

Sales Force Effectiveness: Aligning Sales Operation With The Motivation Hub

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INTRODUCTION

As traditional sources of competition are becoming progressively more difficult to sustain, companies are increasingly turning their sales and service models to create competitive advantage. Globalization and compressed product development cycles have challenged companies, who compete solely on product differentiation as sophisticated buyers are increasingly open to evaluating new sources of supply and value. In this environment, sales and service teams must become more adept at understanding value from the customer's perspective and delivering this value through a sales and service model, which balances customer opportunity and buying preferences with the internal cost to serve. The lack of uniformity of sales practice and commonality of sales process vocabulary will pose a barrier to sales organization effectiveness. Sales executives, managers and representatives all come from various sales methodology trainings. Hence, most internal sales organizations are a hodge podge of sales expressions.

There is a strong belief that business intelligence with data mining is going to have a major impact on SFE, since it brings totally new approaches and ideas to the segmentation and targeting process. Instead of '*Shooting Blanks*', this allows the sales force to target the right group of clients with the right messages. Even if the sales process reveals that targeting some groups of clients was not successful, pin-point targeting using behavioral patterns and data mining algorithms can produce good results in each cycle of the marketing campaign. Since the data mining algorithms are able to learn and incorporate new information and knowledge, with each new cycle, the segmentation of clients can be done with greater and greater precision.

Every cycle gathers new knowledge and if we are able to process the information with the right tools, the results can be stunning. SFE (Sales Force Effectiveness) could also get a major boost from integrating workflow technology into sales and marketing process. SFE has been driven to a large part by better access to data and technology and this has enabled this access. We can now access and integrate data on prescribers on real time, allowing much more dynamic planning. In addition, sales representatives can rapidly and easily communicate with their managers and headquarters and so, it is possible to see sales representatives' activity and forestall any issues that may be developing. Many organizations use competency based management programs as an over-arching framework for managing talent. Competency based management programs did not originate in the sales force, nor is their applicant unique to sales management. Using competency based management in the sales organization yields significant benefits to many fields and it offers enormous potential to sales and human resources leadership keen to establish a competitive advantage based on their sales organizations.

Competency management programs allow companies to improve recruiting, employee development, performance management and succession planning. Competency management programs benefit sales and sales management personnel. Answering with clarity the questions, '*What Does Success In Our Organization Look Like?*' and '*What Kind Of Behaviours And Performance Matters?*' such clarity focuses training and coaching in ways that return on investment, employee morale and sales force productivity.

LITERATURE REVIEW

To truly understand and fulfil the needs of customers requires focus and alignment of the whole organization from the way that strategic direction is communicated internally and externally, to the skills and behaviours that the people in the organization demonstrate on a daily basis. The concept of the value chain runs through the whole customer experience in an organization and is in play 24/7, 365 days a year. It is perhaps the only thing that an organization can truly rely on today to differentiate itself.

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The ever changing environment in which companies promote their products has become increasingly tough over recent years. The industry is under increasing pressure to deliver greater productivity from their sales forces. Best practices, LLC has developed an integrated set of tools and techniques including: proprietary databases, surveys, lessons learned interviews, site visits, multi-industry assessments, insightful decision support tools and unparalleled access to high level contacts at industry leading organizations across the globe. The results are best practice research, analysis, competitiveness review and insight that enable organizations to evaluate total productivity and improve growth, cost position, process design and overall operating effectiveness. Their research on sales force effectiveness highlights some of the key attributes

✳️ **Design And Administration Of Sales Training Programs:** The importance of employee training and development is indisputable. However, improvements can be made to the management of such training programs. Companies often have a multitude of training programs for different job types and levels. To save time and money, organizations are now looking at ways to streamline their training programs by leveraging resources from other departments or product lines.

✳️ **Benchmarking Sales Performance Management Structures:** Companies across industries are continuously challenged with optimizing the productivity of their sales force. The findings from this research study will provide executives with insights on identifying key metrics for sales performance measurement and developing management structures that ensure ongoing sales force development.

✳️ **Incentive Compensation In Sales:** Aligning people, performance and pay - incentive compensation within the sales force facilitate to motivate high performance, support team based selling, improve employee retention and increase sales.

✳️ **Benchmarks For Excellence In Account Management :** Account management organizations face the increasing challenge of delivering and communicating business values that impact their internal and external customers. With this study, *Best Practices*, LLC takes a comprehensive look at the top performing account management functions, organizational and operational models, services and activities, performance measures, value demonstration and communication strategies.

Brett Benbow, Business Information Manager at Lundbeck says: *"Deploying a sales force effectively has always been a challenge. However, with the multitude of available data sources, it can sometimes be difficult to see the wood from the trees. They have deployed several data feeds across multiple hierarchies and have been able to evaluate the impact of a given change at various levels. The ability to flexibility and dynamically match and import multiple data sets has enabled Lundbeck to both monitor and fine-tune its sales force strategy and to quickly disseminate information back to the front line in the form of maps, graphics and Boston matrices. This provides an immediate benefit in driving actions from data, which would not be possible with a conventional CRM data warehouse arrangement."*

A Business Information Manager at another leading pharma company says: they used a data merging and analysis tool to combine two completely different data sets - one was purchase data, the other usage data. By matching these 2 data sets automatically at 2 postcode levels, it was possible to analyze the market pattern of the 2 data sets against each other. The analysis was then used to direct the sales force. From this information, the company could determine where the parallel imports were impacting on sales and define local strategies for targeting these areas by re-allocating territories.

The sales management role is one of the most challenging tasks in any organization. Sales managers have a daily struggle between managing the execution of the company strategies and pressures from above and the day to day challenges of supporting, developing and coaching their sales team. Sales managers need to recruit and continue to develop the highest quality sales management group in their industry.

RESEARCH DESIGN

A multiple choice questionnaire was designed to conduct the interviews. The results obtained were as follows -

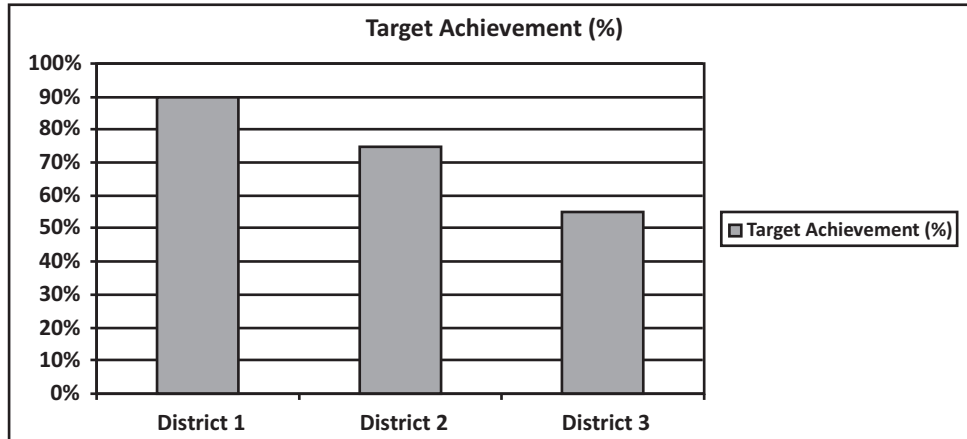
1) Product Focus Vs Client Focus

District 1 : Client Focused Strategy

District 2 : Product Focused Strategy

District 3 : Push Strategy

Figure 1



❖ **Client Focused Approach**

- ❖ Concerned About the client;
- ❖ Questions and Discussions;
- ❖ Listens;
- ❖ Discuss the needs of the client;
- ❖ Provides benefits;
- ❖ Find out the needs before presenting the benefits.

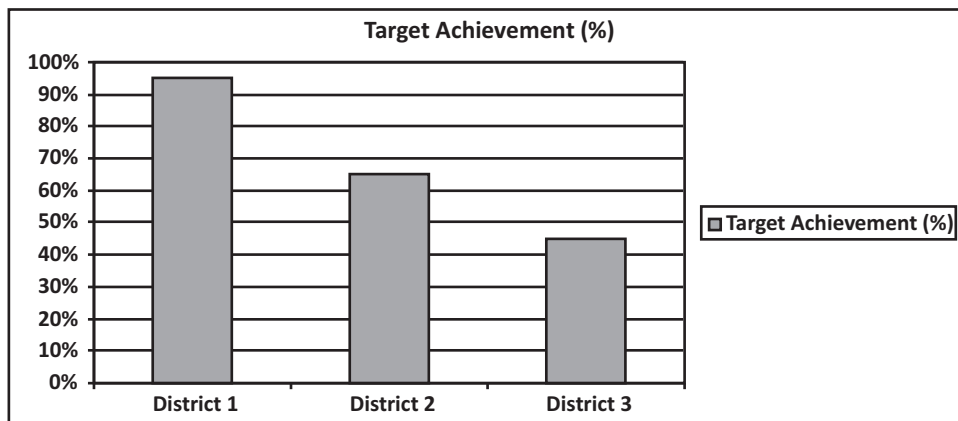
❖ **Product Focused Approach**

- ❖ Concerned with self;
- ❖ Has canned presentation;
- ❖ Talks;
- ❖ Pushes the product;
- ❖ Presents features;
- ❖ Presents the product without asking about the needs;

It has been observed (Figure 1) that District 1 is performing well as they are catering to the needs of the customers. District 2 & 3's poor performance may indicate that they have followed the push approach without asking about the needs of the customers.

2) EFFECTIVE COMMUNICATION AND PRODUCTIVITY

Figure 2



District 1: Followed 6C's Communication approach;

District 2: Followed more than 3C's and ignoring others;

District 3: Followed 1 or 2C's and ignoring others.

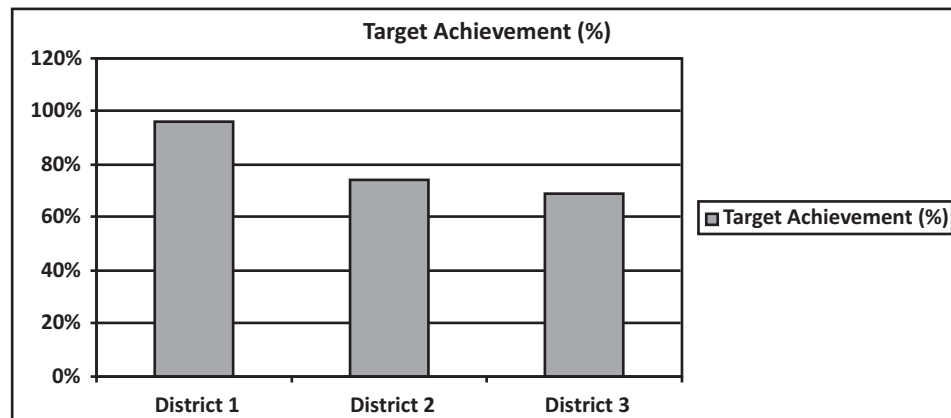
6C's Communication Approach

- ✿ Clarity
- ✿ Completeness
- ✿ Conciseness
- ✿ Consideration
- ✿ Courtesy
- ✿ Correctness

The above data (refer to Figure 2) shows that it is necessary to follow the right communication strategy. So that the right message would be communicated to the right set of customers.

3) FREQUENCY - GOAL ACHIEVEMENT

Figure 3

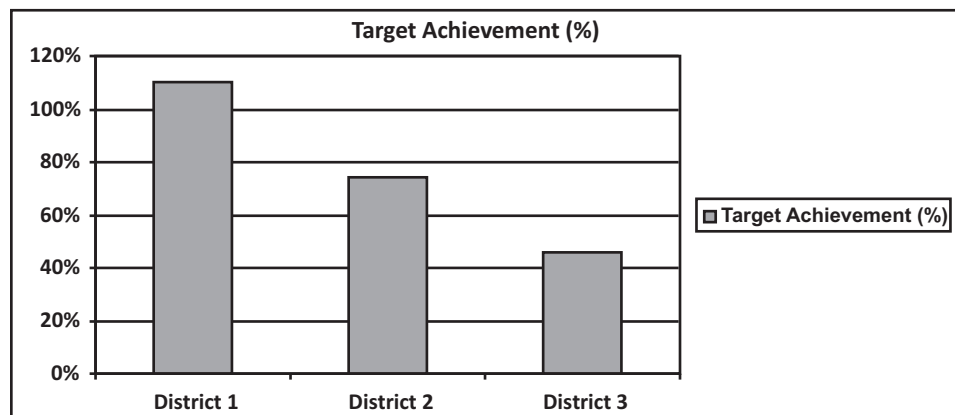


✿ In this example, other factors being roughly equal, we would expect District 1 (Figure 3) to significantly outperform the others because of its superior frequency attainment on key customers.

✿ Measuring the quality of the customer target list is an effective tool for improving market coverage and incremental sales.

4) INCENTIVE COMPENSATION IN SALES: ALIGNING PEOPLE, PERFORMANCE & PAY

Figure 4



Incentive Compensation Strategy

District 1 : Fair & easy to understand;

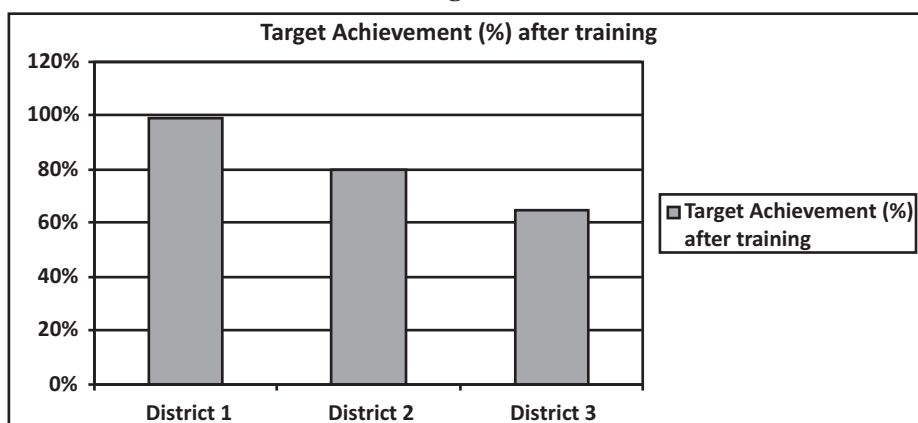
District 2 : Fair but difficult to understand;

District 3 : Unfair & difficult to understand;

The above data (Figure 4) highlights that incentive compensation within the sales force motivates high performance, support team based selling, improves employee retention and increases sales.

5) UTILITY OF TRAINING - UPGRADING KNOWLEDGE AND MOTIVATION HUB

Figure 5



District 1 : Excellent Training along with recognition (Motivation Hub);

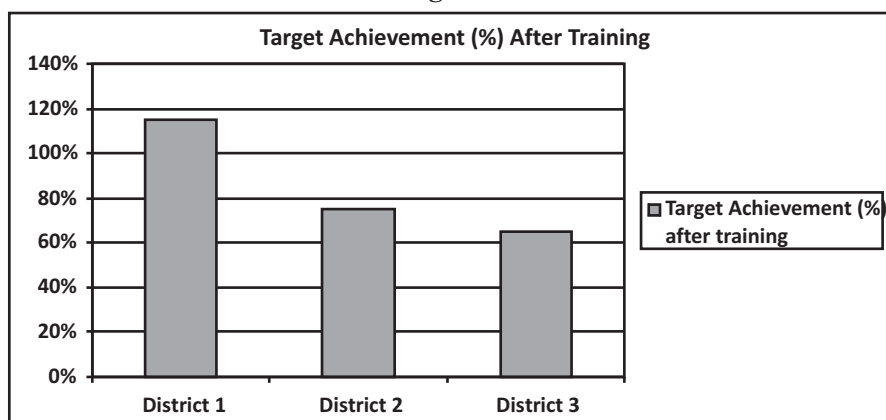
District 2 : Excellent Training without recognition;

District 3 : Average Training without recognition.

It (Figure 5) provides insights into how companies across industries move internal sales associates as well as new hires through their sales training program & drive consistently & ultimately increase revenue. Human resources & training managers can use the metrics & best practices featured in this document to assess & optimize their sales training programs in terms of staffing, design, administration & oversight.

6) SALES MANAGERS EFFECTIVENESS

Figure 6



District 1 : Supporting and Rewarding;

District 2 : Supporting but less Rewarding;

District 3 : Less Supporting & Less rewarding.

It highlights (Figure 6) that sales managers need to recruit & continue to develop the highest quality sales management group in their industry.

RESEARCH RESULTS

The sales department holds the key to top-line growth. They are the guardians of the customer relationship and the first line of defense against competitors. An efficient, high-performing and highly motivated sales team is critical to any businesses. Many businesses fail to see the competitive advantage that is locked away in poorly performing sales teams.

To get the best from your sales force, the organization structure needs to be matched to your current and expected

trading conditions. Different strategic goals, market conditions, competitor activity and your current product and service suite - all call for different sales organizations structures.

Salespeople must have the right selling, relationship development, prospecting and other skills to find, develop and close deals. The sales skills and competencies required by the organization often change over time in line with changes to strategic direction or market conditions.

A clear competency framework against which all members of the sales team are regularly assessed will help to maintain and improve performance. Ensuring there are consistent, standard presentation materials and support collateral also delivers major benefits in ensuring salespeople operate best-practice.

There is a need to invest time and money in marketplace & product analysis. The sales management role is one of the most challenging in any organizations. Sales managers have a daily struggle between managing the execution of the company strategies and pressures from above, and the day to day challenges of supporting, coaching and developing their sales team.

Clearly, incentives can be an important element in motivating sales representatives; however, they need to be matched to the behaviours and metrics that will dictate sales force effectiveness for the sales team as well as complying with codes of conduct in the individual country. In an SFE (Sales Force Effectiveness) model, for example, incentives should be based on achieving optimal coverage of frequency on target doctors and not simply on call rates. If the targets are set and measured transparently, the vast majority of sales representatives are motivated by achieving or exceeding them, be they related to the amount or value of what they sell or a number of target health professionals seen. To then reward success with financial incentives is vital; however, it is also important to remember the value of recognition both individually by managers and amongst their peers.

Also, Key Performance Indicators (KPIs) should be an amalgam of quantitative measures such as calls on target customers, days on territory and sales data, together with more subjective qualitative measures such as individual representatives' performance against a range of competencies such as planning, negotiation, and communication skills.

CONCLUSION

Benchmarking and the creation of performance dashboards and other reporting tools enables in establishing territories that are performing better against sales forecast, and how the sales organization is stacking up versus competitors. Identification of key performance indicators, and ongoing measurement against them, allows for better goal setting as well as recognition and compensation of star performers. The simulation techniques to determine things such as combinations of sales reps, products and territories that will offer the best likelihood of meeting forecasted targets, or compensation plan designs that will have the most motivating impact on various segments of the sales force.

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