



MARKETING

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# Refocusing the sales force to cross-sell

*Many salespeople resist cross-selling, so management must address their misgivings head on and convince them of its benefits.*

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## **Article at a glance**

An industrial-products company struggled to penetrate a new group of customers demanding bundles of products from different business units.

Assembling these bundles was a challenge. Incentives did not encourage cross-selling, and business unit leaders and salespeople alike believed that collaborative efforts would place valuable customer relationships at risk.

The company jump-started its cross-selling efforts by understanding the sales reps' deeper motivations and addressing them through disciplined communication, role modeling, skill building, and support systems.

## **Situation**

Business units within large organizations often resist company-wide cross-selling initiatives. The operating units of an industrial-products company, for example, had a track record of rebelling when asked to share customer-specific sales records. This aversion to cross-selling became problematic when the company recognized that assembling and selling bundles of products from different business units was critical if it hoped to exploit its most compelling growth opportunity: a previously unaddressed midsize tier of customers. Moreover, the company's practice of rewarding business unit leaders and salespeople on the basis of individual performance—not their support for the efforts of others—thwarted cross-selling endeavors. One business unit executive said, "I actively discouraged my sales team from playing ball, because it didn't help our business unit."

## **Complication**

The company's leaders weren't confident that the business units had the will to develop or implement a new incentive system. Further, salespeople held a deep-seated bias against sharing information, because they believed that doing so was quite risky. Their concerns—often born of experience—included fears that other units would disappoint their customers with late deliveries, anxiety about the quality of some products that were candidates for bundling, and a general belief that disparities in the importance of customers to different business units could undermine relationships that were critical to one unit but not another. To promote cross-selling, the company would therefore have to allay such concerns while shifting mind-sets from "How do I protect my business?" to "How can the company strengthen its relationships with customers and boost profits?"

## **Resolution**

To address these interrelated incentive and mind-set issues, the company developed a series of somewhat unorthodox workshops for salespeople, business unit leaders, and sales managers. Some of the workshops encouraged people to reflect on their tolerance for risk, their high and low career moments, and their motivations at work. These exercises led many sales reps to recognize that the foundation of their desire for strong customer relationships was a need to have something to offer potential employers. Demonstrating that effective cross-selling efforts could actually strengthen relationships, and thus help salespeople achieve their personal aims, was critical in exciting them about the new initiatives. More senior executives came to see that risk aversion was driving many of their decisions and that the risk to their own careers would rise considerably as the company's growth slowed—a problem the new cross-selling efforts were designed to overcome.

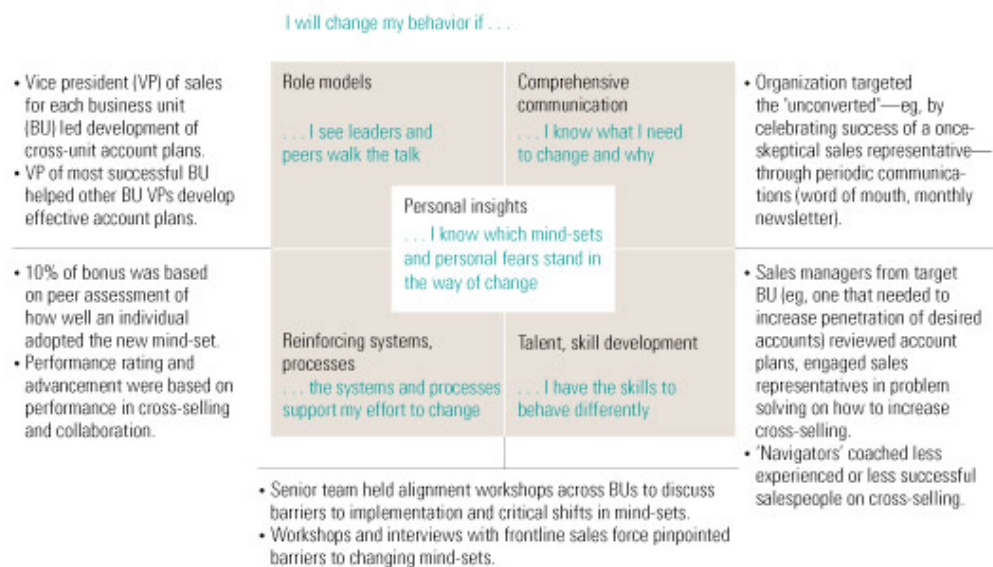
As a result, it became far easier for business unit leaders to have faith that if they addressed their own delivery and quality issues, their counterparts in other business units would as well. Increased trust also spurred them to urge their sales groups to agree on a new compensation system that tied 10 percent of each salesperson’s bonus to peer assessments of his or her individual contribution to collaborative sales efforts.

Meanwhile, sales managers created and led small teams of sales reps from a number of business units to flesh out the details of account plans for shared customers. Sales managers and high-performing sales reps served as “navigators” who provided hands-on coaching to frontline sales teams and circulated early success stories to overcome skepticism. A priority was to familiarize salespeople with a new data-sharing system and a dashboard of metrics, including the number of joint sales calls, the percentage of offerings that bundled products from more than one business unit, and the percentage of sales—for a given client or territory—that involved collaboration across business units. Such metrics let salespeople see whether joint sales teams were making progress with specific customers and convinced many that the new cross-selling goals weren’t just empty talk. As the mind-set of cooperation took hold, salespeople identified opportunities to raise the company’s total revenues by 25 percent solely through cross-selling.


EXHIBIT

**A comprehensive approach**

Example of industrial-products company



## Implications

Past experience and ingrained beliefs make many salespeople uncomfortable when a company promotes collaboration or the sharing of risks and rewards. This pattern also holds for other kinds of efforts, such as enlisting product or technology specialists from the engineering or R&D departments to support the sale of complex offerings. Resistance frequently stems from the cost of these specialists, which can reduce the commissions of salespeople. In such situations, it's critical for leaders to convince them that specialists can raise sales far more than expenses. Conversely, encouraging salespeople to boost prices or avoid discounting may often depend on convincing them that it is acceptable to trade some volume for higher margins. In our experience, companies hoping to change the entrenched behavior of a sales force must understand its deeper motivations and address these through disciplined communication, role modeling, skill building, and support systems. 

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