

Reinventing the sales function

 By Peter Gilbert

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Prominent sales authority, professor and author Neil Rackham states: "Irresistible new forces are reshaping the world of selling. Sales functions everywhere are in the early stages of radical and profound changes comparable to those that began in manufacturing 40 years ago. But one change outweighs all the others. The meaning of selling itself is shifting. The very purpose of sales is being rapidly redefined."



Consequently, sales organisations face a huge challenge, because there is no longer any sustainable competitive advantage through product superiority.

Author Jerry Stapleton points out that the second problem is that the sales rep's customers just do not need him or her any longer. At least, not the way they used to. Traditionally salespeople brought value to their customers by facilitating transactions and communicating information about their products and services. Almost overnight, these two core functions of the salespeople have been lost.

Belatedly, sales - long the corporate stepchild - is emerging not only as a topic worthy of academic and executive attention but also as the business function where substantive improvement is not only doable but also capable of delivering extremely attractive improvements in shareholder returns.

Sensible investment, handsome returns

In short, sensible investment in sales effectiveness produces handsome returns.

- Sales forces, rated as world-class by their customers, showed organic revenue growth of nearly 50% per annum over the last five years. All of this in recessionary markets.
- An increasing number of business-to-business (B2B) sales forces, facing the insidious effects of commoditisation and margin erosion, are focusing increasing attention on the very purpose of their sales forces. And many are concluding that sales is less about selling their wares, and more about making customers successful.

If you accept this assertion, the implications are profound. It changes everything. What you sell. How you sell. What kind of salespeople you recruit. How sales managers manage. How you align sales and marketing. How you are rewarded for the value you deliver. And the kind of relationships you have with your customers.

- In the US, there are an estimated 19 million B2B field salespeople and, over the next decade, this number is likely to shrink to about 10 million. The middle-ranking "*field sales rep*" who sells products, features and benefits is becoming irrelevant and unaffordable, and will be replaced by competent and well-qualified internal telephone-based salespeople, who carry out account management and other roles.
- This will create a requirement for highly educated, financially literate, business-savvy, well-trained consultant-type salespeople who are highly paid. These salespeople are in short supply, and there will be an increasing demand for universities to fill this void. In the US, around 60 universities now offer degree courses in sales, and 94% of their students are recruited before they graduate.
- In South Africa, finding a sales organisation with a clearly defined and articulated sales strategy is all but impossible. This results in lack of focus, confusion and appalling inefficiency.

- Some business processes have achieved extraordinary levels of accuracy and precision. Commercial airlines have a defect level of 3,2ppm, and electronic chip manufacture 3,4ppm. Sales, in contrast, not only tolerates but accepts as normal extremely low standards. Lack of process, poor adherence to process, hiring failure rates of 50% and sometimes higher, inaccurate forecasting, forecasting slippage, untrained sales managers, and much more. Massive improvement is both necessary, and achievable.
- According to ASTD in its 2011 report '[Developing Sales Teams that Win](#)', more than US\$15.5 billion is spent annually in the US on sales training. Yet, despite this level of investment, 'conventional' sales methods seem not to be delivering profit at the rates required by most B2B companies - and, as ASTD so elegantly put it - that's "[a] large investment to attain more mediocre results".

Sales effectiveness

Unfortunately, most discussions on sales effectiveness default to a discussion on sales training, which should actually be the last step in the sales enablement process.

- Sales effectiveness begins with an informed management decision to capitalise on the economic benefits to be derived from a highly effective sales organisation. The second step is to decide upon an appropriate go-to-market sales strategy for each business unit or line of business.

Many companies, trying to shed the shackles of commoditisation, are electing to play in the solution space. This, however is very challenging, and most fail to get any return on their investment, often because they strive to deliver value to their customers, but have no clue how much value they actually deliver, and find themselves unable to get paid for it.

- Customers are increasingly demanding ROI when purchasing large complex solutions, but few suppliers have an effective and credible mechanism for building a robust and logically unassailable business case. Those that do are achieving remarkable growth, with much smaller sales forces.
- Two other areas handled very poorly are recruitment and onboarding. Research by CSO Insight reveals that in a survey of some 2000 B2B sales force, on average, 20% of salespeople delivered 62% of revenues. In industries such as real estate, 10-15% of salespeople deliver about 80% of revenues. This is totally unnecessary and, with readily available tools and systems, a hiring accuracy of 90+ percent is achievable. The financial impact is dramatic.

In summary, a carefully considered, and well-planned investment in sales effectiveness will yield substantial financial returns, and a 50% improvement in sales productivity should be well within the reach of most organisations.

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