



Book Building a Winning Sales Force

Powerful Strategies for Driving High Performance

Andris A. Zoltners, Prabhakant Sinha and Sally E. Lorimer
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Recommendation

To reveal the potential of your sales force, analyze and evaluate 12 sales effectiveness drivers. Maximize the benefits of those drivers and you often can maximize sales. Sales experts Andris A. Zoltners, Prabhakant Sinha and Sally E. Lorimer explain how these drivers work. Their comprehensive book is filled with flow charts, scatter plots and other graphic presentations of data, underscoring the authors’ technical rigor. The book also offers case studies that bring the authors’ points down to earth. If the painstaking information is any indication, this team has thought long and hard about improving sales force effectiveness and it understands the subject exceedingly well. *BooksInShort* believes readers can learn a great deal about building a great sales force from these astute observers.

Take-Aways

- Selling requires more than just attaining sales targets, which may result from favorable market conditions or plain dumb luck.
- To strengthen your sales force, analyze its results, customer accounts and work processes and activities.
- Optimize 12 sales force “drivers” to enhance effectiveness, starting with strategy.
- The second, third and fourth drivers are the size, structure and territory assignments of your sales force, which is the heart of your “sales system.”
- The fifth driver, often overlooked, is recruitment. The sixth is training.
- The seventh and eighth drivers are inculcating a “sales culture” and having the right sales manager.
- The last four drivers are information technology (IT), incentives, goals and focus.
- Use a “sales force performance scorecard” to evaluate your salespeople.
- Make improvements to your sales force that support your strategy, comply with company procedures and minimize the risk of unintended negative consequences.
- Your company’s marketplace is a dynamic “world of sales” that constantly changes, so your sales force must keep adapting to stay competitive.

Summary

The “Sales System” and the “World of Sales”

Businesses make huge investments in their sales forces. For example, U.S. companies spend \$800 billion annually on sales, 300% more than on advertising. Corporations need to get a strong return on this sizable investment and now they can. When companies implement the correct sales effectiveness initiatives, revenues climb 10% on average. But determining the right initiatives is not easy. To do so, firms must examine five sales system elements: “company results, customer results, activities, salespeople” and, the most important element of all, their “sales effectiveness drivers.”

“Discovering the best way to enhance the workings of the sales force is not easy.”

A company's individual sales system exists within a larger world-of-sales framework. This sales system determines how the sales division functions internally and how it works with the corporation's other divisions. The company's industry and the business conditions it faces also shape the sales system.

“Sales success is a gestalt. Top producers are not all identical, and it is difficult to know the precise combination of characteristics that a person needs to have to become a top producer.”

The sales process is the most dynamic of corporate processes. Market conditions constantly change, as do customers' wants, needs and expectations. New products relentlessly emerge. Some competitors get stronger, others weaker. Government regulatory actions can inhibit or unleash commerce. The merger of your company with another firm could dramatically alter the business landscape. Your sales force must be equally dynamic. If not, your company soon may fall behind the pace of change. Make your sales force a change agent that identifies new opportunities and helps your company capitalize on them before your competitors get to them. That is what sales effectiveness means.

The “12 Top Drivers of Sales Effectiveness”

First, diagnose any problems in your sales force's effectiveness and create workable solutions. This diagnosis should include development of a “sales force performance scorecard” for evaluating the 12 drivers of sales effectiveness. Any remedial actions you take should meet the “Three Cs” guidelines. They must be “Consistent” with the company's strategy and “Compatible” with its procedures, and must result only in intended “Consequences,” such as increased sales or greater customer satisfaction. In your diagnosis, concentrate on the dozen primary sales effectiveness drivers:

1. **“Sales strategies”** – Your sales strategy identifies your best prospects, details your basic value proposition and defines the selling process. Your sales force makes the strategy into a workable reality. The strategy dictates your salespeople's product and account focus. It also should determine the nature and scope of their primary sales activities. Properly implementing the ideal sales strategy will give your company the ability to achieve the sales volume and customer satisfaction its leaders want.
2. **“Sizing your sales force”** – How many salespeople you retain may depend on the age of your firm. Mature organizations usually know how many salespeople they should put in the field. Never maintain a small sales force based on believing that your products or services can virtually sell themselves. An undersized sales force may fail to capitalize fully on promising opportunities. At the same time, understand that a law of diminishing returns applies to each sales force: Add too many salespeople and you will begin to reduce average sales per salesperson. Useful guides to determining the ideal sales force size include your sales manager's observations and the number of salespeople your competitors employ.
3. **“Structuring your sales force”** – Should your salespeople be generalists who represent all your products, call on all types of customers and handle all sales tasks? Or should they be specialists who concentrate on selling particular products, cover specialized markets or handle only certain parts of the sales process? Sales forces with a generalist bent can promote an entrepreneurial spirit among salespeople, but they are inefficient if your product requires highly specialized customer knowledge. On the other hand, people on highly specialized sales forces may lack comprehensive knowledge of the company's product line. The typical account executive on such a sales force won't be able to capitalize on contacts with business prospects who want something beyond the account executive's expertise. Sometimes a “hybrid structure” that combines generalists and specialists is the best approach.
4. **“Designing sales territories”** – Re-evaluate sales territories every year or so to ensure that they continue to work well for you. Do all your customers get the attention they deserve? Does your firm maximize the capabilities of its sales force? Does the design of your sales territories positively motivate your sales force? If your answer to any of these questions is no, you may need to redesign your territories. Companies that correctly design sales territories achieve full coverage of customers, among other benefits. Plan sales territories so they correspond to the capabilities of individual salespeople. Assign all salespeople territories with similar sales potential. Ensure that their territories are compact to reduce travel time.
5. **“Sales force recruiting”** – Sales managers often work to improve sales force effectiveness through training, compensation practices and customer relationship management (CRM) programs, but many overlook recruiting. The fact is, for most firms, recruiting should be at the top of the list. Use four steps to recruit top candidates for sales force positions. First, define the job and the type of individual who would best fill it. Second, identify candidates by using industry contacts, Internet sources and recruitment agencies. Next, attract the best talent by demonstrating that your company offers the most promising opportunities. Then hire the best candidate for the job. Whatever you do, never hurry to fill job vacancies. Select only the best people.
6. **“Developing more effective training programs”** – Focus your training on the core competencies your salespeople need to do their jobs. Use “competency models” that define the requisite knowledge, skills and capabilities as your blueprint for training development. Consider the nature of the selling process as you create your training goals. Is your sales process complex? If so, your salespeople need consulting skills, not just well-honed selling techniques. Carefully examine your top producers to see what makes them effective. Incorporate this “trainable behavior” into your sales force's education program. Consider a “blended learning” program that involves role playing, sharing best practices and exploring insights from business books.
7. **“How to create a winning sales force culture”** – Make sure your firm's core values are exemplary and then evangelize them at every turn. This will inspire a productive culture of accomplishment in your sales force. Consider the example set by the giant express courier United Parcel Service. UPS is an industry leader because of its “customer service-focused and team-oriented” sales force culture. Jim Casey started UPS in 1907 and his values continue to influence the company's sales force culture today. He tirelessly promoted customer-focused core values of honesty and integrity, and fostered the idea that UPS is a team of people pulling together to achieve a worthwhile common goal.
8. **“The right sales manager”** – Hiring a sales manager with a wide array of supervisory strengths is a vital component of selling effectiveness. A great sales manager is a must for companies that expect outstanding sales results. Weak sales managers, on the other hand, can do considerable harm. Strong-minded salespeople may intimidate weak sales managers, provoking conflict. When excellent but frustrated salespeople move on to other firms, weak sales managers tend to hire weak salespersons as replacements. Is your sales manager weak or strong? A strong sales manager always wants to win. He or she recruits the best talent, shows adaptability and decisiveness, and knows how to coach salespeople.
9. **“Using information technology”** – Information technology (IT) increasingly helps salespeople perform better. One popular category of software that supports salespeople is customer relationship management programming. Other IT products simplify expense management, sales territory routing, appointment scheduling, order placement and tracking. Some products help salespeople target prospects in the most effective manner and identify their primary purchasing needs. Siebel Systems and Salesforce.com offer excellent sales-support products that you can implement quickly.
10. **“How sales force incentives can drive results”** – In sales, incentive compensation (IC) is the horse that pulls the cart. Is your IC plan good? The answer

depends on three metrics. One is “engagement rate,” or the portion of salespeople who earn incentive pay. Another is the “meaningful engagement rate,” the percentage of salespeople who earn a “motivating amount” of incentive pay. The “excitement index” is the percentage of your salespeople who earn all the incentive payments available under their compensation plans. Many corporate leaders support “100% engagement,” that is, they give salespeople the opportunity to earn incentive pay on every sale.

11. **“Setting fair and realistic goals”** – Realistic territory goals for sales require realistic national goals. Rely on both your marketing and sales departments to set national objectives. In setting nationwide sales goals, consider sales projections, likely price changes, sales force expansions or contractions, product introductions and the launch of competitive products. Use data analysis and input from the sales force to determine ideal territory goals. Despite your best efforts, the national goal may appear too high by midyear. If so, use “add-on incentives” and “spiffs” (immediate bonuses) to boost sales.
12. **“Staying on track”** – Utilize an effective performance management system to ensure that your salespeople faithfully tend to their daily responsibilities. This requires guidance from individual sales managers, as well as feedback and direction from top management. Sales managers play the pivotal role in managing performance. They must establish goals, develop and execute plans, measure and evaluate performance, distribute rewards, and take corrective actions.

“Having a sales force of the right size is critical for new and growing businesses.”

Hitting your sales numbers is not always a reliable indicator of sales effectiveness. Your 12 sales force effectiveness drivers are the best indicators. Improve them and sales are sure to increase. The sales drivers above fall into five main categories:

1. **“Definers”** – These drivers concern the structure of the sales organization and the specific roles the salespeople fill.
2. **“Shapers”** – These drivers involve “hiring, training and coaching” salespeople.
3. **“Enlighteners”** – These drivers provide vital customer and marketplace information, often delivered through an IT system.
4. **“Exciters”** – These drivers include incentive programs, sales leadership styles and other factors that motivate salespeople.
5. **“Controllers”** – These drivers encompass business processes and control systems that enable salespeople to stay on track.

General Electric: Bringing It All Together

In 2001, Jeffrey Immelt succeeded the legendary Jack Welch as chairman and chief executive officer of industrial conglomerate GE. He quickly developed a “cross-organizational initiative” to enhance its sales worldwide. Immelt and his colleagues determined that the GE businesses that historically achieved the best sales results did so by using “data, analyses, processes and tools” to help them make better sales force decisions. Immelt decided to implement this scientific approach at GE on a global basis.

“What is the best remedy for sales force complacency? Preventing it from occurring in the first place.”

GE started improving its sales force effectiveness by analyzing the sales potential of individual customers and territories, and evaluating the adequacy of incentive compensation. The company developed various “delivery mechanisms,” including a sales-leadership training program, to act on these priorities. GE put 50 employees to work developing “frameworks, tools and best practices” that all GE businesses could use to improve their sales. GE’s “global sales force effectiveness initiative” has improved the corporation’s sales volume and sales efficiency across the board. But it took more than just planning: GE also committed the requisite resources to make the new program work.

About the Authors

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