

## Technology Can Accelerate the Key Elements of Sales Productivity

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To achieve growth, sales executives must transform organizational structures, people and skills, incentives, business processes and tools. Understanding and implementing the available technology can "supercharge" these efforts.

## **WHAT YOU NEED TO KNOW**

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To achieve growth targets, sales executives must increase sales productivity. There are five elements of sales productivity within the control of sales executives: organizational structure, people, process, compensation and tools, which are all enhanced through sales technology. Leading sales organizations, in conjunction with IT leaders, will have a documented sales technology strategy as a key driver to the sales plan for growth.

## **STRATEGIC PLANNING ASSUMPTION(S)**

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Through 2006, only 25 percent of sales organizations will have documented sales technology strategies to increase sales productivity (0.8 probability).

## **ANALYSIS**

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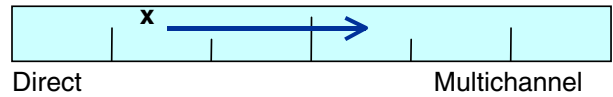
Sales executives must continuously increase the productivity of their sales teams. The enablers of sales productivity have not changed radically during the past 15 years; however, the ability of technology to accelerate productivity gains and to sell more has increased dramatically. Here, we identify the key enabling areas of sales productivity and describe the technologies that can assist executives in "supercharging" the productivity of their teams.

Although external elements, such as economic conditions, may affect sales productivity, sales executives must focus on the five key elements of productivity within their control — organizational structures, people, compensation, processes and tools (see Figure 1).

**Figure 1. The Five Elements of Productivity**

**Organizational Structure**

Multichannel, market segmentation, vertical alignment, lower cost of sales, coverage



**People**

Skills, knowledge, recruit, retain, experience, development, training, career path



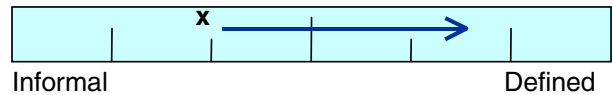
**Compensation**

Quotas, base, bonus, incentives, leverage, draws, commissions, execution, salesperson understanding



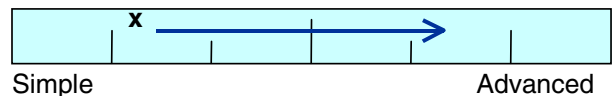
**Process**

Territory/account/contact management, sales cycle, sales management, business reporting



**Tools**

Computers, infrastructure, information access, portals, personal productivity applications, sales technology strategy



Source: Gartner Research (December 2004)

- Decisions regarding the quantity and deployment of resources against the client/opportunity base are defined by the organizational structure.
- The retention and tenure of skilled sales professionals and their continued development directly affects performance.
- Sales compensation is the key driver of sales behavior.
- Effectiveness and efficiency are driven by the business processes embraced by the sales organization.
- The tools given to the sales organization are essential to increasing sales productivity.

Sales technologies affect each element of productivity.

**Organizational Structure:** Sales executives must determine which clients are the most profitable or represent the opportunity to become highly profitable, and deploy sales assets accordingly. A multichannel, tiered approach balances opportunity with resources and costs. The growth opportunities and support requirements of the largest clients demand a unique blend of resources, including experienced, strategic sales professionals and an array of sales-support resources, such as inside support, vertical specialists and product specialists. Measurements of growth for strategic accounts will determine resource allocation. Midchannel or major accounts require direct sales interactions, with a combination of product specialist/sales-support resources available on an as-needed basis. Territories will be established on a named account or geographical basis. Mass-market or midsize companies, which are typified by single transactions

and low retention rates, are best served by lower-cost, inside sales teams or through partner relationships. The key to an effective channel strategy is to match resource (cost) with opportunity (revenue).

*Technology's Role:* Sales analytics can properly segment and target key customer segments. Once organizational structures are decided to deploy against customer opportunities, territory management systems can be used to house the business rules regarding sales team deployments, account ownership and reporting hierarchies. In addition, sophisticated territory management tools also matrix sales specialists hierarchies, enabling the collection and dissemination of product information and customer intelligence to product specialists and teams organized to market to specific customer segments. When combined with analytic tools, territory load balancing, re-organizational modeling, as well as day-to-day territory optimization, can be utilized.

**People:** The retention and development of the salespeople appropriate to each role within the multichannel sales organization is fundamental to improving productivity. Sales organizations will only be as successful as the people who represent the products to the client base. In addition to income opportunity, professional development, career opportunities and access to leading-edge tools are ranked by sales professionals as being most important. Involuntary turnover of salespeople has a devastating impact on performance. In addition to the loss of training investment and broken client relationships, our analysis shows twice the performance difference between tenured sales representatives (with two or more years of tenure) and new sales representatives (with six to 12 months tenure). Effective new-hire training programs can rapidly reduce the time to performance, thereby improving productivity. The continuous development of the sales organization through training will improve sales skills, product knowledge, market intelligence and process capability.

*Technology's Role:* Starting with reporting tools for managers and team leaders, better coaching and career development can be utilized over time as "management dashboard" tools take on less of a transactional and more of a performance-over-time perspective. Such tools are no substitute for "face time" with team members, but greater span of control and, therefore, productivity can be achieved. Once areas for sales improvement are identified, managers and salespeople can turn to Web-based, distance or e-learning platforms for lower-cost continuous learning. More-modern e-learning platforms can "auto-sense" a salesperson's strengths and challenges, especially in areas such as inside sales, and suggest just-in-time e-learning modules. Career development, salesperson retention and, therefore, productivity increase as certification drives a salesperson's long-term knowledge growth. Incentive compensation systems increase trust with sales through timely, accurate reporting and payment of sales commissions. Assisted-selling tools marry incentive compensation, order configuration, contract management, and drive higher order margins, greater order fill rates and more "zero-defect" orders. They also help salespeople learn good business-writing practices that increase sales cycle productivity over time.

**Compensation:** At the heart of motivating and directing the energies of a sales organization is the compensation plan. A "must read" for all salespeople, it is the basis for how they prioritize their efforts. Leading companies will tightly align the sales compensation plan to corporate objectives, thereby ensuring appropriate behavior in the sales organization. Critical to its ability to direct behavior is how effectively a compensation plan is communicated and understood by salespeople. Changes to the plan must be carefully analyzed regarding their impact on cost, behavior and salesperson incomes. Salespeople will scrutinize any changes to evaluate the impact on their income, under the belief that management is attempting to reduce their ability to make "top dollar." Gaining the trust of salespeople is accomplished by the accurate and timely reporting of commissions and commission payments. In environments with unreliable reporting and commission payments, salespeople spend as much as 20 percent of their time manually

tracking their commissions, thereby reducing available selling time while creating an environment of mistrust.

*Technology's Role:* Incentive compensation systems automate compensation plan creation and administration increasing sales operations staff productivity. At the same time, salespeople and managers can more easily track individual and team productivity, increasing visibility and accuracy of sales performance. In addition, incentive compensation management systems drive sales and sales operation productivity higher through increased compensation plan flexibility and minimized time salespeople spend reconciling commission statements.

**Sales Process:** World-class salespeople are not defined by a single instance of incredible performance, but rather by outstanding performance year-over-year. Such consistent achievement is the result of hard work, clear focus and, most importantly, the use of an outstanding sales process. The challenge for sales executives is to identify the high-value processes that: 1) help them manage the business and 2) are used by top sales performers. They also need to replicate those processes throughout the sales organization. Top performers demonstrate the critical steps in successful selling that, when linked together, form sales processes. For sales organizations to be successful, the majority of salespeople must achieve their personal/territorial goals. Companywide sales processes are created to model the actions of successful salespeople, and provide the common framework, vocabulary and metrics for how the organization will review and analyze territories, accounts, opportunities, individuals and sales cycles.

*Technology's Role:* Advanced selling organizations use analytical tools to analyze and optimize sales process cycles to make them more effective. Once optimized, the automation of sales processes and methodologies are enabled within sales force automation (SFA) systems. Account, contact and opportunity management business processes are replicated in the technology to facilitate the process, manage the data and ensure process consistency. Integration of incentive compensation, assisted selling tools, e-learning, and order management applications as we have outlined can further drive sales cycle productivity. Analytics complete the cycle for salespeople and managers to not only report on sales cycle outcomes, but process outcomes as well. Advanced sales organizations leverage these findings to drive sales cycle management, product launch and team selling productivity higher.

**Tools:** Technology has replaced many paper-based tools, such as index cards, green bar reports and spiral notebooks. Individual technology tools, such as office applications and e-mail, have led the way to packaged applications for contact management or sales portals to access internal customer information. However, these "tools of individual productivity" fall short of the organizational productivity benefits offered in sales technologies. Evolving from a state of individual achievement to organizational execution is the largest obstacle to success. Advanced sales technology projects require organizational processes and methodologies to be embraced and used by the targeted end user as a precursor to application deployment. "Process precedes technology" has become the mantra of success for organizations capitalizing on sales technology systems. The technical project challenges of application configuration, integration and deployment have been largely solved by IT teams and integrators. The behavior change challenges, owned by sales leadership, stand between increased organizational productivity and missed revenue targets. Sales leaders lacking the desire and commitment to become process-oriented should not invest in SFA technologies. The creation of a sales technology strategy, like the territory coverage, salesperson development, incentive compensation and business process strategies, has become a required component of the overall sales strategy for growth.

## Key Issues

How can technology help salespeople and selling partners be more productive?

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