.com’s applications to give sales and operations employees working everywhere from Africa to Brazil to the Netherlands real-time customer insights, and to provide more than 7,000 call centre and field service engineers in its global healthcare division the complete customer views they need to provide real-time service.

Software.com recently launched its Salesforce Analytics Cloud to create sales, service and marketing analytics, either in packaged or custom forms, which can be read on desktop and mobile devices. The company says it is also possible to import third-party information from companies like Microsoft, SAP and Informatica, as well as machine-generated data.

## DIY data

And, in October 2014, home improvement giant B&Q, currently rolling out its ‘omnichannel’ business strategy, trumpeted the launch of what it claims is the most comprehensively stocked and most functionally advanced website of its kind in the UK. The company says the high-performance website is designed for easy access optimised for all devices, mobile, tablet or fixed. It will also provide a wealth of valuable user-driven information.

Mike Durbridge, Director of Omnichannel at B&Q said: “diy.com is the biggest category-specific home improvement website in the UK. The new site now offers our 3.5 million visitors an unrivalled range of home-improvement products, is more easily accessible for mobile users, is an amazing source of inspiration and advice, and in the coming year, lots more innovative content and services will be added.”

Customers in some B&Q stores can log into the store’s website on their smartphones and tablets using free in-store wi-fi. Shop-floor staff are being equipped with tablets to enable them to deal with customer enquiries quicker and more effectively wherever they are in the store. Kiosks containing a fixed tablet are also being trialled to enable customers to locate products faster. Customers can also scan product barcodes and be automatically linked to the product page on the website giving them access to product details, videos, reviews and other information.

Another rich source of customer

information, the store’s loyalty app, has also now running for about a year with some 1.3 million customers signed up to the B&Q Club.

## Does upselling work?

But there’s a warning for anyone wanting to use business intelligence for quick results by up-selling or cross-selling. Paul Dunay, global vice president of marketing for web optimisation and analytics outfit Maxymiser, says: “One mistake marketers often make is automatically tagging on extras, such as up-sells, options or accessory products, as their customers enter the booking funnel.

“The customer who already had a price in mind suddenly sees that number increase just as it’s time to purchase, which is more likely to elevate annoyance levels than average sales. Don’t be pushy up front; instead, leverage CRM and personalisation data to get the right offer in the customer’s face at the right moment.”

## Gather feedback

Gil Allouche, vice president of marketing at cloud-based data service developer Qubole, says now, more than ever, companies can gather feedback from numerous sources including social media, websites, phone calls, webchats, and of course sales reps themselves.

“With so much information at their fingertips, companies can really meet the needs of their customers in a unique way. Big data is revolutionising the way things are done and is increasing the overall effectiveness of the sales force, which comes back to benefit the company as a whole.

“For a lot of companies, leads often come from the marketing department more so than from the salespeople. Big data can improve the ratio from the salespeople. Big data also makes it much easier for companies to pinpoint areas with the greatest potential for success from past results.

“Companies can also use real-time monitoring to evaluate the selected areas and make quick changes if necessary. When the reps are in areas with higher levels of success, the number of leads also tends to rise. So, by being able to be more precise in where reps are sent, companies increase sales and leads.”

He adds: “Both quality and quantity matter when it comes to feedback, and big data makes that possible. The market is always changing and, with real-time analytics, companies can keep on top of the changes and give their sales force the greatest chance for success.”

## Case study: Flybe

Flybe, Europe’s largest independent regional airline, wanted to develop a long-term strategy to improve customer experience across its digital channels and partnered with Maxymiser to improve customer experience. Flybe’s marketing director Martin Smith said: “Digital channels are central to our commercial operations with 80% of bookings taken online. It’s crucial that we optimise those channels to improve the customer experience and ‘build consideration’ to increase the likelihood of purchase.

“One of our key brand objectives is to communicate that we are a regional airline and to sow the seeds of consideration that Flybe presents a viable alternative to road and rail. The optimisation campaigns we are running with Maxymiser are systematically helping to improve conversion rates through enhanced customer experience.”

The approach is working. The airline has seen a 6.9% increase in passenger numbers on scheduled UK flights – despite a 1.4% reduction in seat capacity – and has also enjoyed a favourable increase in passenger revenue per seat.

## Case study: Notonthehighstreet

For innovative, online-only retailers – without the benefit of bricks-and-mortar heritage – attracting new business and maintaining customer loyalty largely boils down to just one thing: the ability to deliver a superlative customer experience.

For Notonthehighstreet.com, an online department store of over 100,000 lifestyle products, the objective was to become a data-driven organisation.

Says Ollie Scheers, optimisation manager: “We’re a growing business and we need to sustain that growth to move forward using customer experience optimisation and personalisation techniques. “It’s not just about conversion – it’s about improving the customer experience, helping to reduce calls to our contact centres or improving customer engagement.

“The key to any optimisation strategy is the level of segmentation you can get from your data and, during 2014, optimisation and personalisation campaigns have given us robust insights into what works for our customers, and what doesn’t. These insights help inform any new products that we release.”

## Case-study: AmerisourceBergen

Drug corporation AmerisourceBergen wanted to enable employees throughout the enterprise to quickly create visually rich analytics to explore theories, prove hypotheses or discover new trends that could change the trajectory of the business, so turned to data discovery company Qlik’s QlikView and Qlik Sense products.

AmerisourceBergen, which has more than one million square feet of packaging production capacity in the US and the UK, has been using QlikView since 2012 across its US bioservices business. Now, with more than 13,000 associates globally, the company wanted to expand its use of analytics with a solution that was scalable and provided a seamless user experience.

Dale Danilewitz, Senior Vice President and Chief Information Officer said: “We wanted to provide better visualisation and to enable a much larger user-base to experience self-service discovery.”



# Aligning strategy and sales

✍ Dr Frank Cespedes

*Harvard Business School's Dr Frank Cespedes tells Nick de Cent why strategy is even more relevant in an era of constant change.*

**NdeC:** Does strategy still work in an era of constant change? What is the role of a business strategy in these conditions?

**FC:** Some now say that strategy is less important – and may, in fact, be an impediment – in an era of constant change, because (in their view) setting a strategy assumes a stable market, not change and “disruption”. I disagree with this view because it’s wrong: empirically, historically, logically, and organisationally.

First, look at the empirical facts. U.S. Census Bureau data, for example, indicate that the average age of businesses has been increasing, not decreasing, and that new-business formation and other metrics of what economists call “business dynamism” have been declining for decades. This is, sadly, even more true in Europe. The problem is not enough growth, disruption and change in the global economy.

Then, look at business history. “Creative destruction,” as Schumpeter emphasised, has been the fruitful norm at least since the steam engine. It’s not something introduced by globalisation or ecommerce. The more things change, the more they change. But the fact of change is perennial.

Logically, it’s not true that market

stability is a pre-requisite for strategy formulation and implementation. Quite the opposite. The point of industry analysis and other core components of a coherent strategy is to help managers dissect changes in entry barriers, substitutes, and other forces that alter current competitive requirements.

Organisationally, strategy is more important when facing change. The essence of strategy is making choices about where to play in a market and how. When a firm is not clear about this, it will run into problems.

Externally, there will always be someone out there who can beat you on cost and price, and someone else who tailors its operations and sales efforts to the performance and buying criteria of a segment better than you can. Internally, different assets are needed for effective selling and other aspects of execution, depending upon the strategic choices.

Basic HR issues are also at stake: salespeople, for example, cannot be customer-focused premium-service providers in the morning and cost hawks in the afternoon. It doesn’t work that way. Strategy is not easy, but it’s tough to do sustained good things in business without a coherent strategy.

“*There’s no such thing as effective selling if it is disconnected from strategic goals. Conversely, links with selling efforts are a foundation for keeping any strategy relevant and effective.*”

**NdeC:** How do you adapt a strategy to cope with change? What are the key bottlenecks?

**FC:** Well, as you often hear about organisations, you do start at the top. It begins with a mindset which recognises that every strategy has a sell-by date. It’s not the responsibility of the market to be kind to any company’s strategy. It’s the responsibility of leaders to adapt to changes in customers, buying processes, competition, new technologies, and other factors in the external world. That may sound obvious. But I’ve been part of many strategy meetings with companies across industries and around the world, and after 30 years I have found that brute fact about business must constantly be articulated.

Then, you need a process that can

deal with this reality. Many companies have a problem here. Studies indicate that the typical corporate planning process now takes about four to six months annually. While that is going on, the market will do whatever the market will do. And sales must respond in market time (not internal company time) issue by issue and account by account, and big resource commitments are made as sales does this. In other words, even if the output of planning is a great strategy (clearly, a big if), the process itself often makes that strategy irrelevant to real resource allocations in the organisation.

Finally, there is ultimately no substitute for ongoing management. Any organisation needs people, metrics, information flows and tools to manage the links between its daily customer-contact activities and strategic direction. There’s no such thing as effective selling if it is disconnected from strategic goals. Conversely, links with selling efforts are a foundation for keeping any strategy relevant and effective. That ongoing management is the focus of my book.

**NdeC:** In your book, you mention that companies deliver only 50-60% of the financial performance their strategies promise. Is it ever possible to deliver 100%?

**FC:** Of course it’s possible to do this – in fact, more than 100%. Companies and sales reps do this all the time. They just low-ball forecasts. Studies have shown how pervasive this is, due to compensation systems in many firms. When you couple bonuses and forecasts, that usually means self-serving performance targets or, in the words of one study, “paying people to lie”. But as shareholders and citizens interested in maximising financial and social value, we are presumably not in favour of this.

Notice what happens, moreover, when only 50-60% of the espoused performance actually comes to fruition. Externally, investors are constantly listening to managers who under-deliver. Ever wonder why investment bankers and other analysts tend to be cynical? Or why we always hear complaints from CEOs about the “pressures” of quarterly earnings? These data help to explain that.

Internally, the strategy-performance gap also takes its toll. It generates a growing expectation that plans and forecasts will not be met. Then, as this becomes the repeated experience of business heads and employees, it can become the norm that performance commitments won’t be kept – which in fact is what the data about forecasts

## The Seller’s Compass: Linking Strategy and Sales

Frank Cespedes, *Aligning Strategy and Sales*, (Harvard Business Review Press)



versus actual results indicate. Managers spend more time rationalising results, not building capabilities; the sales organisation becomes less intellectually honest about what is happening in the market today (not yesterday); and strategy discussions are therefore based on less reliable information. It’s a bad downward spiral.

**NdeC:** What should CEOs and sales leaders be doing about this?

**FC:** The basic idea in my book is this. In any business, value is created or destroyed in the market with customers. The market includes the industry you compete in, the customer segments where you choose to play, and the buying processes at customers that you sell to and service. Those factors should inform strategy and required sales tasks – ie, what salespeople and other go-to-market efforts must accomplish to deliver value and implement your strategy effectively.

Then, the issue is aligning actual selling behaviours with those tasks. Managers basically have three levers to do this:

1. **People:** who your salespeople are, what they know, how you hire and develop their skills so they can execute your strategy, not those of a generic selling methodology or what they learned at another firm with a different strategy.
2. **Control systems:** performance management practices, including sales compensation and the metrics used to measure sales effectiveness.
3. **Sales environment:** the wider

company context in which sales initiatives get developed and executed, how communication works (or not) across functions, and how sales managers (not just reps) are selected and developed.

In other words, companies must integrate three factors internal to the organisation – the people involved, the control systems that influence their behaviour, and how those controls are applied in the firm – with factors external to the sales organisation: business strategy and the target market/customer characteristics that (if a company has a strategy versus an abstract goal or mission statement) flow from those strategic choices. When there is coherent integration among these factors, sales results and strategy formulation improve.

**NdeC:** You also say that the “real story is the realignment, not replacement, of selling and sales tasks due to the digital revolution”. Can you expand on this?

**FC:** Based on media coverage, you could easily assume that proficiency with social media or digital marketing now determines business success, because sales forces are being “dis-intermediated” and replaced by these technologies. But, again, look at the facts and the money: US companies spend, annually, on sales efforts more than three times what they spend on *all* media advertising, more than 20 times what they spend on all digital marketing

efforts, and more than 100 times what they currently spend on social media.

Also, the effectiveness of social media for customer acquisition is doubtful. Forrester Research did a study, which found that posts from top brands on Facebook and Twitter reach just 2% of their followers and only 0.07% of followers actually interact with those posts.<sup>2</sup> This makes old-fashioned direct-mail response rates look good! And McKinsey did a recent study which found that simple email messages are a more effective way to acquire customers than social media – nearly 40-times more effective than Facebook and Twitter combined.<sup>3</sup>

Further, it is just not true that sales forces are being dis-intermediated in most industries. According to U.S. Bureau of Labor Statistics, the number of people in sales occupations in 2012 was virtually the same as in 1992 – before the rise of the Internet. And government figures almost certainly understate, by a big amount, the real numbers: in an increasingly service economy, people who sell for a living are often called associates, vice presidents, or managing directors, not placed in a “sales” category for reporting purposes. In fact, if you peek behind the server farms of online firms, you find face-to-face and inside sales organisations as the engines of profitable growth. At companies like Facebook, Google and Groupon, from 40-60% of employees work in sales, not engineering or web site functions.

The Internet is realigning sales tasks, not eliminating them. For example, relatively few cars are actually bought online. But about 90% ➤



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*Someone once told me that many companies maintain their equipment better than they develop their salespeople.*

of Americans research the purchase via Edmunds.com or other online sources before going to a dealer. The average car shopper now spends more than 11 hours online and only 3.5 hours in trips to dealerships.

Does this mean the car salesman is a relic? No, this makes selling more important, not less, because it puts more pressure on the salesperson's value-added during the actual sales experience. As one auto executive quoted in my book says, “Our salespeople have to be better at closing the sale on the spot – they usually have only one shot, and there's not really a warming-up period anymore.”

Smart phones, online reviews, blogs, apps that identify where a shopper is and send a text message about product, price, and outlets in the area – all these technologies are having a similar effect across many buying/selling situations.

Perhaps too focused on technology and not their customers' total buying journey, many executives fail to make these distinctions. They ignore the links that I outlined earlier, between salespeople and other parts of their companies that now deal with customers before and after actual selling takes place. But don't believe the current hype: salespeople, and the customer trust they do or don't generate, are not becoming obsolete.

**NdeC: Can you briefly summarise some of the factors to consider in this realignment?**

**FC:** Relevant training is vital. Someone once told me that many companies maintain their equipment better than they develop their salespeople. Unfortunately, that has a large element of truth. Training, especially in sales, must be on-going to have impact.

Across industries, sales turnover averages about 25% annually. That means the equivalent of the entire sales force must be replaced and trained every

four years or so at many companies. The good news is that technology is making it more accessible and less expensive to conduct the required training. The bad news is that a lot of training time and money are wasted on allegedly all-purpose selling methodologies that are simply irrelevant to that sales force and its sales tasks because of the strategy-sales gap in many firms.

Similarly, coaching is fundamental. But the most important coaching in sales happens – or, should happen – in performance reviews which, in my experience, are grossly underutilised levers for influencing behaviour in most organisations. Busy sales managers often treat them as drive-by conversations about compensation, not review, evaluation, and development. So much of strategy-sales alignment, however, is only visible and manageable through on-going account and performance reviews. This is a trainable skill, and there's lots of room for improvement in most sales forces when it comes to conducting performance reviews.

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*Sweeping generalisations and outright stereotypes about salespeople still dominate the field.*

Finally, executives must get beyond the many glib generalisations about selling. There's now over a century of research about selling and salespeople. You can read about it in my book. It indicates that selling is probably the most contextually-determined set of skills in a company. Selling jobs vary greatly, from the products sold and the customers encountered to the relative importance of technical knowledge as opposed to relationship-building.

Studies have examined emotional and rational appeals, product versus personal selling approaches, qualities like “emotional intelligence”, and demographics (eg, age, education, years of sales experience), and they find no clear cause-and-effect links between personality and sales success. Selling effectiveness is a function of the particular sales tasks. Yet, sweeping generalisations and outright stereotypes about salespeople still dominate the field.

You can't keep sales tasks linked productively to the market and your strategy solely through data analytics or even the world's greatest CRM system. And that leads to my final bit of advice to sales leaders and C-suite executives. It's a statement made by a character in a John le Carré novel: “A desk is a dangerous place from which to view the world,” especially the sales world!

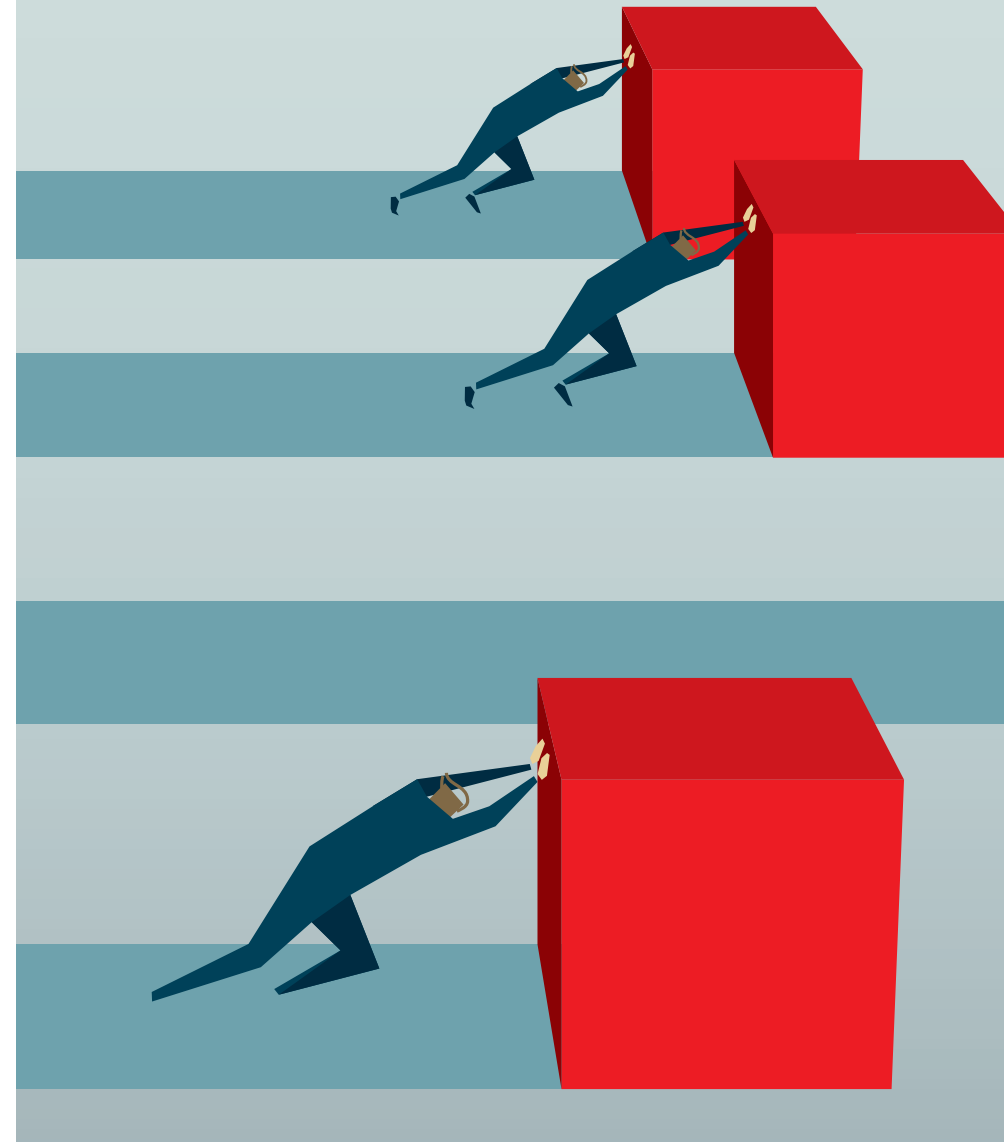


**Dr Frank Cespedes**

Frank V Cespedes teaches at Harvard Business School. He has run a business, served on the boards of established corporations as well as start-ups, and consulted to companies around the world. He is the author of six books including *Aligning Strategy and Sales: The Choices, Systems and Behaviors that Drive Effective Selling* (Harvard Business Review Press) as well as many articles in *Harvard Business Review*, the *Wall Street Journal*, *California Management Review* and other publications.

# Challenging Challenger

✎ Chris Alder



*The debate swirling around the controversial “Challenger” approach to selling has raised important questions about the way ahead for the sales profession. Chris Alder investigates.*

It's probably fair to say that few books on the art of selling have caused quite so much of a stir as the one published in 2011 entitled *The Challenger Sale – Taking Control of the*

*Customer Conversation*. The so-called Challenger approach to selling was introduced and heavily marketed by the influential member-based advisory company the Corporate Executive Board (CEB). Many companies have since rushed to embrace its ideology, based on the premise that sales reps, who continually challenge customers by pushing the boundaries and coming up with new insights, get more business.

Impressive revenue gains can apparently be generated. A CEB Challenger “blueprint” presentation claims Xerox saw \$65 million in contract value attributed to the model in less

than three months, while Cameron, which provides products and services throughout the oil and gas industry, saw 28% year-on-year revenue growth after implementing a Challenger strategy.

Yet, the model has sparked controversy with its use of the word “challenge” – it's a theme that can often be misinterpreted as having “aggressive” connotations. One high-level sales executive commented that Challenger is “a very polarising concept. As many people hate the model as love it.”

Today, Challenger is increasingly causing questions to be asked about the manner in which selling is being

<sup>1</sup>Michael C Jensen, “Paying People to Lie: The Truth About the Budgeting Process,” *European Financial Management* 9 (2003): 379-406. <sup>2</sup>See Chris Gayomali, “Brands Are Wasting Time and Money on Facebook and Twitter, Report Says,” *Fast Company* (November 19, 2014). <sup>3</sup>Nora Aufreiter, Julien Boudet, and Vivian Wong, “Why Marketers Should Keep Sending You e-Mails,” *McKinsey Quarterly* (January 2014).



conducted, especially in complex situations, leading to suggestions that the entire sales profession may itself be on the brink of dramatic change.

### Challenger across the organisation

The Arlington, Virginia-based CEB has acknowledged some limitations of the original model and is coming out with an extended version that will encompass marketing and the wider organisation. The CEB now believes the whole organisation needs to be Challenger-enabled and have a Challenger mindset rather than just limiting it to the sales function.

A new book is planned for publication in the autumn setting out this updated model, but the CEB is so far playing its cards close to its chest regarding the details. Spokesperson Kelly Blum said: “As you can imagine, since the book is set to come out later this year, we are still very much in the developmental process for additional content and materials on the research behind the book, so we may be a bit limited at this time with what we can provide.”

### Aligning sales and marketing

Recent CEB research has suggested that on average, 5.4 people are involved in today's B2B purchase decisions. Differences in opinion make it increasingly hard to reach a decision and many teams simply give up on purchases altogether. Most suppliers' efforts to support consensus fail. It says bringing the capabilities of both sales and marketing into play is becoming vital for improved sales performance.

Dr Philip Squire, CEO of global sales transformation specialists Consalia, is doubtful whether the current Challenger model has the desired effect on sales. He said: “We question whether the word ‘Challenger’ really nails it. There is much debate about the word ‘challenge’ and indeed its precursor, ‘provocative’ selling. Both can have a negative context and, if misinterpreted and used wrongly, will not produce intended results with customers.”

The CEB says it came up with Challenger after it surveyed more than 6,000 sales reps around the world, spanning every major industry, geography, and go-to-market model. It concluded that salespeople fall into one of five profiles, which they categorised as: challengers; hard workers; lone wolves; reactive problem solvers; and relationship builders. (However, it should also be noted that these are clusters and individuals may have

elements of more than one profile – Ed.)

CEB's findings indicate that challengers dominate the high-performer population, making up close to 40% of star sellers, outperforming hard workers, lone wolves, reactive problem solvers and, especially, relationship builders.

### Rackham's view

Commenting on the Challenger model, respected sales commentator Professor Neil Rackham said: “In a large customer, the day (the salesperson) makes the sale you are talking at a high level in the customer. You have access and interest but, as time goes on, you can slip down and down in the organisation because you get typecast into being perceived as only being able to provide one thing or

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***A CEB Challenger ‘blueprint’ presentation claims Xerox saw \$65 million in contract value attributed to the model in less than three months.***

solution.

“The challenger does not let this happen. He or she is continually coming up with new things to keep that initial level of contact up. The challenger is always pushing the boundaries so the perception of the salesperson remains wide.

“If you challenge the customer by coming up with ideas, you are the person the customer wants to talk to first when they have a problem. There is plenty of evidence that shows whoever the customer talks to first is more likely to get the business.”

Recently, Professor Rackham gave an insight into how he thinks Challenger might evolve. Speaking at an event in London to celebrate the launch of the International Journal of Sales Transformation at the end of February, he said: “The world is changing. High-level B2B sales have been transformed. Sales has a much higher level of engagement with the customer about how to create value between companies.

“Salespeople need to become better at predicting what customers need next. One company executive complained to me recently that ‘any number of salespeople were able to sell me a ladder to get me out of a hole, but

few can come up with a solution that would prevent me falling into the hole in the first place’.”

Echoing what is perhaps the true spirit of the Challenger concept, he added: “Salespeople need to be able to sit down with their clients as equals to discuss better what their clients really need.”

### Customers challenging salespeople

It's a view shared by Robert Racine, vice president and global head of sales enablement at information technology, consulting and outsourcing giant Wipro Technologies, who believes change is accelerating. He told the Journal: “Customers are overwhelmed, and we are starting to see customers challenging us. They are looking for us to provide the vision and roadmap.”

And he posed the question: “How should salespeople challenge when there is nothing to challenge and you have to design the vision?”

### Views from the field

One sales manager working for a global information company echoed Racine's comments. The sales manager, who did not want to be identified, said: “Our experience when we rolled out Challenger was similar.

“There were three issues. First, Marketing would have one approach for each proposition type. This tended to focus on one or two issues that typical customers had, and Sales were expected to pitch these. With Challenger, we tried to tailor the message to each customer, but the insight from Marketing was too generic and the salespeople on the ground could not create their own messages. We needed Marketing to be much more closely involved in developing insight into customers' needs.

“Second, with the approach based on propositions rather than customer types, salespeople had to join up the propositions to create a higher-level story for senior executives at customer organisations.

“Lastly, account managers and salespeople did not know enough about specific customers, in particular about the broader challenges faced at senior levels, and about what customers were planning to do about those challenges. We tended to be focused at the level where our solutions could be implemented.”

He added: “We were good at getting to senior people and creating relationships. Customers recognised, and still do, how important we are to

their business. We were not, however, good at showing them new ways of thinking about their business, because we lacked insight based on their individual needs.”

This is a key point, as John Lowmaster, business development manager at General Motors Fleet and Commercial Operations in Philadelphia, explained recently: “I have now worked for two companies who have chosen to implement the Challenger approach. Both failed at identifying the unique insight and giving the sales force a scripted commercial teaching presentation. They left it up to the sales reps to come up with it on their own.”

He also noted the fundamental confusion around the Challenger concept among salespeople: “They seemed to think that being a challenger was about pushing back when the client shows resistance.”

Meanwhile, a sales training expert working with a division of a global corporate in the engineering sector to implement a Challenger-based go-to-market strategy provides this insight: “What attracted the client was (CEB) research that suggested that a customer is 57% of the way through their selection process by the time they first contact suppliers.

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***The values customers frequently observe are manipulation, supplier centricity, complacency and arrogance.***

“My client was expending 100 person/days to complete an invitation to tender but the hit rate wasn't great. Now, they have decided to get in earlier, putting two decision gates in before the ITT (invitation to tender) is even issued.”

He pointed out that the client was at the “very early stages” of implementation, and saw it as giving them a competitive advantage, but that it was too early to tell whether the approach would have the desired results.

### Other research

Research by Consalia into sales approaches has thrown up findings that further complicate the picture, albeit that the data parallel the Challenger to an extent. “Some 80% of the interviewees said that fewer than 10% of salespeople sold to them in a way that met or

exceeded their expectations,” Dr Squire explained.

And he is warning that the sales profession needs to act quickly to counter perceived negative perceptions among customers. “The profession is at an inflexion point. The implications of our research are profound and will dramatically affect how companies go about the recruitment and education of their sales teams.

“Our conclusions are that customers look for certain critical values in salespeople including authenticity, client centricity, proactive creativity and tactful audacity. Only top-performing salespeople are seen to live the values of proactive creativity and tactful audacity. By contrast, the values customers frequently observe are manipulation, supplier centricity, complacency and arrogance.”

Dr Squire says: “The research findings of both ourselves and the CEB have big implications for the sales, sales education and recruitment industry. These programmes are raising the bar of professional selling in an attempt to make it a profession we can all proud to be part of.

He concludes: “According to the research we are certainly a long way from that point today.”





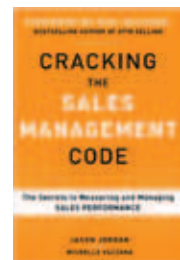
# Resources

Welcome to the International Journal of Sales Transformation's "Resources" pages. Here we aim to list sales-specific books, web resources, academic courses, consultancies – in fact anything of interest that could possibly inform a senior sales leader or academic. We want to make these pages as comprehensive as we can so, if you want to recommend a book or white paper, or highlight any suitable item for the benefit of other readers, let us know and we will aim to include it in the next edition. Please send listings information to [editor@journaloofsalestransformation.com](mailto:editor@journaloofsalestransformation.com).

## Books

We asked some prominent people to recommend books that have made an impression during their careers. Here's what they recommended.

**Carl Day**, Sales Director at Toshiba TEC UK Imaging Systems singled out *Cracking the Sales*



*Management Code* by Jason Jordan and Michelle Vazzana, which he read as part of the core reading in his latest Masters module. He says: "While it has split opinion in our group it is a good reminder

of all the pointless things we do in sales management and makes some good observations."

He also cites HBR's "10 Must Reads" series, adding: "While not directly related to sales the books have been very useful in my research."

**Dr Philip Squire**, CEO at Consalia says: "The one book that provoked my early interest in sales was *How to Win Friends and Influence People* by Dale Carnegie, published in 1936. It's still a good read today."



He also mentions *The Trusted Advisor* by David Maister, Charles Green and Robert Galford; *Global Account*

*Management Creating Value* by David Hennessey and Jean-Pierre Jeannet for insights into customer centricity; and *5 Minds for the Future* by Howard Gardner which, he says, has helped influence thinking around mindsets required for successful selling.

**Andy Buck**, Sales and Marketing Director at CPM (UK) recommends two books he describes as "priceless". He explains: *The Hidden Agenda* by Kevin Allen, one of the original Mad Men, is a go-to book for me on a regular



basis. Allen's whole concept of knowing the clients' credo and shaping the story give you a real competitive edge when approaching new business pitches is invaluable."

He adds: "The other book I regularly re-visit is *How Not To*

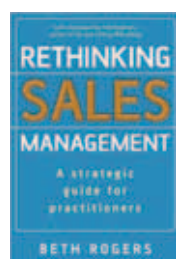
*Come Second: The Art of Winning Business Pitches* by David Kean. This book gives you the process and structure to test and improve your ability and likelihood to close the deal."

**Shekhar Varma**, managing partner at SDV Training, says: *Challenging Coaching* by John Blakey and Ian Day contains very useful models and ideas for anyone who coaches the sales force, and *Resonate*, by Nancy Duarte is a brilliant book about making presentations and storytelling."



He adds: "Although out of print, Neil Rackham's *Account Strategy For Major Sales* is still an unrivalled classic."

**Jeremy Noad**, Global Performance Transformation Expert in Customer Management, Marketing and Channels at The Linde Group, says: "I have two books on the desk at all times: *Rethinking Sales Management* by Beth Rogers; and *Brilliant Selling: What the Best Salespeople Know, Do and Say* by Tom Bird and Jeremy Cassell. "Previous favourites have included



*Building a Winning Sales Force: Powerful Strategies for Driving High Performance* by Andris Zoltners, and *Rethinking the Sales Force* by Neil Rackham."

**Dr Javier Marcos-Cuevas**, Senior Lecturer in Sales Performance at the Centre for Strategic Marketing and Sales, Cranfield School of Management, recommends *From Selling To Co-Creating: New trends, practices and tools to upgrade your sales force* by Regis Lemmens, Bill

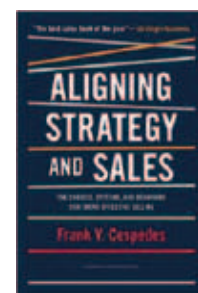


Donaldson and Javier Marcos, published in 2014 by BIS Publishers, Amsterdam. He says: "From Selling to Co-Creating is for sales executives who want their sales force to engage

with their customers at a strategic level. The content provides frameworks, cases and tools for transforming and designing future-proof sales organisations.

He adds: "Executives, sales managers and consultants who undertake the challenge to transform their sales organisation as a driver for innovation will find this an invaluable resource. Students can learn from it, consultants can use it and sales practitioners can be inspired from it by using the cases and ideas to challenge their current practices."

**Nick de Cent**, Editor of the *International Journal of Sales Transformation*, recommends the latest book by Frank V Cespedes of Harvard Business School. *Aligning Strategy and Sales – the choices, systems,*



*and behaviors that drive effective selling* is for any senior executive who wants to understand why they need to address the gap between their company's sales efforts and strategy. This disconnect represents a major vulnerability

for organisations, according to Dr Cespedes. Read this to road map to articulate strategy in ways that the field can understand. The author suggests that this transformation will fuel the behaviours needed for profitable growth.

## Professional and research bodies

**Association of Professional Sales**  
Developed through collaboration, with a group of Founding Fellows who are sales leaders at the forefront of the industry. It aims to fulfil a perceived need for the sales profession to have a body that has credibility amongst senior practitioners that will work to promote standards, build knowledge, enhance professional standing and promote excellence and best practice at all levels.  
<http://www.associationofprofessionalsales.com/>

**Institute of Sales and Marketing Management**  
The ISMM claims to be the United Kingdom's only professional sales qualifications awarding body recognised by the Government regulatory body, Ofqual, with a full range of qualifications exclusively focused on sales, marketing and sales and marketing management.  
<http://www.ismm.co.uk/>

**Academic Association of Sales Engineering**  
14 universities across Europe have come together to form a private network of sales engineers. Founded on 4 June by professors of the University of Aschaffenburg the AASE aims to develop the profession of sales engineer. Ludger Schneider Störmann, a professor at the University of Aschaffenburg, says: "We want to establish sales engineers who are practically trained for the distribution of technical systems.

"Sales Engineers sell technical products in companies. Until a few years ago there were no separate courses to learn the trade. Even today there are only a few universities that offer bachelor's or master's degree programs for the training of sales engineers."  
<http://www.h-ab.de/aase>

**The Global Sales Science Institute (GSSI)**  
An international network formed in 2007 by academics and practitioners involved in sales and sales management. Its stated aim is to unite the study and practice of sales and sales management around the globe, bringing together scholars and practitioners to further advance global collaboration in sales research, practice, and education.  
<http://www.globalsalescienceinstitute.org/>

**Cranfield Centre for Strategic Marketing and Sales**  
Sponsored by among others, BP, Hewlett Packard, Mercedes Benz and Royal Bank of Scotland.  
<http://www.som.cranfield.ac.uk/som/p1075/Research/Research-Centres/Centre-for-Strategic-Marketing-and-Sales>

**Academy of Marketing Science**  
An international, scholarly, professional organisation dedicated to promoting high standards and excellence in the creation and dissemination of marketing knowledge and the furtherance of marketing practice through a role of leadership within the discipline of marketing around the world. Publishes the *Journal of the Academy of Marketing Science* widely acknowledged as a premier marketing research journal.  
<http://www.ams-web.org/>

**University Sales Centre Alliance**  
A consortium of sales centres established in 2002, USCA connects university faculty members with many different backgrounds and areas of expertise as an advocate for the continuing advancement of the sales profession through teaching, research and outreach.  
<http://www.universitysalescenteralliance.org/>

## Sales practice consultancies

*Global consultancies with a significant sales practice.*

**McKinsey & Company**  
Helps clients set their strategic direction, develop their marketing and sales capabilities, and connect their organization to realize the full potential of omni-channel opportunities with the aim of delivering above-market growth.  
[http://www.mckinsey.com/client\\_service/marketing\\_and\\_sales](http://www.mckinsey.com/client_service/marketing_and_sales)

**Capgemini Consulting**  
Sales-related capabilities include big data and analytics consulting, customer experience, business and technology innovation and digital delivery across a variety of industry sectors.  
<http://www.capgemini-consulting.com/>

*marketing-sales-service*  
**Deloitte**  
Customer transformation specialists in a global network of member firms offer advanced analytics to help clients acquire, mine and manage valuable customer data as well as CRM services and strategies that can help improve lead generation.  
<http://www2.deloitte.com/us/en/pages/strategy/solutions/customer-transformation-offering.html>

**Corporate Executive Board**  
The CEB's Sales Executive Council, part of the CEB's larger Sales, Marketing, and Communications practice, has for more than 12 years offered best-practice insights, proprietary data and tools and advisory services to help thousands of sales executives make important business decisions, improve their functional impact and work more cost-effectively.  
<http://www.executiveboard.com/exbd/en-gb/sales-service/sales-effectiveness/about/sec.page>

**Miller Heiman**  
Part of MHI Global, Miller Heiman says it provides the counsel, tools, sales processes, sales training, sales techniques and technologies to help win new business and close complex sales faster. Solutions for sales professionals include events and sales training workshops, framework of processes, tools and services for sales leaders, sales performance tips, proprietary sales research and practical sales advice.  
<http://www.millerheiman.com/>

**Cloudcoaching International**  
Sales management solutions include benchmarking, sales process alignment, systemized sales management.  
<http://www.cloudcoachinginternational.com/>

**Mentor Group**  
Founded in 1996, Mentor Group is a global people and performance company that focuses on sales transformation and organisational leadership. Part of Cloud Coaching International's (CCI's) family of companies, which specialise in sales and management coaching. CCI designs, develops and deploys high-performance sales transformation solutions specifically for Salesforce.com customers.  
<http://www.mentorgroup.co.uk/>

**Mercuri International**  
Expertise in sales includes optimisation of sales processes; development of competences of all people involved in sales; alignment of sales systems and tools; sales structure and organisation of sales people from front office to back office; customer service sales managers from top management to top sales and



KAM.  
<http://www.mercuri.net/>

#### Blackdot

Blackdot offers a suite of consulting services to solve the challenges of individual sales organisations including: go to market strategy and execution; market and channel strategy; value propositions and demand creation; sales process, tools and technology.  
<https://www.theblackdot.com.au>

#### Webinars

##### How data will transform business

BCG's Philip Evans has a bold prediction for the future of business strategy — and it starts with Big Data.  
[http://www.ted.com/talks/philip\\_evans\\_how\\_data\\_will\\_transform\\_business](http://www.ted.com/talks/philip_evans_how_data_will_transform_business)



##### Dan Pink: The puzzle of motivation

Career analyst and onetime speechwriter for Al Gore, Dan Pink examines the puzzle of motivation, starting with a fact that social scientists know but most

managers don't; traditional rewards aren't always as effective as we think. This classic TED talk has been watched over 13 million times.  
[www.ted.com/talks/dan\\_pink\\_on\\_motivation?language=en](http://www.ted.com/talks/dan_pink_on_motivation?language=en)



##### Dan Ariely: What makes us feel good about our work?

What motivates us to work? Contrary to conventional wisdom, it isn't just money. But

it's not exactly joy either. It seems that most of us thrive by making constant progress and feeling a sense of purpose. Behavioral economist Professor Dan Ariely (Duke University) presents two eye-opening experiments that reveal our unexpected and nuanced attitudes toward meaning in our work. (Filmed at TEDxRiodelaPlata.)  
[www.ted.com/talks/dan\\_ariely\\_what\\_makes\\_us\\_feel\\_good\\_about\\_our\\_work?language=en](http://www.ted.com/talks/dan_ariely_what_makes_us_feel_good_about_our_work?language=en)



##### Tim Leberecht: Three ways to (usefully) lose control of your brand

The days are past (if they ever existed) when a person, company or brand could

tightly control their reputation — online chatter and spin mean that if you're relevant, there's a constant, free-form conversation happening about you that you have no control over. Tim Leberecht offers three big ideas about accepting that loss of control, even designing for it — and using it as an impetus to recommit to your values.

[www.ted.com/talks/tim\\_leberecht\\_3\\_ways\\_to\\_usefully\\_lose\\_control\\_of\\_your\\_reputation](http://www.ted.com/talks/tim_leberecht_3_ways_to_usefully_lose_control_of_your_reputation)



##### Sheena Iyengar: How to make choosing easier

We all want customized experiences and products — but when faced with 700 options, consumers freeze up. With fascinating new

research, Sheena Iyengar demonstrates how businesses (and others) can improve the experience of choosing. Iyengar is the inaugural S T Lee Professor of Business in the Management Division at Columbia Business School and the Faculty Director of the Eugene Lang Entrepreneurship Center.  
[www.ted.com/talks/sheena\\_iyengar\\_choosing\\_what\\_to\\_choose](http://www.ted.com/talks/sheena_iyengar_choosing_what_to_choose)

##### Got a wicked problem? First, tell me how you make toast

Designer Tom Wujec studies how we share and absorb information by asking people and teams to draw how they make toast, because the process reveals unexpected truths about how we can solve our biggest, most complicated problems at work.  
[http://www.ted.com/talks/tom\\_wujec\\_got\\_a\\_wicked\\_problem\\_first\\_tell\\_me\\_how\\_you\\_make\\_toast](http://www.ted.com/talks/tom_wujec_got_a_wicked_problem_first_tell_me_how_you_make_toast)

##### How to save the world (or at least yourself) from bad meetings

Information security manager David Grady says an epidemic of bad, inefficient, overcrowded meetings is plaguing the world's businesses and

making workers miserable. He's on a crusade to help you take back your calendar.

[http://www.ted.com/talks/david\\_grady\\_how\\_to\\_save\\_the\\_world\\_or\\_at\\_least\\_yourself\\_from\\_bad\\_meetings](http://www.ted.com/talks/david_grady_how_to_save_the_world_or_at_least_yourself_from_bad_meetings)



##### As work gets more complex, six rules to simplify

Why do people feel so miserable and disengaged at work? Because today's businesses are increasingly

and dizzyingly complex, says Boston Consulting Group consultant Yves Morieux. He offers six rules for "smart simplicity". (Rule One: Understand what your colleagues actually do.)

[http://www.ted.com/talks/yves\\_morieux\\_as\\_work\\_gets\\_more\\_complex\\_6\\_rules\\_to\\_simplify](http://www.ted.com/talks/yves_morieux_as_work_gets_more_complex_6_rules_to_simplify)



##### How to run a company with (almost) no rules

What if your job didn't control your life? Brazilian CEO and organisational changemaker, Ricardo Semler practices a radical form of corporate

democracy, rethinking everything from board meetings to how workers report their vacation days (they don't have to).  
[http://www.ted.com/talks/ricardo\\_semler\\_radical\\_wisdom\\_for\\_a\\_company\\_a\\_school\\_a\\_life](http://www.ted.com/talks/ricardo_semler_radical_wisdom_for_a_company_a_school_a_life)

#### Research reports

**Gartner Report: 2015 Magic Quadrant for Business Intelligence and Analytics Platforms**, Rita L Sallam, Bill Hostmann, Kurt Schlegel, Joao Tapadinhas, Josh Parenteau, Thomas W Oestrich, February 23, 2015.

The BI market is changing to meet the needs of business users, who want intuitive analytics delivered fast. And, as the demand for self-service visualization and guided analytics grows, so does the need for IT to maintain governance. Gartner estimates that more than half of net new purchasing is data-discovery-driven. This shift to a decentralised model that is empowering more

business users also drives the need for a governed data discovery approach.

Dr Marcos-Cuevas also recommends this research report, as well as the following two key articles:

**Franco-santos, M. (2009). The impact of performance targets on behaviour: a close look at sales force contexts (Vol. 5). Cranfield School of Management – CIMA Report. Bedford, UK.** Groundbreaking research on the potential dysfunctional effects of target setting and how to design effective sales target schemes.

Available at <http://goo.gl/aeazuU>

#### Articles

**Pressey, A D, Gilchrist, A J P, & Lenney, P (2014). Sales and marketing resistance to Key Account Management implementation: An ethnographic investigation; Industrial Marketing Management, 43(7), 1157–1171.** In a novel 18-month longitudinal ethnographic study following one organisation's endeavours to implement KAM (Fitcorp), this article examines the approaches adopted by organizational members to resist KAM implementation.

**Friend, S B, Curasi, C F, Boles, J S, & Bellenger, D N (2014). Why are you really losing sales opportunities? A buyers' perspective on the determinants of key account sales failures; Industrial Marketing Management, 43(7) 1124-1135.** Cases were conducted with buying decision makers following failed key account sales proposals. The article identifies three common drivers of sales failure: adaptability, relationship-potential, and cost considerations.

#### Academic courses

The US-orientated Sales Education Foundation, established in 2007, has adopted its mission to "elevate the sales profession through university education." Its goals include providing resources for universities that want to teach professional selling, enabling them to start a programme, developing recognised specialisations within the sales arena, and strengthening relations between industry and academia by hosting joint programmes and increasing communication. Portsmouth is the only institution in Britain recognised as a "Top University Sales programme" by the SEF, offering an MA in Sales Management. Courses are mentored by visiting Professor Neil Rackham, known globally for his latest thinking on sales

## Invitation

The University of Portsmouth Business School invites applications from experienced sales managers and key account managers for the 14th cohort of its internationally recognised top-up Masters degree in Sales Management, starting in September 2015.

For further information, please go to:

[www.port.ac.uk/courses/business-and-management/ma-sales-management/](http://www.port.ac.uk/courses/business-and-management/ma-sales-management/)

performance. <http://www.port.ac.uk/courses/business-and-management/ma-sales-management/>

Other SEF-accredited schools across Europe include Athens University of Economics & Business; Dublin Institute of Technology; FH Wien - University of Applied Sciences; HAAGA-HELIA University of Applied Sciences; and University of Applied Sciences in Wiener Neustadt.

Visit <http://www.salesfoundation.org/> for more information and resources and a full list of accredited business schools and universities offering sales-focused courses across Europe and North America.

A selection of courses focusing on sales offered by UK universities and business schools are listed below. Note that other courses, such as accounting and business studies, which may include a module of sales and marketing management, are not listed.

##### Coventry University College

Strategic Sales Management BA (Hons). The honours degree in Strategic Sales Management focuses strongly on international sales strategy, strategic sales management and leading the sales function.  
<http://www.coventry.ac.uk/course-structure/2014/cuc/undergraduate-degree/strategic-sales-management-ba-hons/>

##### University of Wolverhampton

Postgraduate Certificate in Sales Management  
<http://courses.wlv.ac.uk/course.asp?code=BU047P31UVD#.VHRjRNkWSO>

##### Middlesex University London

MSc/ PgDip / PgCert Sales Transformation. The Institute for Work Based Learning delivers these programmes in partnership with Consalia. Two routes to gaining a Post Graduate Masters in Sales Transformation are offered. One programme is for sales leaders, the

other for sales professionals involved in selling complex solutions, and focuses on applying world-class, leading-edge thinking and expertise in leadership and sales to participants' transformation goals in their own organisations.  
<http://www.mdx.ac.uk/courses/postgraduate/sales-transformation>

##### Cranfield School of Management

Offers a variety of sales-oriented programmes including: Marketing, Sales and Client Relationships; Key Account Management: Best Practice; Sales Directors' Programme; Sales Leaders' Think Tank; Customer Experience Strategy: Creating a customer-centric organisation.  
<http://www.som.cranfield.ac.uk/som/p13583/Programmes-and-Executive-Development/OEP-Home/Programmes/Marketing-Sales-and-Client-Relationships>

##### Edinburgh Napier University

Marketing with Sales Management MSc full-time. An introduction to the theories and principles of marketing, but specialising in sales management.  
[http://www.courses.napier.ac.uk/MarketingWithSalesManagement\\_W31429.htm](http://www.courses.napier.ac.uk/MarketingWithSalesManagement_W31429.htm)

##### University of Eastern Finland


MDP in International Business and Sales Management. This new Master's degree in International Business and Sales Management is designed for both Finnish and international students and combines the newest theoretical findings with real life case exercises provided by the programme partners. Conducted in English.  
<http://www.uef.fi/en/ibs>

### Want to be listed?

Email editor@  
[journalofsalestransformation.com](mailto:journalofsalestransformation.com)



# Researchers and consultants discuss the power of first-line sales managers

 Nick de Cent

## Blackdot on the value of sales managers

First-line sales managers are drivers of performance for pharma sales representatives, as they are in other industries...

“

*The profound and compounding impact sales managers have on their sales teams means that 1 high-performing sales manager is as valuable as a handful of high-performing sales reps. High-performing sales managers manage teams that achieve superior results and the cumulative effect of their efforts far exceeds the revenue uplift achieved by a single high-performer working at the frontline.*

For further information see: Bridging The Gap – The Critical Role of the First-Line Sales, [www.theblackdot.com.au/insights/bridging-the-gap](http://www.theblackdot.com.au/insights/bridging-the-gap).

## McKinsey & Co on performance management

“

*One company provided managers with training in traditional skills such as handling difficult conversations and assigned a “supercoach” to each sales manager. These coaches, drawn from its central sales-training team, observed real-life coaching interactions between managers and sales reps and gave specific feedback on the managers’ coaching skills. The company credits the enhanced coaching role of the sales managers with a 25 percent improvement in close rates.*

“

*One company held weekly meetings in which the team could plot strategy for the week ahead. The results of the first pilots exceeded all aspirations. Sales calls per rep rose by 40 percent, offers closed per sales team rocketed by 75 percent, and the average contract value per week rose by 80 percent — and by as much as 150 percent for new deals. These results were achieved with the same sales reps and managers who had previously been underperforming. It was the company’s approach to performance management rather than the specific tools that made the difference.*

“Six steps to transform your marketing and sales capabilities”, [www.mckinsey.com/insights/marketing\\_sales/six\\_steps\\_to\\_transform\\_your\\_marketing\\_and\\_sales\\_capabilities](http://www.mckinsey.com/insights/marketing_sales/six_steps_to_transform_your_marketing_and_sales_capabilities)

## Angie Dixey on coaching style

“

*Rather than follow a formalised and structured process, participants prefer to use coaching on a more conversational basis to achieve the motivation and support they desire from their teams.*

“

*When they were placed in a formal situation or ‘coaching session’ they found this frequently had a negative impact on the openness of the individual being coached, rendering any coaching efforts more difficult and ultimately less effective.*

“

*What appeared more important was creating a trusting and respectful relationship and a relaxed environment where the individual felt safe. It would appear that, when this is created, coaching just happens and, in many cases, the individual is not even aware they are being coached. Rather than a prescribed activity, it would appear managers prefer their coaching efforts to simply be part of what they do.*

“

*Data from this study suggests managers are potentially ignoring the demands introduced by their organisations, choosing instead to employ managerial coaching conversationally in a way they feel better suits them and their teams.*

Extracted from How Managers Experience Their Role As Coach: An Interpretative Phenomenological Analysis (Masters dissertation), Angie Dixey, September 2014, +44 (0)7793 462 523, [www.angiedixey.co.uk](http://www.angiedixey.co.uk)

# THE Women in Sales AWARDS NORTH AMERICA

Nominations  
open  
25th September  
2014

Nominations  
deadline  
27th March  
2015

Finalists  
announced  
13th April  
2015

Judging day  
14th May 2015  
onboard the  
Spirit Of Boston

Awards  
ceremony  
18th June 2015  
Fairmont Copley  
Plaza

\* dates subject to change

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# Performance potential in the global talent pool

*A sophisticated self-administered online assessment of hundreds of individuals around the world provides us with a snapshot of the global sales profession.*

*Although salespeople tend to be lumped together in one group, sales is not a generic, one-size-fits-all activity; selling can actually be divided into various distinct roles, so it is important to hire and develop the right person for the right role. Here, we focus on the roles of account manager, application salesperson and solution salesperson, with individual performances analysed over the period between mid-2012 and mid-2013.*



Data supplied by SalesAssessment.com. Individual salespeople participated in SalesAssessment.com's online self-assessment process. The approach combines psychometrics with relevant skills and competency assessments to provide a read-out against behavioural fit for the specific role, critical reasoning ability, skills and motivators (what motivates the individual to perform). The results were compared with a global benchmark profile of a high-performer in each role.

## Account manager

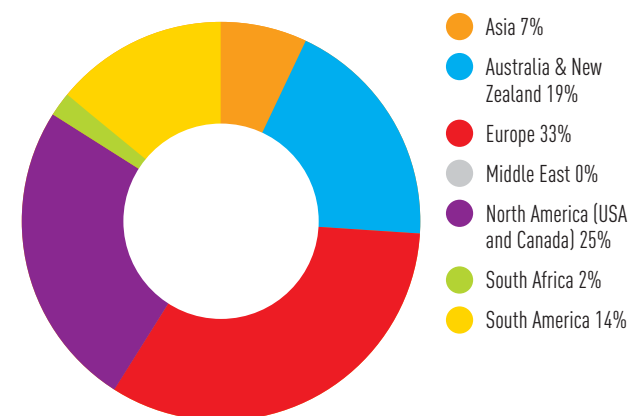
### Role definition

"The role of an account manager is to engage at C-suite level to proactively retain and develop existing client relationships and income from a portfolio of significant clients, and also to develop and grow new client relationships. An account manager is expected to manage a client portfolio in order to maximise the long-term mutual value of the relationship for both parties."

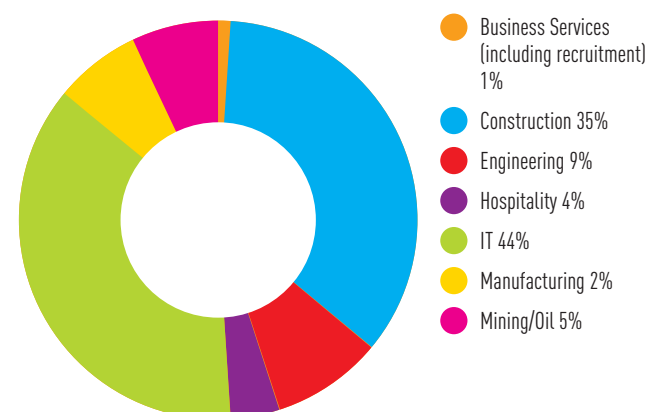
- 4% were among the top performers, demonstrating both high behavioural competencies and high skill.
- 55% demonstrated above-average behaviour and skill. In contrast, 45% were assessed for below-average behaviour and skill.
- 38% were assessed below average for behavioural competencies that indicate whether they are comfortable performing in this role.
- 24% were assessed to have below-average levels of skill (not even trained to average levels).
- 54% of account managers have critical reasoning below the level required to respond effectively to complex customer expectations.

### Data breakdown, n = 313

#### By geography:



#### By industry:



## Application selling

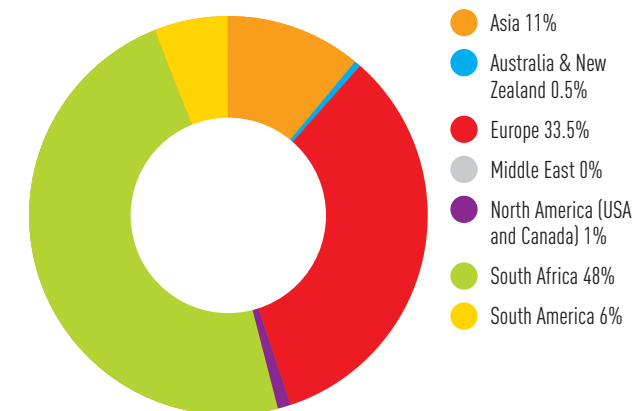
### Role definition

"Occurring at many levels within the customer, application selling is the ability to identify opportunities within which to position an existing, fixed-scope, yet configurable, offering that delivers a 'defined outcome' for the customer to meet a 'defined need'. This can be sold directly to the customer as a stand-alone application (eg an accounting system) or through others as part of a more complex solution (eg a just-in-time manufacturing solution)."

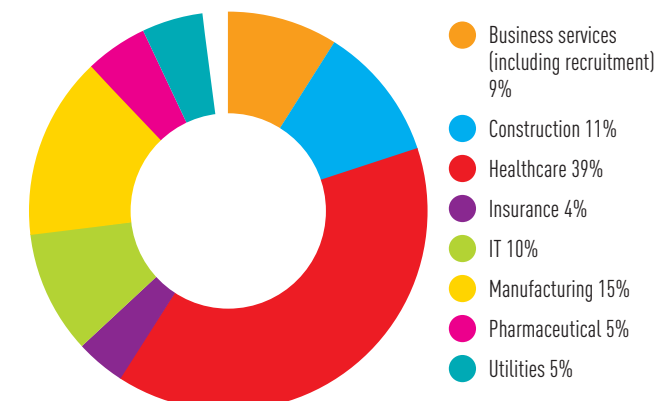
- 5% were among the top performers, demonstrating both high behavioural competencies and high skill.
- 54% demonstrated above-average behaviour and skill. In contrast, 46% were assessed for below-average behaviour and skill.
- 39% were assessed below average for behavioural competencies that indicate whether they are comfortable performing in this role.
- 22% were assessed to have below-average levels of skill (not even trained to average levels).
- 77% of application salespeople have critical reasoning below the level required to respond effectively to complex customer expectations.

### Data breakdown, n = 348

#### By geography:



#### By industry:



## Solution selling

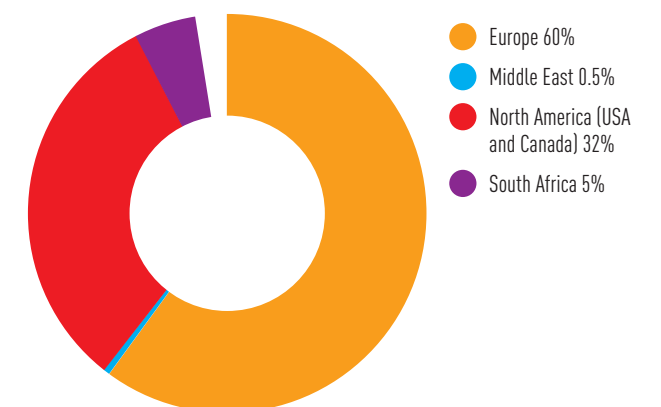
### Role definition

"Solution selling is the most complex form of reactive or customer needs-based selling. Operating at C-suite level, it encompasses the ability to craft for customers a complete, high-level and complex solution to meet a customer business need where the way forward for the business has already been determined by the customer."

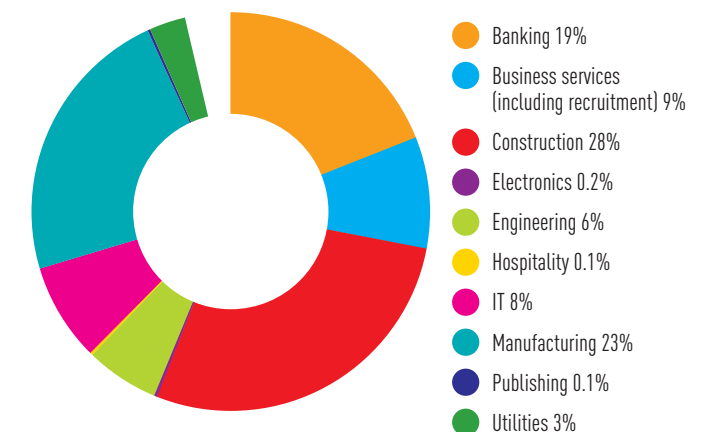
- 9% were among the top performers, demonstrating both high behavioural competencies and high skill.
- 49% demonstrated above-average behaviour and skill. In contrast, 51% were assessed for below-average behaviour and skill.
- 31% were assessed below average for behavioural competencies that indicate whether they are comfortable performing in this role.
- 37% were assessed to have below-average levels of skill (not even trained to average levels).
- 52% of solution salespeople have critical reasoning below the level required to respond effectively to complex customer expectations.

### Data breakdown, n= 377

#### By geography:



#### By industry:





# Is sales performance simply down to luck?

*Dr Beth Rogers reports from the 8th Annual GSSI Conference.*

Perhaps with some irony, the best paper of this year's Global Sales Science Institute (GSSI) conference was titled "From Managing Sales Activities to Managing Luck: Can We Attribute Sales Performance to Luck?" Author Joel LeBon, an accomplished sales researcher from the University of Houston, joined academics and industry practitioners at GSSI's 8th Annual Conference, which was held in the UK this year.

Any salesperson will know the feeling of relief when a "bluebird" order lands on the desk, especially if it arrives just after that almost certain order you promised the sales manager has backfired. Is this total luck? Some marketing activity or networking effort must lie behind every incoming enquiry. Gary Player's quote "The harder I practise, the luckier I get" and Louis Pasteur's "Chance favours the prepared mind" can both be applied to sales. As Joel Le Bon would put it, luck can be provoked.

Sales is starting to take off as a subject of study by business academics: the Sales Education Foundation now recognises 94 university sales study programmes worldwide. However, an educational field needs a body of research to sustain it. Like the *Journal*, GSSI's mission is to bring academics and sales professionals together to drive forward collaborations in sales research.

## New research

Besides presentations of academic papers, the conference encompassed contributions from senior practitioners, including Jeremy Noad of the Linde Group and Andy Hough from EMC. A field of study also needs to be energised by new researchers, and GSSI has always been welcoming to doctoral students: there was exciting new talent from Finland, USA, Canada, Belgium, Germany and the UK, alongside more established figures in the field.

True to its "global" remit, the conference opened with a session on selling in an international context, with contributions from Finland, France and Canada. These included thought-

provoking insights into the role of the personal brands of business owners and the importance of listening in intercultural selling.

The increasing role of knowledge in selling was also explored. CRM systems are becoming more useful and usable for salespeople, and the role of the salesperson in applying knowledge is becoming more critical as customers face information-overload from online sources. Contributions from the USA and the Netherlands explored sales professionals' formation and utilisation of networks, including a case study of a product diversification driven by the last major earthquake in Japan.

Networking was discussed in papers from Germany and Japan; also, during this session

Gerrard Macintosh from North Dakota State University in the US examined how use of social media and gender correlate with career success.

The balance of transformational leadership and transactional management is a fine one for sales professionals and there is now much more clarity about the importance of sales leadership for the performance of the sales function, demonstrated in the variety of studies discussed.

• **Further details about the GSSI 9th Annual conference in Japan can be found at <http://www.globalsalesscienceinstitute.org/>**



**Dr Beth Rogers**

Dr Beth Rogers is Head of the Marketing and Sales Subject Group at Portsmouth Business School. The school co-hosted this year's GSSI conference with Florida State University.

## What's on

### Awards

**Women in Sales Awards North America**  
18 June 2015, Fairmont Copley Plaza, Boston, USA

### Webinars

**"Return on Character – Why Values are Your Value", Dr Fred Kiel, part of the Summit Group's Global Sales Transformation Webinar Series**  
16 April 2015 at 10.00 US Central Time

### Conferences

**2015 Academy of Marketing Science Annual Conference**  
12-14 May, 2015, Denver, Colorado, USA

**"Sales Transformations", APS annual conference**  
10-11 June 2015, Hilton London Kensington

**Global Sales Science Institute 9th Annual Conference**  
12-14 June, 2015, Hiroshima, Japan  
For further information, please go to: [www.globalsalesscienceinstitute.org](http://www.globalsalesscienceinstitute.org)

**Sales Educators' Academy**  
24-26 June, 2015, Rollins College, Orlando, Florida, USA

**Academy of Marketing Science 18th World Marketing Congress**  
14-18 July, 2015, Bari, Italy

**The National Sales Conference & Exhibition**  
8 October, 2015, Ricoh Arena, Coventry, UK  
Described as the UK's premier event for the sales profession. Listen to keynote sales experts, as well as see products and services aimed at improving performance for sales professionals across the UK.

### Sales competitions

**Pi Sigma Epsilon Pro-Am Sell-A-Thon Regional Conferences**  
Pro-Am Sell-A-Thon regional competitions held in October and November

**Pi Sigma Epsilon National Convention Pro-Am**  
18 April, 2015, Houston, Texas, USA  
For more information visit: <http://pse.org/index.php/mainmenu-events/regconf/reg-schedule>

**Western States Collegiate Sales Competition**  
23-24 April, 2015; California State University Chico, Chico, California, USA



# APS ANNUAL CONFERENCE

In partnership with Corporate Visions

Wednesday 10th June 2015 – Sales Transformations

Thursday 11th June 2015 – Conversations That Win

**Hilton Kensington, London WU11 4UL**



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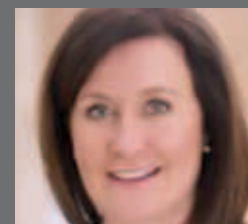
**Professor Zakary Tormala**  
Stanford University



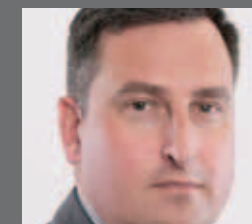
**Graham Davis**  
Sales Director, Royal Mail



**Martin Smith**  
Sales Director & APS Board Member



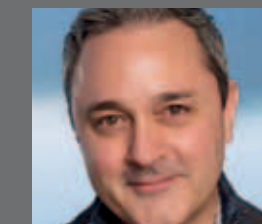
**Charlotte Campbell**  
Head of Sales & Partner Enablement EMEA, EMC



**Andrew Hough**  
COO, Association of Professional Sales



**Russell Ward**  
Founder, Silent Edge



**Tim Riesterer**  
Chief Strategy and Marketing Officer, Corporate Visions

**The Hilton London Kensington Hotel hosts the first annual Association of Professional Sales conference, which opens on 10th June. Entitled Sales Transformations, the programme features a world-class line-up of panel sessions and speakers who will explore the evolution and transformation of professional selling, and discuss where we need to be today.**

Day two on 11th June presents a specially prepared half-day conference around the theme Conversations That Win, focusing specifically on the ability of companies to articulate value – including sessions on the messages, tools and skills you need to have great customer conversations.

The conference fee is £150 for the full day and a half. You can also choose to just register for each day individually. Conference fees cover breakfast and lunch throughout the event.

**Please note** – Registration does not include your hotel and travel expense. If you need a room you can contact the hotel and they will provide you a special rate for this conference.

**NETWORKING** – Day one wraps up with a cocktail hour, an ideal networking opportunity for marketers and salespeople alike.

**visit [www.associationofprofessionalsales.com](http://www.associationofprofessionalsales.com) now to book your place**





# WE'RE GROWING SALES TOGETHER

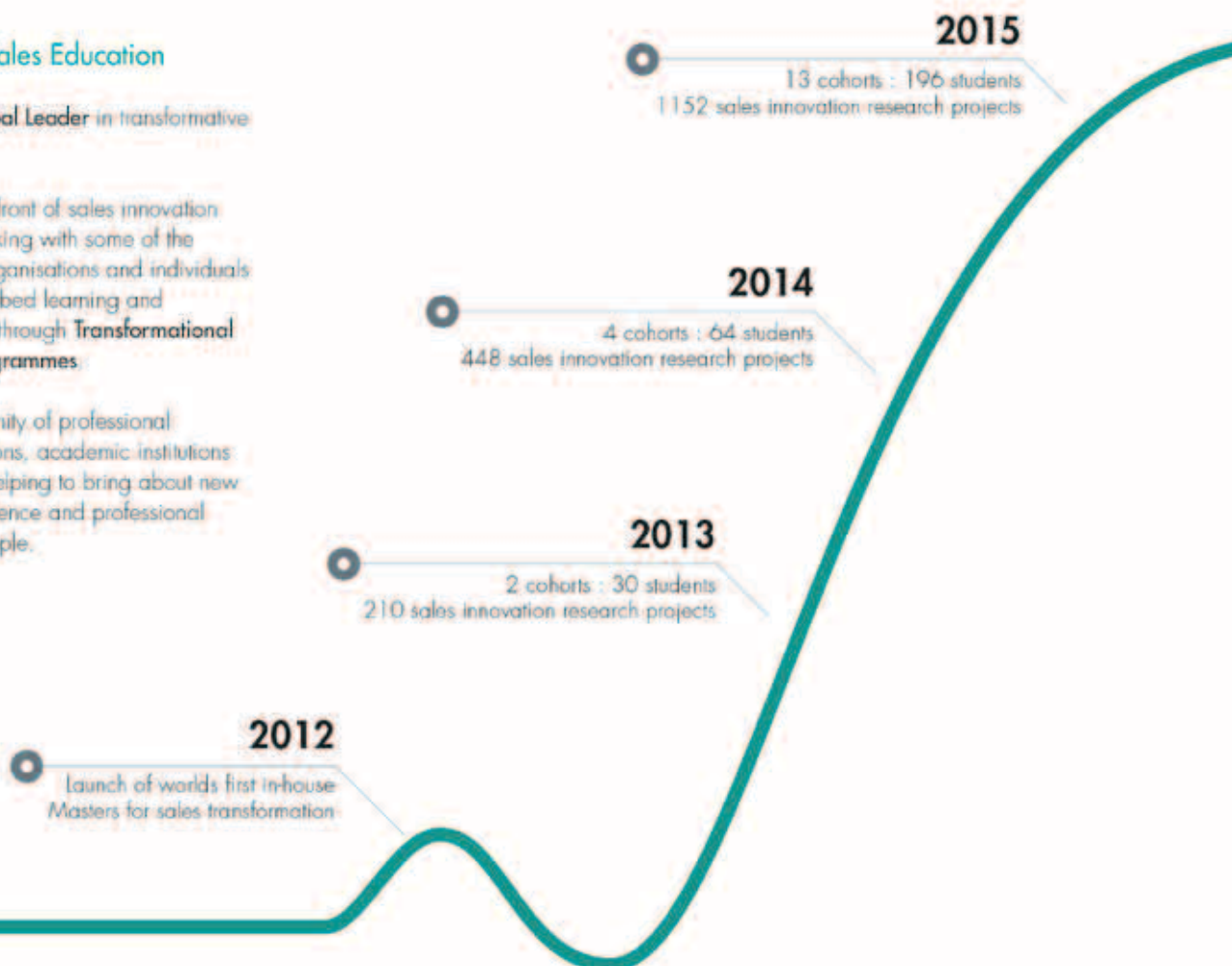
HELPING TO ESTABLISH THE NEW  
ECOSYSTEM TO PROFESSIONALISE SALES

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Consalia is a **Global Leader** in transformative sales education.

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