Sleepless in Sales

The demand exists, the product is good, and the sales team is working harder than ever. Yet you are still losing sales. Different times require different solutions, and B2B companies need to find them.
It’s 3:15 a.m. Awake again. My brain won’t shut off. Why are sales down? Our product is competitive, clients like it, and we’ve run all of the obligatory sales improvement programs. Maybe it’s the sales team. They keep saying it’s tough to keep up with so many customized products. If they can’t master our products, how can they sell them?

Our customers expect us to be agile and flexible. They want a better sales team—salespeople who are specialists in either the industry or our product and preferably both. They want faster responses and real information, and they want it 24-7, whether by email, instant messaging, or what ... Twitter? Seriously? I’ll get the team together in the morning to figure this out. Again!

Sales is a whole new animal—especially B2B—and companies worldwide know they need to radically alter the way they operate.

If you are in sales, this fictional example of a sleepless chief sales executive should hit close to home. There is a lot of late night tossing and turning thanks to more channels, regulations, complicated products, and demands from more customers. Sales is a whole new animal—especially business-to-business (B2B) sales—and companies worldwide know they need to radically alter the way they operate. We have four suggestions to do just that (see figure 1).

Figure 1

Four strategies to address the new challenges in business-to-business sales

Source: A.T. Kearney analysis
1. See Your Customers in New Ways

It is natural for salespeople to visit customers with whom they have had some success. It is also useless. Instead, find out what your customers want and by extension their true sales potential. Otherwise you are leaving a lot of money on the table (see figure 2). Salespeople who do some digging to get a better understanding of a customer’s needs and requirements are more apt to ask the right questions, the kind that will close the deal, rather than relying on vague market research. One client, a leading telecom operator, came to us after mistakenly counting on market research rather than trusting the basic knowledge salespeople had about a customer’s preferences in handsets. Some of the knowledge was anecdotal, learned in conversations over lunch and was largely discounted. When the customer switched to a competitor, the operator lost millions of dollars in revenue. Had the operator moved on its own information—doing targeted research to confirm its customers’ needs, likes, and dislikes—it might still have this customer today.

Figure 2
Assess current customers on the basis of sales potential

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1 Mass market channels includes telesales, eChannel, and distributors.
Source: A.T. Kearney analysis
2. Rethink Your Go-to-Market Strategy

Everyone has and needs a sales force, but why rely on just your own? In this new world order, you need to have tentacles everywhere to cover the market, and there is no better way to get full coverage than through strategic partnerships that offer more access to clients, more flexibility, and entry into new, global markets (see sidebar: Power in Partners). This is precisely why the number of partnerships in B2B industries is growing—high tech, telecom, engineering, and consumer electronics are all invested.

There are several kinds of partnerships, from competitive to cooperative—each designed to address the needs of different customer segments. Cooperative works best with larger customer segments to capitalize on the best capabilities of each, while competitive partnerships can be used to address the smaller segments. Caterpillar and Cummins use both approaches to partner with value-add suppliers in the BRIC countries. HP leveraged its existing business partners to break into 15 new markets in Asia Pacific with a new product category—enterprise printers. It is quicker and more efficient than establishing your own direct sales force.

Partnering need not be restricted to one country. In fact, it is a good way to get into international markets without the risky build-up of a large footprint. We usually recommend partnering with distributors or agents with solid sales teams and then setting up a hub-and-spoke for your own sales team. This can be as effective as parallel setups in a single country.

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**Power in Partners**

A leading company in the lighting industry and a top French retail bank found strength in numbers—using two very different approaches to achieve their respective goals.

The lighting company was struggling with two new trends—the use of lighting as a design feature more so than for “light” and a new industry preference for complete solutions that consider the environment, installation, timing, and light control. Its partners were mostly basic light-fixture installers, so to deal with the first trend, the company formed new partnerships with an emerging profession of light designers. For the second trend, targets and incentive systems were adjusted to focus on complete solutions, and salespeople began visiting clients jointly with their suppliers to make sure the right value proposition was presented. Today, when asked about its adjustment, the management team points to two success factors: bringing strategy, marketing, and sales into the planning process and recognizing the need for a sales force overhaul. “We knew the industry was changing and to keep up we would have to make some major adjustments,” explains a vice president. “Looking back, our focus on improving sales performance was the key. We put tools, processes, and training programs in place to make sure our people and partners were prepared for the new world order.”

The French retail bank has a different story to tell. Executives wanted to move the needle on their tally of high-net-worth customers by offering products and services to attract them, and setting up a dedicated sales force to do the heavy lifting. Speed is essential, so they pursued a joint venture (JV) partnership with an independent financial group that had a strong established record in private banking. The two companies ran a series of joint workshops to define the product and service offerings, revenue models, and organizational support, including identifying IT and sales force requirements. “The success of this JV, ” an executive later explained, “was due in large part to advance planning and a tightly written contract that laid out all of the conditions of the partnership. I can honestly say, there were no surprises.”
Also, as firm believers in separate go-to-market sales strategies for every business unit and region, we recommend letting your partners in on the “nuts and bolts.” Outline the segments to focus on, what roles to play, and what types of partnerships work best with which customers. You have to understand each partner’s unique capabilities and assign customers accordingly, and be ready to reward and support your best partners and reorganize or excise the worst.

Every good go-to-market strategy has six things in common:

- Clear strategy and shared vision
- Rigorous partner selection
- Governance that keeps everyone working within the rules
- No-holds-barred performance monitoring
- Constantly nurtured relationships
- Candid and upfront exit conditions

3. Change the Way You Interact with Customers

Our sleep-deprived fictional chief sales executive worries incessantly about the new expectations customers have for their salespeople. What he doesn’t know is that delivering on the expectations is not that difficult. It requires some more internal collaboration and better communications skills.

Internal collaboration means doing away with silos, where the sales organization is separated from marketing, R&D, and customer service. Silos lead to meet-and-greet customer visits. Tear down the structures between functions and become more flexible; create informal sales teams that bring the best possible expertise to your customers on an as-needed basis.

Customers want a better sales team—salespeople who are specialists in either the industry or our products and preferably both.

And have the right people on the team—industry and product specialists who can perform at different levels depending on the customer’s needs. We helped a packaging equipment maker figure out a better way to serve its customers using temporary project teams—pulling in the right people as needed for every bid. Essentially, it is a module approach to sales and service. When a customer in Asia wants polyethylene terephthalate (PET) bottling equipment, a team is put together that combines knowledge of the client, regulatory requirements, and PET technology.

Further, always match the mode of communication to your clients. Instead of on-site appointments or phone calls (and email to some extent), get into social networking. A salesperson with a Facebook page, a Twitter account, and a blog means faster, more cost-effective interactions and turnaround times. It also means more employees at customer sites are touch points.
4. Update, Update, Update

A good sales force no longer begins and ends with a traditional customer relationship management (CRM) setup. Mobility is what matters now. Smartphones, tablets, and laptops with Wi-Fi all provide instant access to customer information (via mobile CRM) and a means to show video product demonstrations and the latest research, and to hold online meetings. Automated workflow systems link the front office, backoffice, and delivery, speeding up sales and releasing salespeople from mindless paperwork to do more productive work—like selling products.

Smartphones, tablets, laptops, Wi-Fi. The more technology you have the more you will attract “new blood” into the company.

Two examples: Chatter, salesforce.com’s networking site, and Socialcast, VMware’s employee connect and share program, provide sales teams with 24-7 access to information, from answers to client questions to delivery status to training. In fact, a building equipment manufacturer struggling to train a sales force in locations around the world issued iPhones and iPads to its salespeople with sales training apps. People could be trained on demand and in the field; other apps are being used to prepare bids and support sales arguments. And the more technology you have the more you will attract “new blood” into the company.

The Intangibles Count

One unappreciated aspect of sales is talent, and the question of whether or not your sales teams are up to the new challenges: Can my salespeople address more complex requirements? Are they capable of working in networked teams? Using state-of-the-art technology? Social networking? If the answer to any of these questions is no or maybe, then talent management should top your list of priorities followed closely by incentives. By incentives, we do not mean rewarding pure sales success—the numbers. People have to be rewarded for getting everything right, including those vague, unquantifiable things like happy customers, speed, attitude, and judgment. Nothing beats a flexible attitude paired with the right incentives. Your people will shine.
The Cure for Insomnia

Everything discussed here requires a fundamental change in thinking about your sales organization. Many of our clients are introducing these ideas and getting results. Although it is too early to cite the hard numbers, anecdotally, we hear fewer complaints about sleepless nights. It could be that operating from a position of strength is the cure for insomnia.

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The signature of our namesake and founder, Andrew Thomas Kearney, on the cover of this document represents our pledge to live the values he instilled in our firm and uphold his commitment to ensuring “essential rightness” in all that we do.