How leaders get the most out of their salesforce

For companies focused on growth, one of the biggest opportunities is making sales more productive. But running a company's sales engine at peak performance takes more than a tune-up. And no selling organization can afford the luxury of taking the engine apart for an extended overhaul.

The leaders handle this dilemma by focusing first on their critical customer segments and introducing radical improvements to their sales and channel management processes where it matters most. It takes the right value propositions, resources and support systems, aligned consistently with the organization's strategic goals, for reaching key customer segments. It also requires incentives with metrics to guide the salesforce to "behave like owners" and deliver growth.

Six tools can radically improve sales productivity and power profits

When sales organizations follow this comprehensive approach, they perform. We have seen companies increase profitability by as much as 25 percent over sustained periods. Results begin to accelerate in the first year, while the full boost typically kicks in over two to three years.

The rigorous approach that drives these kinds of improvements in productivity and growth typically starts with an end-to-end assessment of the different elements of a company's selling system. That informs a sequence of actions quarter by quarter to increase sales reliably without disrupting a company's current revenue streams—a real risk when sales organizations attempt uncoordinated improvements.

Bain's approach to improving sales productivity and growth, called TOPSales, is based on the best demonstrated practices of sales organizations in many industries and regions:

- **Targeted offerings:** Identify and focus on the highest-priority customer segments with products and solutions that are bundled and priced for maximum revenue, retention and renewals.
- **Optimized tools and procedures:** Develop the right cadence for monitoring the results of customer-facing selling efforts in a timely way, and then reinforce it with effective forecasting, lead generation, back-office technology, support and service.
- **Performance management:** Recruit, train and retain high-potential sales teams; track key measures of their performance and motivate them with pay and incentives that reward success on companywide, as well as individual, metrics.
- **Sales resource deployment:** Develop the right coverage model for each customer segment; assign responsibilities and design territories to make the best use of scarce resources.

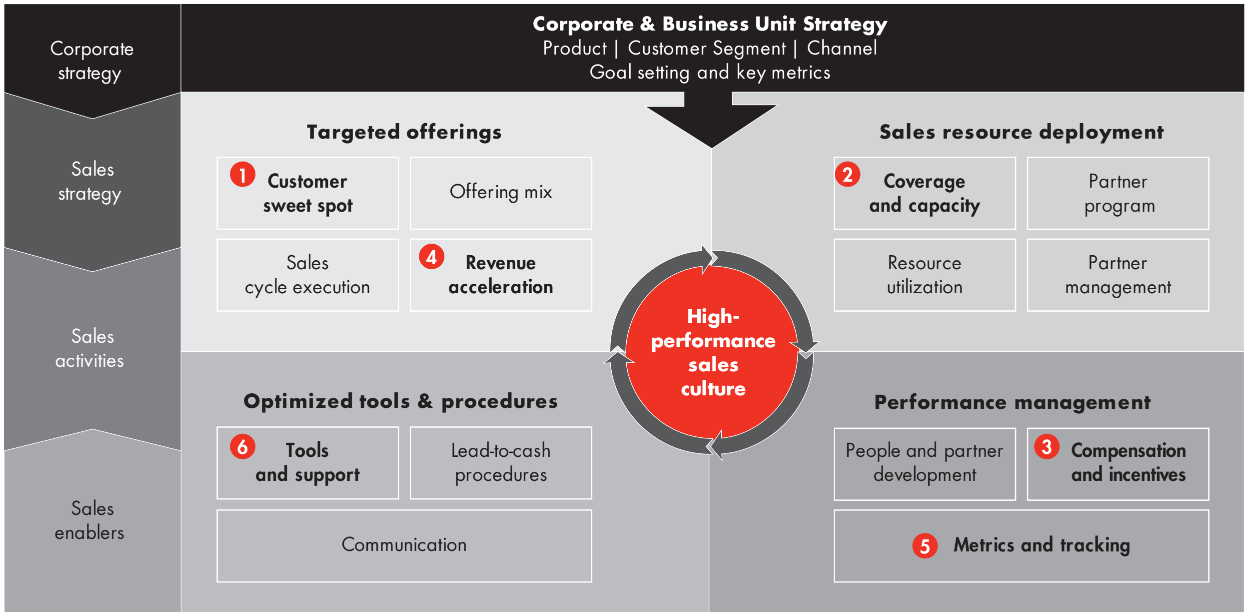
Companies that need to tune their selling systems have several effective tools to choose from (see Figure 1). The challenge is knowing which tools to apply, where to apply them and in what sequence. When we analyzed 25 successful transformations, six TOPS tools emerged as the most frequently used with the best results in terms of creating the highest value.

1. Customer sweet spot: Zero in on your highest-value customers

If the salesforce and channels don't know which customers are most profitable today or in the future, then any segmentation strategy is futile. Yet this failure to "operationalize" segmentation continues to frustrate sales organizations of all sizes and across all their channels, direct and indirect.

Leading sales organizations know how to identify and invest in customer "sweet spots" throughout the sales pipeline, starting with lead generation and qualification. They spell out which messaging and value propositions to use with each segment during discovery, proposal and close processes; how to deliver the value proposition; and how to provide the right level of support for the most attractive customer segment after the sale. They also pursue sales opportunities using two key criteria: segments with the most attractive customer lifetime economics and those where the company's distinctive value

Figure 1: The TOPSales framework



proposition wins consistently. When companies do this well, they train their sellers when to double down—and when to walk away, which is more difficult.

One US equipment services company discovered that it was actually a leader in the wrong customer segments. With hundreds of decentralized outlets, it was the biggest provider of one-off rentals to individuals—but at the expense of inconsistent levels of service to its largest clients. That changed quickly after the firm carefully investigated its customer economics. Switching to a single-branch point of contact for key national accounts, the company rapidly gained several points of share against competitors and substantially increased loyalty among the customers it valued the most. By retargeting its sales priorities, the company also lowered its sales cost by $10 million in the first year and saw its stock price rise by more than 120 percent.

2. Coverage and capacity: Match the right customers and channels

Technological innovations, maturing markets and more sophisticated buyers have opened a host of routes to the customer. Today's choices are increasingly complex: Which segments require direct approaches like in-field sales reps, telesales, self-service or the Web? Which require indirect methods such as value-added resellers or distributors? Effective sales organizations choose deliberately, based on economics, selecting the channel that is most cost-effective, yields full revenue potential and ultimately exceeds the expectations of their target customers.

Consider the way one advertising and media company used customer insights to tailor its value propositions and redesign its channel strategy. Seeing print advertising sales drop precipitously, the company urgently needed to shift to digital formats. Yet the salesforce had a hard time embracing the change, in part because they lacked the skills and training, but also because the situation demanded a radical shift in sales approach.

Recognizing the need for an end-to-end view of their selling system, the company started by identifying priority segments and accounts. It used historic internal data on print ad sales, supplemented with external industry benchmarks projecting digital purchase potential.

Once it determined the highest-value accounts, it reassigned them to trained sales specialists. It equipped team members with estimates of each account's growth opportunity and worked with them to develop a customized multiyear sales management plan. At the same time, the company redesigned its channels to support lower-priority accounts through telephone sales teams. With the shift in focus, the company's digital sales are on track to increase by more than 75 percent, year over year. Critical to this growth was matching the right value proposition and channel to the right segments, at the right time.

3. Compensation and incentives: Align individual success with growth

Most sales executives understand that compensation practices affect their companies' ability to recruit and retain top talent. Yet surprisingly, few design compensation plans to achieve growth targets.

The key is linking compensation structures with business goals such as penetrating new markets, winning new customers and cross-selling successfully. When compensation design is framed this way, it forces important questions: Should a rep be paid this year for the same amount of new business as last? Must the rep increase business even more to get the same pay? The right answer depends on the company's business model, but regardless of how it is tuned, compensation system design has a dramatic effect on future performance.

For example, a major European business services company found it was losing top sales recruits because of its compensation scheme. By benchmarking best practices within its industry and among other sectors, it discovered that it had actually institutionalized underperformance and adversely narrowed its hiring selection. Its total compensation package fell below the industry standard, yet a large proportion of reps' pay was guaranteed, rather than tied to performance.

The solution was not to shift to variable compensation across the board. The firm also had to allow for the productivity expected from junior versus senior representatives. So it expanded its bonus pool to reward sales stars in select accounts. The effects were dramatic in morale, the recruiting of talent and effective teaming—all parts of a high-performance sales culture.

With a clear understanding of target segments and the right resources for each channel, the company booked an additional 14 percent of operating profit in the first year.

4. Revenue acceleration: Stop leaving money on the table

Some of the biggest profit uplift potential comes from selling more—and smarter—to the current customer base. Two fast ways to boost both the top and bottom lines are to tighten up pricing discipline and to engage in focused cross-selling to the most promising segments.

The experience of a broadcast company illustrates how an organization can use both tactics to regain growth momentum. Amid an industrywide buildup of advertising time, the firm faced increasing buyer demands for rate discounts to close sales. That was a major challenge to the company's long-standing revenue management process, which relied on an overwhelmed sales manager to allocate time slots on the fly based on previous years' demand patterns. But as demand continued to fall, this system broke down, leading to deeper and deeper discounting.

To counter the pressure, the firm shifted pricing decisions to a centralized revenue management organization to develop a market-pricing strategy for each priority market. The revenue manager introduced price packages that reached across programming time slots to absorb unsold inventory. In secondary markets, the revenue manager counseled sales managers on how to negotiate rates that ensured the best revenue yield. Using new decision-support tools, the field sales staff was able to identify potential holes in the programming schedule and craft actions to maintain rate discipline.

Pilot tests confirmed the approach. Revenues grew by between 10 and 15 percent in the test markets, while they remained flat or fell in markets where the new techniques weren't applied. Just as important, the new approach gave local business units their first real-time view of how their decisions affected their financial performance, empowering them with the right data, at the right time, to avoid further rate declines.

5. Metrics and tracking: Measure what matters

Companies get results—sometimes unintentional ones—in the areas they measure. Salesforce automation technology provides accurate measurement tools, but they can sometimes distract an organization. The larger question is: What is the *right* set of metrics around which to align the organization? Best-performing companies are clear. They measure and manage such inputs as pipeline data coverage gaps and win-loss ratios within targeted segments. But they base their rewards on outcomes. Those output metrics are clear and support specific business goals. They are also externally focused and regularly benchmarked.

A process to track metrics is valuable only when sales management creates a standard rhythm around a transparent set of key metrics. Simply put, the metrics must be available to and understood by all. Net Promoter® Score, for instance, provides companies with a system to build customer loyalty and focus the entire sales organization on the customer. Companies need the discipline to use meaningful metrics that track performance and inform sales decisions. Done right, this creates a clear sales course, reduces risk and, most importantly, flags opportunities.

A global IT services company based in India, for example, recently installed a best-in-class bid-management process to help track its success rate for large multiyear projects. As part of a larger growth and sales transformation effort, the system also equipped the company CEO with a dashboard to measure progress in real time. By better illuminating its sales funnel, the company was able to achieve an industry-leading bid win ratio and improve its account management. The combined effort helped to grow its existing business by more than 30 percent in the first year, an increase of $200 million in net present value.

6. Tools and support: Reps' time should be spent selling

Mobilizing back-office resources to augment field reps' efforts is a powerful force multiplier. "Customer-facing time," not administration, is where the selling organization earns its paycheck. The best sales organizations therefore measure customer-facing time and use internal support to create more. In fact, shifting to a well-trained team to qualify leads, pitch in with outbound selling and help close deals can add as much as 30 percent back to a rep's day.

A global medical diagnostic company demonstrated how a combination of the tools and back-office support can empower a direct salesforce to deliver dramatic sales growth. Sales reps were expected to penetrate and cross-sell to existing accounts but were increasingly burdened by administrative tasks.

The company established a central organization that took on most of the non-selling activities—managing everything from calendars and proposal development to contract management and the pricing-approval processes. Gaining an average of another hour and a quarter in their selling days, the reps finally started hitting their cross-selling goals.

At their heart, the six core tools of TOPSales are all about driving improvements in productivity and growth in a competitive race. Used in the right combinations, with the right change management plan, they focus sales teams and channel partners on segmentation strategies that quickly boost revenue and share. More than that, TOPSales helps create a high-performance organization pulling together for breakthrough financial results. Do this well, and your competitors soon start to fall behind.

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