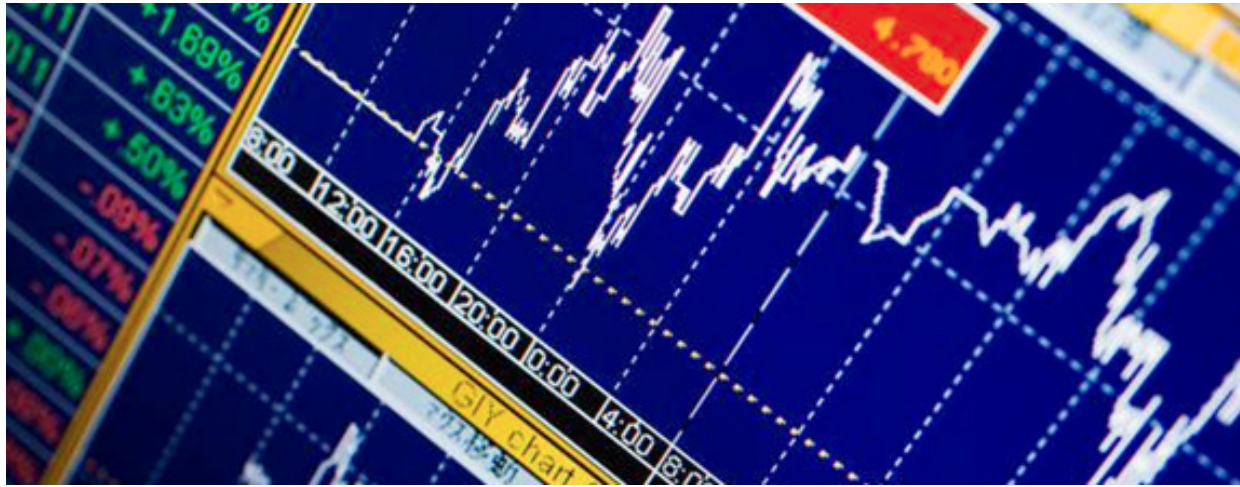


Sales force: 2015

What will your sales force look like in the future?



Back in 2006, Deloitte sponsored a Sales Executive Forum that brought together 50 senior sales executives representing a variety of industries and company sizes. The discussion during the session produced a thumbnail sketch of what these sales leaders saw to be priorities for their sales organizations over the next 5-10 years:

"The old stereotypes (such as Willy Loman, the iconic image from Arthur Miller's 1949 Death of a Salesman) are not only mostly false, but rapidly losing whatever grain of truth they once held... A more crowded marketplace, better-informed customers, more diverse sales channel options, and increasingly complex products and services are shifting sales from its historic focus on "star performers" to an approach that also depends on star coaches, world-class infrastructure and processes, and tight alignment with the rest of the enterprise."

Source: Deloitte 2006.

Of course, five very interesting years in the sales world have passed since that gathering, and many industry sectors have had unique developments as well. Given these events, it seems like a good time to reassess the conclusions from 2006. Will newly arising developments

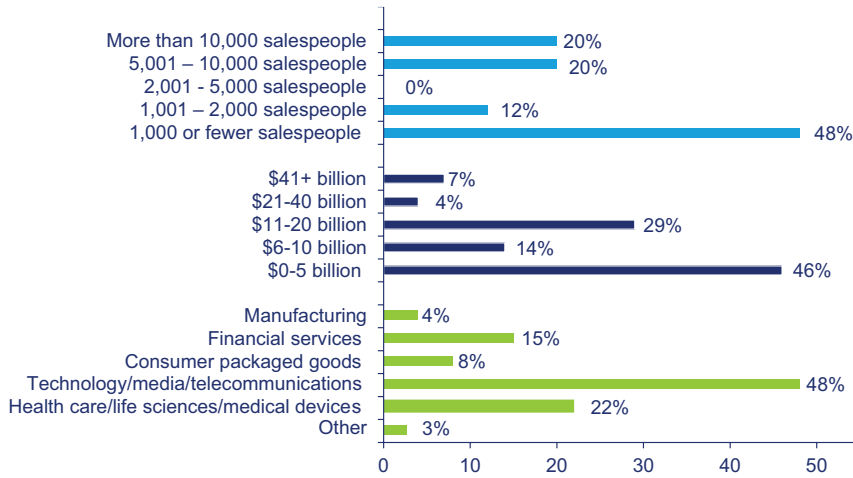
decisively reshape the sales organization that the 2006 group saw, as we look forward towards the middle and end of this decade? Or, does the vision of that original group still hold true?

From our perspective, many of the ideas from 2006 are still highly relevant. Skill set development, sales process improvement, and effective internal coordination, controls and governance all remain core issues that are being addressed by Sales leadership. But the new and uncertain marketplace; transition in the Sales talent pool; and availability of data and technology tools are likely to modify the way the sales organization will evolve. A leaner, greener, more nimble sales team that provides and captures improved customer value could be the result. But to get there, sales leaders may need to adapt to some sales concepts that look very different from their experience of what's been successful.

Valuable ideas from 2006

The sales leaders that gathered in 2006 had the benefit of a generally strong economy driving solid levels of performance, and could think expansively about the characteristics of a "next level" sales organization. The improvements they saw added up to a more systematic

Figure 1. Profile of the 2006 Sales Executive Forum Participants



Source: Deloitte 2006.

approach to sales that could harness and align the strength of their entire organization to be more productive — like a well-oiled and integrated sales army. Aspects of their vision spanned a range of connected elements:

- **Better use of customer segmentation.** Instead of simply using customer size or revenues to differentiate between customers, use an understanding of the customer's buying preferences and value to the company to align overall sales strategy and target sales channels to segments. Strive to develop a "customer experience" based on the sum total of interactions with available channels.
- **New selling skills.** Sales representative capabilities such as thinking from a business point of view, customer problem-solving and solution-selling, and cultivating relationships would take on increasing importance vis-à-vis more traditional sales prospecting and closing skills. Even back then, sales leaders saw there to be a shortage of talent having strength in those capability areas.
- **Improved organization and governance.** The group saw need to achieve better clarity in defining sales roles, more thorough "rules of engagement" to support more efficient coordination across the sales organization, and more team-oriented organizational structures to be designed. Additionally, coordination with other parts of the company was seen as useful for making big changes happen.

- **Better aligned support.** The group saw a mix of sales management, training and technology that needed to be deployed to enable their sales teams. While CRM had been around awhile, the group thought technology had been seen as too much of a substitute for good sales management. Sales Managers needed to recruit the right talent and coach their sales staffs more — particularly around "how to work with others".

These points still seem to be very relevant five years on, because the trends of increasing competition and complexity the group noted in 2006 have not abated — arguably, they have gotten more onerous. Companies continue to include these ideas within their longer-term strategic plans.

What else has happened since 2006

Although some of the noted trends have simply sped up, there have been new factors influencing the overall selling context for sales organizations (as well as sector-specific trends) that have had their impact, and will likely continue to do so in the future.

Macro-factors that have influenced sales leaders' mindset in the last five years include:

- **Recession and unevenness in recovery.** Deloitte's 2010 Strategic Sales Compensation Survey of 250 sales leaders revealed that 90% of respondents had to make reductions in their sales organizations — staff size, compensation, and/or investments — in the midst of the recent recession. Moreover, the reticence of buyers to increase their spending in the currently uncertain environment has prompted them to ask more of their suppliers or service providers, in order to increase/improve the value from their spending. For example, one distribution company reports that customers are now asking for more help and advice from their representatives, to make sense of their own business environment. Sales leaders' general response has been to focus their objectives on "brass tacks": get more sales in the door, since numbers may be harder to meet than expected; and find ways to delight customer segments who are willing to pay more, so margins can be justified where they still exist.
- **Strides in global marketplaces.** As more companies have been able to establish beachheads in China, India and other growing countries, they are finding that different national markets are at different stages in their

industry life cycle. Some are in introductory stages, some in early growth stages, and others in more established market stages — each of which imply that a different sort of sales approach is needed to serve the market well. Additionally, different cultures have different buying preferences that need to be recognized within a tailored sales approach. Local partnerships are sometimes formed to more quickly establish a market presence, which in turn also needs to be managed. The result for globally aspiring sales leaders is a jumble of localized sales approaches that need to be given cohesion.

- **New forms of everyday technology.** In the 2006 Forum, attendees rated email and cell phones as the most valuable technological aids to their sales teams' effectiveness. Looking back today, that answer seems almost quaint. For example, we've worked with sales representatives who run their territory through creative use of publically available smartphone applications for prospecting, routing, recordkeeping, and communication, and are beginning to explore effective tablet computer applications. We've also seen new generations of data analysis tools that capture specific sales data and/or freeform online comments with minimal administration, so that responsive actions can take place quickly. More broadly, the rise of online customer channels has created interest in developing effective ways to integrate the customer experience across multiple channels, which is redefining the interplay a direct sales force needs to have with its sister online, call center, marketing and customer service channels.

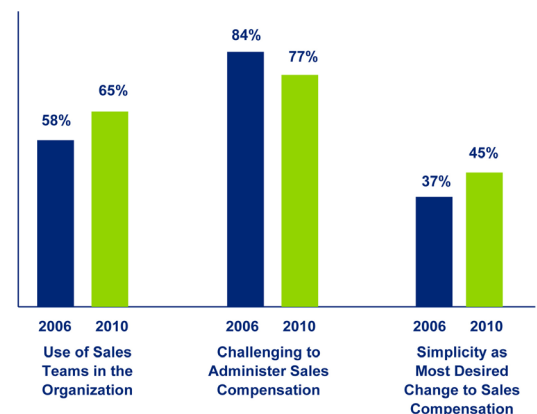
- **New customer and operational risks to be managed.** Risk management had not been something that sales leaders had needed to strongly consider and prioritize before the recession, but many sales organizations have had risk control elevated on their agendas. The behavior of their sales team and the incentives in place to motivate them can now look like potential red flags when assessed against new regulations and compliance requirements. Additionally, reputational risk with customers has become a larger issue, given the speed with which news of poor experiences or unanswered complaints can "go viral".

Risk management had not been something that sales lead. This all has sped up the pace of change and amount of complexity that Sales leaders deal with. Deloitte's Strategic Sales Compensation Survey offered a few glimpses into the rising complexity in Sales over the last five years: for example, use of team-based selling models had risen from about 1/2 of respondents in 2006 to 2/3 of respondents in

Interest in exploiting both new social media technologies and advanced analytical capabilities to make sense of newly available data are hot topics in today's Sales world.

2010; 3/4 of sales leaders perceived sales compensation to be challenging to administer; and the desire for "greater simplicity" turned out to be the most highly desired change in sales compensation plans (See Figure 2.) Sales representatives are finding themselves with even less of their traditional "lone wolf" independence, given team-selling, joint goals, shared pay and closer scrutiny of their sales practices. They will need to see "what's in it for them" and "how to win" before adopting well to changes.

Figure 2. Complexity in the Sales World



Source: 2006 and 2010 Strategic Sales Compensation Survey, Deloitte Consulting.

The next big Sales conversations

Assessing how these influences will manifest themselves in Sales over the next five years is inexact. But there seem to be some key decisions for sales leaders that could reshape the direction for Sales organizations in surprising ways:

- **Will strategic priorities remain biased towards efficiency instead of capacity?** The longer that overall market growth remains low, the more the sales organization will likely be asked to do more with less. Customers will continue to be tough on sales representatives, asking for real differentiation and value to justify higher prices

Risk assessment, mitigation and monitoring may also become necessary parts of sales infrastructure that tie into a company's overall compliance structure.

against cheaper options. Sales management may need to stay focused on tracking "outcome" measures and ratios for individual sales team members, such as close rates and lead/opportunity/deal percentages. There may be more perceived risk in making large investments to increase sales capacity or capability.

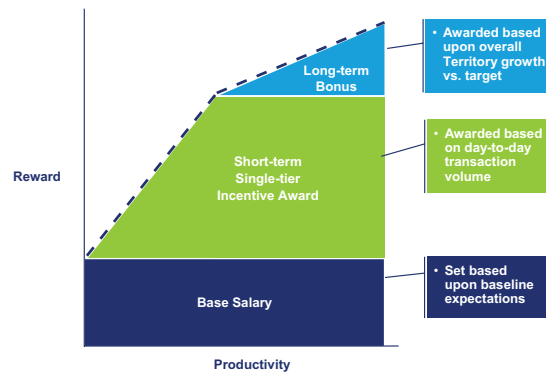
- **Will generational and technological change impact how sales are made to customers?** As succession towards younger generations of sales representatives occurs, it could be that the nature of the sales job itself will begin to change. Relationship-building with customers may exploit the pattern and preference for new, less direct ways of establishing contacts and interaction via social media. Face-to-face selling will likely still be key, but sales teams might be more judicious in its use to maintain efficiency. Additionally, the recruiting proposition of a selling role for incoming talent may change to reflect different preferences for work/life/reward balance; and the "up and comers" managers need to develop among the sales team could have more diverse skill profiles than before.

- **Will certain sales roles begin to disappear?**

Providing value to important customers implies a need for a cadre of business-oriented representatives who are capable of helping customers improve their companies. On top of that, cross-channel integration requires representatives who are able to succeed when so much more information is available to buyers. This subgroup may exist alongside a team of more volume-based representatives who target the many customers who are not interested in paying more for value. However, that volume-based sales group may be at some risk of having their force reduced, given the different ways customers have to leverage inside or online sales channels for basic interactions. Less sales focus on consumer markets may be one result, especially when a company decides to de-emphasize lower-margin consumer businesses, as has happened in the PC market.

- **Will a newly skilled sales support organization develop?** Given today's interest in useful analytics and customer feedback, potential roles in data assessment and new forms of reporting could emerge as new responsibilities for Sales Operations teams. Risk assessment, mitigation and monitoring may also become necessary parts of sales infrastructure that tie into a company's overall compliance structure. This function could potentially take the form of a "center of excellence" to help guide local sales teams and share promising practices from other regional sales teams, and perhaps to integrate sales and marketing organizations more closely.
- **Will global considerations overcome local market ones?** Selling processes and practices that are documented, relevant and realistically executable by the bulk of the sales team should still be useful tools for improving overall sales productivity. However, sales leaders may also need to allow for freedom for sales teams in local markets to innovate on their processes, in order to take advantage of creative use of apps or the customer feedback they gather. Both centralized and decentralized sources of value then could be brought to bear on the marketplace.

Figure 3. Balance of Short-Term and Long-Term Perspectives in Sales Compensations



• **Will traditional incentive compensation evolve?**

To encourage a business-oriented point of view, sales leaders could use incentives to motivate their sales team to balance short-term sales wins with longer-term relationship implications. Rewards may more often include a short-term measure (say, commission) and a periodic longer-term measure (say, quarterly growth against targets) to determine total rewards. (See Figure 3.) Or, less pay might be devoted to “easy” automatic sales, so that more dollars can be dedicated to more valuable achievements that push the company’s growth forward.

• **Will sales representatives ever change?**

The sales team has always been a unique group, though, and likely will continue to need unique treatment as they have through previous changes. Therefore the same care taken in helping prepare the sales organization for changes and putting

emphasis on “how to win” will be needed. Companies may continue to strive to simplify messages for their sales team wherever they can, in order to lessen the psychological distance to the future. Defining and deploying more focused sales roles through team structures could help, and also would enable companies to generate relatively efficient coverage models.

Potential outcome: a lean, networked and savvy sales force for 2015 and beyond

Taken in sum, these decisions draw a picture of a sales organization that looks a bit different than the vision from 2006 — less an “army”, and more an “intelligent network”. Increased selling sophistication is still a priority, but its impact would be enhanced by harnessing the

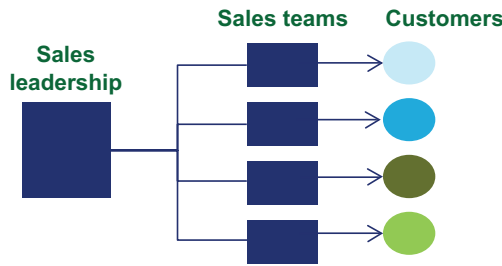
Sales Leaders may need to become comfortable with different paths to success than they have experienced before.

entrepreneurship, insight and networking capabilities of the team in the field (See Figure 4.)

Sales leaders may direct less than planned, but should support flexibility and create simple constructs for less critical sales processes wherever they can.

Figure 4. One possible 2015 scenario - from "Well-Oiled Sales Army" to "Intelligently Networked" Sales Organization

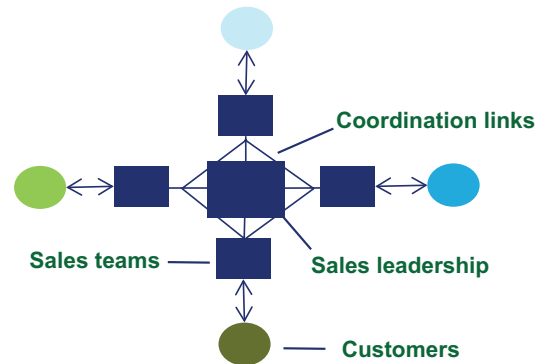
A well-oiled sales army sells smarter...



- Smarter segmentation
- Upskilled salespeople
- Clear marching orders
- Aligned and personal support

They may need to become comfortable with different paths to success in Sales than they have experienced before. Internal approaches will likely be needed to minimize administrative burdens; filter relevant information through aggregated data dashboards and performance scorecards; connect sales team members; outline "tiebreakers" between competing objectives and priorities; and adeptly use mobile sales technology applications. A well-conceived approach to all this combines elements of organizational structure, coordinating mechanisms, governance policies, and aggregating technology.

...An "intelligently networked" sales organization sells differently than before



- Leverages insights from "new" field and connect/spread across the sales team
- Rethinks organizational design, incentive compensation, and data tools for leanness and to handle new challenges
- Keeps the "way to win" as simple as possible

Closing

All in all, the wisdom of the Sales Executive Forum participants has not been diminished. Many of their ideas endure as good prescriptions for sales leaders to follow for the rest of the decade. But what we've experienced since 2006 will undoubtedly color the initiatives sales leaders will take on. The gain from capturing pragmatic, flexible responses to market, technology and generational changes may outweigh the costs of a quest for a perfectly synchronized sales force approach.

In the end, the result could be a more adversity-tested and durable sales model from which to grow sales effectiveness. Maybe Willy Loman would be pleased after all.

For more information on the article, contact:

Michael Vaccaro

Specialist Leader, Sales Effectiveness

+1 609 514 3628

mivaccaro@deloitte.com

For more information on Sales Effectiveness, contact:

Robert Dicks

DC Principal, Sales Effectiveness

+1 973 602 6160

rdicks@deloitte.com

Merritt Alberti

DC Director, Sales Effectiveness

+1 512 226 4420

mealberti@deloitte.com

Ed Basanese

DC Principal, Sales Effectiveness

+1 203 708 4727

ebasanese@deloitte.com

Larry Montan

DC Director, Sales Effectiveness

+1 612 397 4784

lmontan@deloitte.com

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.