

New demands from customers, rivals, the CEO, and the sales organization itself are changing what it takes to succeed as head of sales.

The Ultimately Accountable Job

Leading Today's Sales Organization

by Jerome A. Colletti and Mary S. Fiss

New demands from customers, rivals, the CEO, and the sales organization itself are changing what it takes to succeed as head of sales.

The Ultimately Accountable Job

Leading Today's Sales Organization

by Jerome A. Colletti and Mary S. Fiss

When it comes to thinking about sales leadership these days, most executives just don't get it. Chief sales officers—and even chief executive officers, who recognize that the sales organization drives top-line growth—often have an incomplete notion of the CSO's job.

Sure, they understand that leading the modern sales organization takes much more than motivating and managing salespeople. In recent years, CSOs have had to devote considerable time and energy to establishing and maintaining disciplined sales processes, including everything from customer segmentation to sales staff compensation. Given the complexity of those processes, even well-run sales departments have to work hard to get them all operating smoothly. But many CSOs stop there—and they can't afford to. The heightened expectations of customers, peer executives in other functions, and the sales force itself require the head of sales to shoulder new responsibilities, ones that have changed the job almost beyond recognition from what it was 20 years ago.

In this article—which is based on our work

with a wide range of sales organizations in more than 20 industries, plus more than a dozen in-depth interviews with chief sales officers, executives who manage CSOs, and sales leadership consultants—we first look at the ways in which the business environment has changed the sales chief's job. We then describe the new roles that sales leaders increasingly must play. This expanded job profile can be used as a template by those who want to excel in the position and by the CEOs responsible for hiring the best people to fill it.

New Environment

Examine the calendar of any successful chief sales officer, and you'll see how complex the job has become. (For an example, see the exhibit "A Week in the Life of Ben Bulkley.") That complexity stems from the following changes, which have affected sales activities at most major companies.

Customers have gained power. It's no secret that in many industries, supply outstrips demand. Customers have more choices and

more information—thanks largely to the Internet—about what they can buy and how they can buy it. The shift in power from sellers to buyers has made customers demand more of their suppliers and the buying experience.

Customers have gone global. The globalization of business has made the structure of many sales organizations (those with a regional or national focus) anachronistic. Suppliers had better be sure that their organizations mesh with their customers' global orientation and sourcing processes. "Gone are the days when we could think of this part of our business as 'North American' or that part as 'pan-European,'" says Joe Walker, president of the North American and European business units of Southfield, Michigan-based R.L. Polk, a major provider of customer data to automakers. "A corporate customer making a purchase decision in Detroit is doing so on behalf of his global organization."

Channels have proliferated. At one time, the direct sales force *was* the sales organization. Today, most companies, regardless of size, go to market through multiple channels. The sales organization may comprise not only people employed by the company—field sales, telesales, and online reps—but also those outside the company, including partners and resellers.

More product companies sell services. Whether wrapped around or embedded in products, complementary services have become a way to enhance or simply maintain a product's competitive edge. Selling these services calls for a special mind-set. "The holistic approach required to seamlessly package products and services together is very different from the traditional selling of product," explains Greg Shortell, the president and CEO of Network Engines, a provider of storage and security appliance services in Canton, Massachusetts. (Until recently, Shortell was a senior vice president of global sales and marketing for enterprise solutions at Nokia.) The reason for the difference, he says, is that "after a certain period of time, a customer stops buying your product and starts buying your strategy."

Suppliers have adopted a "one company" organizational structure. Business-to-business marketers selling products and solutions across many categories have moved away from a structure in which multiple business units sell separately to the same customer. Instead, sales

resources companywide work together to sell all products to the customer through a single point of contact. In this newer model, sales specialists—focusing on, for example, product features or applications or technical requirements—typically support account managers, who are responsible for individual customers. The single corporate face makes life simpler for the customer. It also can boost sales results through cross selling and improved focus on providing integrated solutions that meet customer needs. But this approach increases sales expenses and can create confusion about accountability for results, presenting yet another challenge for the chief sales officer.

New Roles

These changes in the business environment have made running a sales organization more demanding than it's ever been. Sales will always be the ultimately accountable job. No other function bears such exposed responsibility for delivering on the numbers. These days, though, that is just the starting point. The successful CSO also needs to oversee sophisticated processes for such tasks as customer segmentation—processes that not long ago represented state-of-the-art practice but today are considered sales essentials. As if that were not enough, the CSO must take on five new distinct, but related, roles.

Company leader. The chief sales officer must hit his targets while ensuring that the sales organization's actions—at all levels and across all channels—support the company's strategy. Striking that balance means communicating broader goals to the rank and file, so salespeople can connect their day-to-day responsibilities with the big picture; it also calls for effective collaboration with other functions. "Sales leaders can no longer think of themselves as working in a tight little box, responsible only for revenue generation and relationship management," says Peter Andruszkiewicz, the vice president for national account sales at health care provider Kaiser Permanente in Oakland, California.

Every CSO faces similar general objectives: achieving revenue growth, launching new products, acquiring customers, expanding business with current customers, improving sales productivity, and containing or reducing selling expenses. Only through strong leadership can sales chiefs make it clear how these goals

Jerome A. Colletti (jerry@collettifiss.com) is the managing partner and **Mary S. Fiss** (mary@collettifiss.com) is a partner at Colletti-Fiss, a Scottsdale, Arizona-based management consulting firm specializing in sales effectiveness.

can be achieved in support of corporate strategy. In fact, at least 15% of a CSO's time should be spent establishing and communicating a clear course for accomplishing the current year's business plan. "Without an articulation of the company's strategic direction to the sales force—and, incidentally, to customers and channel partners—you run the risk of less-than-optimal performance," says Network Engines' Greg Shortell. In large part, that's because disagreements about priorities arise.

For example, a multinational software company found that salespeople were consistently giving away the time of its billable professional services staff to secure new sales contracts. On the surface, this wasn't a bad idea. However, it ran against the corporate strategy of focusing on top-line growth at a time when there were few opportunities to increase profitability through cost cutting. The CSO believed that discretion (based on defined criteria) would be a simple fix to the problem. The hypothesis was that, if the concession were reserved for strategically important existing customers willing to experiment with new applications, complementary professional services might lead to substantial add-on revenue. After orienting its salespeople to this approach and indicating what criteria should be used to determine which customers should receive the concession, results did improve. New applications revenue from existing customers grew 35%, about three times the previous rate of growth.

The best sales chiefs are, along with the rest of the senior executive team, leaders of the company as a whole. They actively participate in formulating company strategy as well as executing it. No enlightened CEO considers entering a new market, expanding the company's product portfolio, or taking on a new channel without seeking the advice of the CSO—that is, if the CSO has won his respect and trust. For instance, a sales chief can offer valuable insights about the company's customers: which ones plan to grow, where their growth will come from, and what their particular needs will be. "My CEO expects that I will bring him market intelligence about what our customers require from us so they can be successful in their business," says Mary Delaney, who leads a 600-person sales force for the online job broker CareerBuilder.

As an integral part of the senior executive team, sales chiefs are also expected to collabo-

rate with all functions of the business in delivering value to customers. Indeed, they should lead the creation of an environment in which people across the organization see themselves as members of a customer-facing team.

A sales chief can take on an even higher profile role in a company where the sales function hasn't traditionally been a priority, such as in a professional services firm or a real estate investment trust. In such a case, the CSO must lead a cultural revolution, building a sales organization that promotes the firm's commitment to growth in partnership with its customers.

Consider the following example. The partners in a major regional accounting firm were concerned that their business was not growing as fast as others in the industry. After several failed attempts to spur growth through a part-time approach to sales, they decided to appoint a full-time partner in charge of sales. According to Ford Harding, president of the sales and marketing consulting firm Harding & Company, professional services firms need "a formal process to provide sales leadership both in acquiring clients and in managing the relationships in those accounts." Bringing a previously unheard-of focus and consistency to the sales process did, in fact, yield faster growth for the accounting firm. Before this investment in the sales leader role, fees grew at a rate of 5% a year. Two years after the change, fees grew more than 10% year over year, and this trend has continued. The partners believe that this is the result of the shift to a formal sales process with its own leadership, as well as improved business conditions.

Customer champion. If the customer is king these days, who lives within his inner circle? Of all the functions, the sales organization comes closest, and the CSO is thus the most effective conduit for funneling customer-related insights to the rest of the senior executive team. The successful sales leader spends more time with customers today not only because they have valuable things to say but also because they demand to be heard by their suppliers' most senior people. As other, nonsales senior executives throughout the company respond to such demands, the CSO can serve as a role model for his peers in interacting with customers.

Customers want close contact with their suppliers' senior executives in order to under-

At least 15% of a CSO's time should be spent establishing and communicating a clear course for accomplishing the current year's business plan.

A Week in the Life of Ben Bulkley

An evolving business world has forced chief sales officers to take on a variety of new roles. Here's a look at how these responsibilities help shape a typical week for Ben Bulkley, who heads the worldwide sales organization at Invitrogen, a provider of life science products and services in Carlsbad, California.

Monday	AM	<ul style="list-style-type: none"> • Monthly global business review, North America (conference call) 	<p>As a process guru, Bulkley ensures that sales process changes are integrated into daily sales activities.</p>
	PM	<ul style="list-style-type: none"> • Company Pricing Council meeting • Sales Force Effectiveness Project update • eBusiness update • Monthly global business review, Asia-Pacific (evening conference call because of time difference) 	
Tuesday	AM	<ul style="list-style-type: none"> • Product business unit marketing meeting 	
	PM	<ul style="list-style-type: none"> • Preparation for next week's industry association board meeting and company analyst meeting • Flight to London 	
Wednesday	AM	<ul style="list-style-type: none"> • Meetings with Customer X (outside London): General discussion with top executives about customer's business strategy • Workshop on latest developments in intellectual property protection 	<p>As a customer champion, he strengthens the company's C-level relationship with the customer by providing information about the latest developments on industry issues (rather than merely giving product information).</p>
	PM	<ul style="list-style-type: none"> • Meetings with Customer X: Tour of company manufacturing plant • Flight to Glasgow • Dinner with European field office staff; discussion of particular customer challenges 	
Thursday	AM	<ul style="list-style-type: none"> • Flight to Paris • Meetings with Customer Y (outside Paris): General discussion with top executives about customer's business strategy 	
	PM	<ul style="list-style-type: none"> • Meetings with Customer Y: Workshop on latest trends in U.S. National Institutes of Health research funding • Flight to Los Angeles 	
Friday	AM	<ul style="list-style-type: none"> • Sales managers' leadership development workshop • One-on-one coaching of high-potential sales manager • Interview job candidates for top sales positions 	<p>As a course corrector, he watches for subtle signs that sales strategy needs to be retooled.</p>
	PM	<ul style="list-style-type: none"> • Review detailed weekly sales update by region and product • Cross-functional meeting on new business development initiatives • Review Customer Z account plan with executives from product development and customer service in preparation for next week's meeting with Customer Z (Shanghai) 	
Saturday	AM	<ul style="list-style-type: none"> • Strategic-planning meeting with project team in preparation for Monday's presentation to CEO and rest of executive management team 	

stand product strategy, look at new offerings in advance, and help with decisions about how future products will meet their particular needs. They also want top-level contact so they will have someone to call when something goes wrong—an inevitability in even the best of customer-supplier relationships. Through frequent conversations with its major customers, financial information provider Dun & Bradstreet learned that they wanted a link, above the account manager level, with the company's sales organization. "Our customers are looking for a C-level-to-C-level relationship that they count on as a safety net in the event that our people and their people hit an impasse as they work together," says Mike Collins, D&B's vice president for sales operations. "If issues arise, relationships are already in place."

Such a relationship clearly benefits suppliers, as well. It provides an invaluable window into a customer's growth plans—a window that otherwise might not exist. Network Engines' Greg Shortell says that most cus-

tomers, regardless of the product, have a buying cycle. "During that time," he adds, "they will work with you, giving you the luxury of guiding their future. At the end of that period, if you have done your job well, you're likely to be in an advantageous position to supply their needs." The head of sales is both a natural person to establish this sort of relationship and the one best positioned to translate the needs of important customers into useful strategic information for senior executives in her company.

Of course, it isn't always easy for suppliers to forge these high-level relationships, especially since customers' purchasing managers (who are growing more sophisticated and aggressive and are charged mainly with getting the best price) may view such relationships warily. What's more, the use of the Internet to secure and filter initial bids takes some personal contact out of the process. "Squeezing the relationship out of the equation makes it very difficult to create and sustain C-level contacts," says Ron Drake, a managing director of eFunds International, which sells electronic payment and financial risk management systems to financial institutions, retailers, governments, and other organizations worldwide.

So CSOs need to find opportunities to share their business insights with senior executives at client companies as a way of keeping the conversation alive. Drake, responsible for eFunds' business in Europe, the Middle East, and Africa, says that the U.S.-based company's global outlook gives it a foot in the door for C-level conversations: "We can talk about what other companies are doing around the world, something senior executives are interested in." That helps counter the trend toward a limited sales role in the company's key industries of banking and telecommunications, he adds.

Process guru. As we have seen, CSOs increasingly must have a dual perspective, looking outward toward customers and inward at their own organizations. Over the past decade, they have honed their processes for selling products and services and managing customer relationships. In fact, a CSO may spend 10% to 20% of her time defining, creating, managing, and improving such processes—or sifting through stacks of proposals from consultants and sales-training companies offering database applications, customer relationship management tools,

Selling to Solve

It's the byword of modern marketing: Instead of selling simple products or services, companies sell "solutions." That presents particular challenges for sales leaders to manage. Instead of simply getting a customer to choose their products over rivals', they draw on an array of corporate and external capabilities to design an integrated offering meant to solve a customer-specific problem.

Companies view solutions selling as a way to build strong relationships with customers and earn price premiums for the value they deliver. Because it can be incredibly inefficient and expensive, however, suppliers must identify their most strategic customers and offer solutions packages only to them. Even after doing this, suppliers may learn that some of those customers aren't interested in making the investment on their end. Customers might want to do things the old way, simply completing a transaction to buy a product or service.

Too often, companies commit to solutions selling without completely under-

standing what they need to be successful. The sales chief considering this approach not only must understand the process but also must structure the organization to support it. That includes having the competencies—somewhere in the organization, if not in sales—to negotiate with external partners who will be needed to help craft solutions. It also means that the field organization must be trained in solutions selling. Whereas the traditional sales relationship involves a series of transactions, selling solutions calls for a consultative relationship in which those who do the selling add value. Finally, the CSO needs to confirm that the delivery organization has been trained in solutions implementation, since the customer is going to hold the supplier accountable for a single point of delivery.

If the solutions-selling processes—from start to finish—are not right, then profit margins are likely to suffer because of redos or givebacks such as partial refunds or future concessions.

process maps, and other approaches.

This focus on process has become particularly important as many organizations have moved beyond selling discrete products or services and toward “solutions selling,” putting together bundled offerings of products and services designed to meet important customers’ individual needs. (For a look at the challenges involved, see the sidebar “Selling to Solve.”) Careful reinvention and oversight of the sales process are critical also in the case of a merger, an acquisition, or a new product introduction.

Adopting a true sales leadership role may mean delegating some of the process-related tasks that currently occupy so much of a CSO’s time. Directly managing the continual upgrading of foundational processes—customer segmentation, sales channel management, technology support—can be a dangerous distraction from more important leadership challenges. “Best practices are a constantly moving target, and there really is no silver bullet,” says Alan Cervasio, vice president for global sales strategy at Marriott Vacation Club International in Orlando, Florida. The dogged pursuit of world-class performance in these processes, while essential, can be handled by others.

Organization architect. A good CSO should also spend a significant amount of her time evaluating and occasionally redesigning the sales organization’s structure to ensure that it supports the company’s strategic goals. Often, this involves finding the right balance between specialized and generalized sales roles. In a generalist sales organization, each representative or account manager sells a company’s entire, but usually limited, product line to customers who typically are all in the same industry, thus providing a single point of business contact to customers. As a supplier’s product portfolio grows larger and more complex, though, or if the customers are numerous and from different industries, some sales specialization is usually required. Indeed, the broader the portfolio and the greater the number of markets in which the customers operate, the greater the need for specialization. That need can be met by a sales force of generalist sales reps supported by product sales specialists, for instance, or by separate specialty forces dedicated to a single product or market.

Many business-to-business marketers have adopted the generalists-supported-by-specialists

model as their product portfolios or solution sets have broadened. The result has been a shift in the locus of sales activity from the business unit, which had separate sales and service functions, to a single companywide sales unit comprising account managers and sales specialists who cover all customers and markets. Because this approach offers customers “one-face, one bag” as they make their purchases, it has caught on with suppliers.

Given the potential for increased sales costs and confusion about accountability for results, however, it is becoming clear that some CSOs have overspecialized their organizations. A recent study of 12 technology companies—conducted by the consulting firm Growth Solutions, a business partner of ours—showed that senior management in each company was actively looking for ways to simplify the sales model, which may require dismantling or at least streamlining some of these specialized organizations. The trend toward specialization can be attributed to a combination of factors: revenue growth, product line expansion, and mergers that aren’t followed with careful product line rationalization. After a merger, for example, integration team leaders often add sales specialists for the sake of politics and appeasement instead of designing sales coverage in response to a rigorous customer segmentation exercise.

Whatever the mix of generalists and specialists, it will always elicit protest. Product managers complain, “Without specialists, my product line will not receive the necessary sales support to achieve plan.” Sales managers reply, “We have the relationships with the customers. If you blow up our account management organization, the value of this acquisition is going south!”

Because sales specialization is so common today in companies selling multiple product lines, the CSO needs to determine whether it costs more than the resulting sales and margins justify. He should be looking at financial measures (the cost of generating revenue growth, assessed by channel, new market segment, and new product); customer measures (account revenue retention, the number of new accounts acquired at or above a defined revenue threshold, and the proportion of business derived from new and existing customers); and sales productivity measures (quotas, the average size of sales transactions,

The CSO is the most effective conduit for funneling customer-related insights to the rest of the senior executive team.

and the balance of sales across multiple products in target accounts). A detailed assessment of the sales force's structure will need to be repeated after any number of corporate developments—for example, the introduction of a new product.

Course corrector. A sales chief always needs to be looking at some point on the horizon, then designing and redesigning the sales organization to help the company get there. But the CSO can't take her hands off the levers or forget about the dials, or she might fail to respond to signs that a quick adjustment in sales priorities is needed. The best CSOs will tell you that missing annual revenue and margin goals is simply not an option in their companies. Consistent, predictable performance is expected, so they have to manage their organizations for results, using short-cycle data and analysis. Investments in staff, CRM technology, and tools for account planning, forecasting, and quota allocation have made sales performance data—organized by segment, channel, and sales process—more readily available to sales executives. Of course, that information has little value unless it is put to intelligent use.

Nokia has assembled a back-office staff (what the company calls a sales operations team) that includes a sales controller and sales analysts who monitor, measure, and chart sales results. Greg Shortell says that when he was with Nokia, this team allowed him to relinquish basic navigational duties and spend more time with customers. But when alerted to a problem—he received sales performance data twice a day—he had to be

ready to rapidly change course.

Salespeople in the field are sometimes reluctant to respond to requests from senior management for such detailed information. Managed properly, though, the information exchange can be very productive for both sides. "While our sales force owns the responsibility for relationships and sales results, I make it clear to them that our leadership team welcomes requests for help," says David "Skip" Prichard, president of the higher education and library unit at ProQuest, an information management company in Ann Arbor, Michigan. "At the same time, they must tell us when we are 'helping too much,' interfering in their customer relationships."

• • •

As Prichard's comment suggests, the pressures on a chief sales officer come from without and within, from above and below. We've laid out a daunting portfolio of roles that a sales leader must embrace if his organization is going to provide the profitable top-line growth the company expects. Over time, the job description is likely to become even more demanding. As Alan Cervasio of Marriott Vacation Club International says, "CSOs must hold the view that sales, as a function, is continuously evolving. There is no constant state, only a state in which you are clear about what you need to be changing to in order to succeed."

Reprint [R0607K](#)

To order, see the next page
or call 800-988-0886 or 617-783-7500
or go to www.hbr.org



Harvard Business Review OnPoint articles enhance the full-text article with a summary of its key points and a selection of its company examples to help you quickly absorb and apply the concepts. *Harvard Business Review* OnPoint collections include three OnPoint articles and an overview comparing the various perspectives on a specific topic.

Further Reading

The *Harvard Business Review* Paperback Series

Here are the landmark ideas—both contemporary and classic—that have established *Harvard Business Review* as required reading for businesspeople around the globe. Each paperback includes eight of the leading articles on a particular business topic. The series includes over thirty titles, including the following best-sellers:

[Harvard Business Review on Brand Management](#)

Product no. 1445

[Harvard Business Review on Change](#)

Product no. 8842

[Harvard Business Review on Leadership](#)

Product no. 8834

[Harvard Business Review on Managing People](#)

Product no. 9075

[Harvard Business Review on Measuring Corporate Performance](#)

Product no. 8826

For a complete list of the *Harvard Business Review* paperback series, go to www.hbr.org.

Harvard Business Review

To Order

For reprints, *Harvard Business Review* OnPoint orders, and subscriptions to *Harvard Business Review*:
Call 800-988-0886 or 617-783-7500.
Go to www.hbr.org

For customized and quantity orders of reprints and *Harvard Business Review* OnPoint products:
Call Rich Gravelin at 617-783-7626,
or e-mail him at rgravelin@hbsp.harvard.edu