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# How to Sell New Products

**Focus on learning, not performance**

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Sales


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# How to *Sell* New Products

## Focus on learning, not performance.



*Illustrations by* **MARCEL CEUPPENS**

Sales

**IDEA IN BRIEF**

THE PROBLEM

*Instead of training salespeople to understand and overcome the obstacles inherent in selling completely new products, most companies overrely on product demonstrations. Thus sales teams often struggle to close deals.*

THE RESEARCH

*Studies show that customers are often enthusiastic about new products early in the selling cycle but become resistant later. Studies also show that salespeople who take the long view and have a learning mindset are better prepared to handle the frustrations inherent in the longer process.*

THE SOLUTION

*Train salespeople on process, not a product's bells and whistles. Create a psychological profile of the ideal buyer. Assess salespeople for resilience and grit. Use strategic account management.*

**WHEN WE TALK WITH COMPANIES** about the biggest challenges they face in growing revenues, we hear a consistent complaint: Senior leaders have great confidence in their ability to develop innovations but not in their ability to commercialize them. Our research suggests that this gap results from a lack of formal processes and effective talent-management strategies. It's a big problem, because it limits the return companies reap from their R&D spending. To put it simply, companies that have invested millions to dream up new-to-the-world innovations need to become more adept at selling them to customers.

**On average, salespeople who sell new products spend *32% more time meeting customers face-to-face* than do other reps.**

To understand why that's so difficult, we combed the academic literature, conducted numerous one-on-one interviews with senior sales leaders, and led several studies of our own. We found that successful companies recognize that the sales process for new products requires different allocations of time and must overcome different objections and barriers by comparison with the traditional approach. We also found that people who excel at selling new products have traits and behaviors different from those of people who successfully sell existing product lines—and that the best companies develop organizations and cultures to support salespeople in rising to the challenge.

## A New Sales Process

To better understand what makes the sales process for new products different, we surveyed 500 salespeople at B2B companies across a wide variety of industries, from technology to financial services to industrial products. We wanted to understand how they spend their time during the process and how the challenges they face vary as it unfolds.

**Demands on time.** We found that selling new products requires greater intensity and consumes much more attention. On average, salespeople spend 35% more time meeting with customers throughout the sales cycle than they do when selling established goods and services. Since much of that time is spent educating customers on how the product will change their current business practices, these meetings are typically conducted in person, with 32% more time spent in face-to-face meetings. And because committing to a completely new product requires broader consensus within a targeted company, salespeople spend 30% more time meeting with customers' cross-functional teams. Given that time is a salesperson's most precious resource, that's a costly investment.

**Barriers to closing.** We asked people to report when they met resistance and what their biggest challenges were in each of the six stages common to most sales processes: (1) *sales inquiry,* when the initial call is made; (2) *needs recognition,* when the salesperson helps the customer better understand his or her needs; (3) *evaluation,* when the customer begins to consider various products; (4) *solution development,* when the customer sits down with a limited set of suppliers and works out potential solutions; (5) *decision,* when the customer decides whether or not to buy; and (6) *after-sale maintenance,* which takes place when the product is being used.

One important finding is that resistance to the sale typically occurs later in the process for new innovations than for established products. That's because customers are often curious about new products, so more of them will say yes to an initial meeting. One buyer who rarely accepts appointments with sales reps commented, "I will always listen if someone brings me a new idea. I want to make sure we are staying current with the best of what is being done in our industry." But as the process continues, customers become more hesitant to abandon the status quo.

The challenges faced in the sales process change over time. In the first two stages, the biggest barrier is that customers think they have only limited information about the product because the salesperson is not revealing something important about it. Similarly, in the next stage, evaluation, they often worry that they still don't fully understand the product.

A big shift occurs in the solution-development stage. At this point customers turn their attention to how their business practices would change if they decided to adopt the product. The two biggest issues are: Customers don't like open-ended situations, which create uncertainty and raise doubt, and they worry that their way of doing business will get disrupted. Also, the buying unit typically expands at this point, and some of those just joining the process wonder, *What will happen to me?* Similar concerns are raised in the decision stage, as customers continue to focus on risk and how people in the organization will be affected, worry that they will regret a decision to buy, and wonder whether they can accurately predict their switching costs.

From the sales organization's perspective, this pattern is problematic and difficult to overcome. Because people with new products to sell can book lots of initial meetings, they feel a sense of accomplishment: They are getting in front of customers and creating relationships with prospects who previously might not have taken their calls. The initial customer enthusiasm is seductive and persuades the salesperson that his or her time is being put to good use. But as the process unfolds, it becomes clear that many of those curiosity-driven meetings were never real opportunities, leaving the salespeople with little to show for their efforts.

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What typically passes for training when a product is launched is merely *a product showcase in disguise.*

**The training needed.** In general, organizations don't do enough to help salespeople navigate this complex process. Our research suggests that what usually passes for training when a product is launched is merely a product showcase in disguise; the main challenges that will arise during the sales cycle aren't addressed. At the launch meeting, product development teams typically devote too much attention to the product's bells and whistles, believing that their primary goal is to get the salespeople excited enough about the innovation to take it to all their customers. Early in the cycle, not only must the salesperson provide the right product information, but customers must *feel* they have the right information. That involves establishing trust and demonstrating a deep understanding of the customer's challenges. Later in the cycle, the salesperson must help the customer understand, assess, and manage the risks and the people issues associated with change. Too few companies help salespeople learn to do this.

Sales teams would be better off spending their time developing a psychological profile of the ideal customer. What traits suggest that a prospect might be willing to adopt a new way of doing business? What behavioral clues signal that he or she is serious about making a purchase rather than simply learning about a new technology? Does the prospect's organizational culture support learning and change? For prospects who best fit the profile, the sales team should map out all the steps that will need to be taken—and all the people who will need to be met. This exercise is creative in nature, because the goal is to envision what should be new and different in the sales process. The team should ask, "Will the buyer need to create new evaluation criteria before a sale can be made? Which groups in the buying organization stand to lose power, and how might they be mollified? Do we know everyone who will be affected by the change? If not, how can we develop the network we need?"

Although the sales team won't have all the information required to get this perfectly right the first time around, working through the exercise will help avoid major stumbling blocks and focus on finding the right types of customers.

## What Makes for Successful Salespeople?

To learn what traits and competencies characterize people who thrive selling new products, we began by analyzing the characteristics of just over 2,500 salespeople from five leading companies in industries including digital media, pharmaceuticals, and industrial products and services.

**They take the long view.** Our first observation: The most successful salespeople manage their time more deliberately than other salespeople do. On average, they divert their attention from existing products and services and use less time on administrative work in order to spend 4.5 more hours a week selling innovations. They invest more time up front identifying good prospects, ruthlessly targeting a few customers who are likely to adopt rather than spreading their attention over many accounts. We also found that a focus on long-term outcomes with customers is closely associated with success. One customer described a favorite rep this way: "His philosophy was that if he could help us do better, then we would ultimately spend more money with his company, and in the long run we would all do well."

**They have different concerns.** Successful salespeople perceive barriers very different from those that others see. They are concerned about people and process issues at the buying organization and about whether the sale will stall if the buyer lacks the evaluation criteria to make a purchase. They worry that the customer will see the switching costs as being too high, or that too many people will be heavily invested in the status quo. In contrast, other salespeople focus on their product knowledge, worrying that they lack descriptive information or that the information they've received is unclear.

**They exhibit more resolve.** Although grit matters in most sales, it is even more important when selling new products. Setbacks often occur late in the process, causing salespeople to feel that the rug has been pulled out from under them. As one senior sales leader told us, "Salespeople will never turn down the opportunity to sell new products. They view them as another arrow in their quiver and immediately see them as a key to their success. But whether they put sustained effort into selling them is another matter." Those with a long-term orientation focus on the future payoff and develop coping strategies to deal with the obstacles they encounter along the way.

**They have a learning mindset.** Goal orientation also plays a role in success at selling new products. Some salespeople have a learning orientation—a desire to improve their abilities and a need to master difficult tasks. These individuals greatly value personal growth. Others have a performance orientation, craving praise for superior work or dreading poor evaluations. A recent study by Annie Chen of Westminster Business School and colleagues looked at how differences in goal orientation affected salespeople's belief in their abilities and their motivation to sell new products. They found that those with a strong learning orientation were confident and eager to meet the challenge. Salespeople with a performance orientation fell into two camps: Those who framed the challenge as an opportunity for praise felt the same way that people with a learning orientation did, but those who dreaded poor evaluations worried they would fail and consequently were less likely to put effort into selling the product.

We looked at how goal orientation affects sales over time at one of the five companies in our study and found that performance suffers initially, when a product is launched, regardless of which orientation a salesperson has. Reps with a learning orientation spend more time acquiring new sources of information and experimenting with different strategies and less time selling; their performance tends to suffer more at first than that of performance-oriented salespeople. In effect, they are making a conscious trade-off—and the period of active learning yields a long-term payoff. Once they understand the market and have found effective strategies, their performance eventually stabilizes at a higher level than that of their performance-oriented peers. For managers this demonstrates that giving salespeople time to experiment and learn about the market will pay off in the long run, but you need the courage to weather an early performance dip.

**They are knowledgeable, customer focused, and adaptable.** We identified several other characteristics associated with success in selling new products. Salespeople need both *product knowledge* and *market knowledge*—an understanding of market trends and customer buying patterns. Given the changes that will take place in the customer's business if the offering is adopted, they need *customer focus*—a predisposition to meet customer needs above and beyond what is required. And the pace of change means they need *adaptability* to adjust their internal processes and style quickly according to feedback from the team, other managers, and market influences.

To examine whether all salespeople—the more and the less successful ones—recognize whether they have the needed characteristics, we compared how they and their customers rated their abilities on the above dimensions. The pattern was striking: Confident in their own abilities, most salespeople gave themselves high ratings across the board. Customers, however, gave them high ratings on product knowledge only—on most dimensions their evaluations were only about a third as high as the salespeople's own, and less than a tenth as high on adaptability. The salespeople thought they were adjusting quite well to outside influences, but customers saw them as stuck in their ways. It is clear from this analysis that sales organizations need to provide guidance and support for their team members' improvement.

## A Culture That Supports New-Product Sales

Frontline sales managers play a central role in executing organic growth strategies, because they deal with the

**The best companies customize training to meet individual needs and *tie assessments to performance.***

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toughest people decisions on a day-to-day basis. During the product launch phase they help existing salespeople learn new behaviors and keep up morale when performance dips. If the company is building a sales force from scratch to support a new product, these managers are responsible for hiring people with the appropriate skills and abilities. If the company is launching a new growth strategy, they must translate it into actions that will work in the field—a challenging job, because they need to make decisions without knowing exactly what will work.

We found that the best companies use competency assessment and training programs to help frontline sales managers effectively meet those challenges. Competency assessments identify individual salespeople's strengths and weaknesses by measuring traits and skills; their sophistication varies widely across companies. Many organizations don't map and assess competencies at all—or if they do, it's in a general way, not with an eye to selling new products. Companies may develop group training programs to address deficiencies in the sales force, but the main focus of such programs is to help people take stock of their own abilities.

**Assess skills systematically.** The best companies take this a step further by customizing training to meet individual needs and tying assessments to performance. Metrics such as new-product sales productivity and new-product share of wallet are used to discern who is excelling in the marketplace. Managers use the assessments to guide one-on-one coaching sessions about specific behaviors that will lead to higher performance and to develop focused learning plans. During the launch phase of a new product, the companies don't know exactly what skills will be needed for success, so they make an educated guess. They revisit their competency maps as it becomes clear who is thriving in the market and revise their training programs to overcome deficiencies. They create a culture in which salespeople aspire to grow.

The training required in these programs tends to be broad, encompassing both skill building and personal growth, because new products test salespeople's self-confidence. For example, a media company told us that its salespeople were becoming so overwhelmed by the pace of change in the digital market that they could not engage with customers. They could ask the right questions to assess customer needs and had adequate product knowledge, but they couldn't bring themselves to discuss solutions. A constant stream of digital disruptions shook their confidence in their understanding of the market, and they did not want to appear ignorant to their customers.

**Train for knowledge and resilience.** The media company took a two-pronged approach to this problem. To address knowledge concerns, it created a market awareness training program. After that ended, it provided regular updates on trends in digital media so that salespeople could help their customers make sense of where the market was moving. But more important, it provided its people with coping mechanisms to make them more comfortable with the pace of change. The emotional barriers to making a sale were bigger than the knowledge barriers. One senior manager described the challenge this way: "Our salespeople could assess the customer's needs and offer appropriate solutions. But the disruption in the digital market was so overwhelming that they did not feel clear about what they were supposed to do. They were stuck in place until we could get them over this hurdle. To help them cope, we asked them to reflect on what their role was and was not. We found that it was helpful for them to write down their thoughts in a journal. We needed them to recognize that they did not have to be an expert in all things."

Salespeople (like many others) often don't want to see that the world is changing and need prodding to learn new behaviors. Competency assessments foster behavioral change because they provide data from an outside source about where salespeople's skills need improvement. These assessments are most effective when questions focus on specific behaviors—such as "When selling new products, do you first go to existing customers to gauge their reactions?"—and respondents cannot guess at the right answers. Making comparisons that force them to wrestle with difficult facts can foster behavioral change. For example, an individual's skills and behaviors can be benchmarked against the best salespeople at innovative companies in the industry, the best salespeople at his or her own firm, or customers' assessments. The goal is to provide the manager with enough data for any discussions that need to take place.

Competency assessments also encourage sales managers to focus on what the world *should* be rather than what it is. If a product represents a change in direction for the company, assessments can help determine who will be able to operate

in the new world and who will struggle. If the company is building a new sales force to support the product, assessments can help determine what to look for in job candidates and how to screen for the right traits. Changing behavior is as difficult for sales managers as it is for salespeople. Successful managers sometimes think, *I know from experience what works, so why should I change?* When problems arise in the field, these managers tend to blame the product rather than the salespeople or themselves. If the sales management team is stuck in the old world, significant turnover may be needed. In an extreme case, we have seen half of a frontline sales management team turn over in one year because its members could not make the necessary leap.

## The Benefits of Strategic Account Management

We also found that the best companies often launch new products through strategic account management programs. Strategic account managers (SAMs), who are assigned to the most important customers, are permitted to take a longer-term perspective for business development and are responsible for building a useful network at all levels of their customers' organizations. They help the field sales team overcome challenges as they arise. SAMs typically receive more long-term incentives as part of their compensation than regular salespeople do; companies with SAMs typically experience higher sales costs but usually see a return on that investment. At large companies SAMs help break down internal barriers between business divisions that prevent important conversations with customers. One member of an operating board commented, "If I were to ask our business division heads if we needed a strategic accounts management program, they would all say no, because they worry about the cost. But from my position, I know that those programs are a key driver of our growth."

**Make sure someone's looking at the big picture.** It is best practice for SAMs to hold regular planning meetings with customers and establish mutually beneficial goals to support the sale of new products. This form of planning and collaboration allows SAMs to become intimately familiar with customers' business practices, culture, and strategies. They analyze their customers' industries and identify their customers' strengths and weaknesses relative to competitors in the market. Intimately working together on strategic

**Senior leaders should allow strategic account managers to *focus on long-term goals.***

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priorities lowers barriers to adoption for new products. Trust is established, so customers don't worry that the seller is holding back information about the product and are confident that the seller understands the challenges they will face as the product is rolled out to users.

SAMs make sure that experts are connecting and new opportunities are surfaced at lower levels of both companies. Describing a typical success story, one commented, "Once a business unit told me that the customer was not interested in energy storage technologies. They had asked the wrong people. I put them in contact with the customer's R&D center, where I knew that a team of eight people worked on storage innovation, and that team was indeed interested in cooperating with us." When the right connections are made, the two companies often jointly develop technologies, promoting an even deeper level of trust.

**Build partnerships with your best clients.** SAMs are responsible for bringing together the senior leadership teams to show how the two companies can grow together. Senior leaders at the selling organizations demonstrate their personal commitment to these programs by regularly calling on customers and holding strategy meetings with SAMs. One senior leader explained, "The involvement of the board shows our commitment to customer centricity; it builds trust between the board and the customer's top executives and provides the board a more direct view of what customers want. This program gives the SAMs further strength via our top management inside and outside the organization." Commitment at this level helps the operating team understand its customers' challenges and anticipate problems that might be created by the adoption of a new product. And it reassures customers that problems will be addressed in a timely manner, lowering the risk associated with making a purchase.

Senior leaders also use strategic account management to balance the need for long-term growth with pressure to meet short-term earnings targets, which can create tension in sales organizations and undermine a company's ability to sell new products. Our research suggests that senior leaders resolve some of this pressure by letting SAMs focus on long-term goals and managing earnings through nonstrategic relationships. In one study we found that most companies use their sales organizations to manage earnings targets—81% of senior sales leaders said that their CEO, and 75% said that their CFO, requests revenue or expense management actions to smooth earnings. But the leaders did not treat all accounts equally: We found that the biggest factor in letting customers become strategic accounts was their potential for long-term growth, and that senior leaders were about half as likely to request short-term actions in strategic accounts as in others. One SAM described his company's focus this way: "We see consistency as being a driver of strategic relationships and are willing to suffer through periods of reduced profitability to maintain progress." This long-term focus is key to selling new products.

**SUCCESSFULLY EXECUTING** an organic growth strategy requires a deep and lasting commitment from the entire senior leadership team, because bringing new-to-the-world products to market transforms selling organizations as much as it transforms buying organizations. The best companies are strategically aligned, from the sales force to the C-suite, when new products are launched. They recognize that selling these products involves different barriers, and they develop new processes to overcome them. HR creates competency maps to assess the skills and behaviors needed to sell the products and works with sales managers to establish the necessary training and coaching programs. Frontline sales managers buy into the strategy behind a product launch and support the learning process that salespeople go through in the field. The C-suite maintains a long-term orientation by nurturing strategic accounts and making sure that pressure to meet earnings targets does not stand in the way of future growth.

At the best companies we visited for our interviews, the entire sales organization takes pride in having developed a long-term mindset regarding organic growth. These companies recognize that investing in R&D is not enough to ensure that it will bear fruit; they make the same commitment to commercialization that they make to idea development. Too much is at stake to do otherwise.

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