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Restructuring Your Sales Force

Restructuring the sales force to transform growth: a plan for action

When we see enterprise wide transformations, the best organisations evaluate how the transformation of its sales force effectiveness can drive incremental top-line growth.

The confidence and energy of a high-performing sales team will permeate through an organisation. To create this, a Chief Executive needs to think long and hard about what types of business development people are needed, the support structures provided and how compensation will drive their behaviours.

These are big decisions – ones that can determine the success, mediocrity or outright failure of the business. [Kate Donaldson](#), a Managing Director with Alvarez & Marsal's Corporate Transformation Services practice in London who leads the commercial excellence practice in Europe, notes that she's seen senior executives shy away from making significant changes to sales for fear of the impact it may have on the organisation.

When something is wrong with a company's sales force, damage to performance and returns are inevitable. To make it right and reverse declines, leaders must find out exactly what the problem at the front line is. "However, a lot of management teams don't understand what is wrong when they are facing a problem with a sales team – this tends to be compounded by a desire to not meddle with the department; an attitude that can lead to a lot of problems" she explains. "It could be a product or cost of goods issue. It could also be a need to slim down the number of people after a merger," she says. "In an industrial company it could be a capability issue due to a lack of sales people able to answer technical questions, or if 80 percent of sales are being generated by a quarter of the people, it could be a problem with the way territories have been drawn."

In A&M's work with clients, an assessment could be as short as three weeks or take several months in the case of large-scale transformation projects.

"We identify the key pinpoints of pain and we pick three to five things that we can improve to the level of an A, rather than doing everything to the level of a C minus," says Ms. Donaldson. Establishing a sequence of changes that balances quick wins with more transformational longer-term improvements is a good first step to building a successful sales force.

Five levers to improve sales force performance

For example, for companies with ten large customers and perhaps thousands of smaller ones, the smallest customers could be better served by the company's inside sales force, who take orders by phone or online, rather than the external sales team who go out to visit clients on site. This change can be made quickly and will create an uptick in sales because it becomes easier for these customers to place their



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orders. It also saves money because the internal sales force is cheaper to run. However, the more substantial savings come from replacing more expensive external sales people, which takes time.

The other key levers to pull are capability, time spent with clients, the right incentives and using technology to better manage the future order pipeline.

Capability first

“Capability is typically a problem that affects industrial companies,” says Ms. Donaldson. Sales people may come from an engineering background and lack professional selling skills, or the company may have employed people with a sales background who lack the technical knowledge to deal effectively with clients. In that case, engineering expertise may end up being redirected into sales rather than used where it is needed in product development.

In a recent transformation project with an industrial client, A&M worked with the company to develop a training program that would raise the technical knowledge of the sales force to the level required by the company’s complex products. All the sales teams worldwide went through the training over six months.

Sales remains a relationships business

When it comes to time spent with clients, there is a hard and fast rule – 50 percent or more of the sales force’s time must be spent with customers, rather than doing administrative tasks linked to sales. “If that’s not happening, leaders need to work out how to take the burden of back office tasks off the sales force,” says Ms. Donaldson. Sales people who cover too large an area will also struggle to meet the 50 percent-plus target and give customers the face-to-face time they need. Territories may need to be redrawn as part of the restructuring.

When it comes to putting in place incentives that work, leaders must ensure these are tied to the overall strategy of the business as part of the transformation. They should be linked to margins as well as sales volumes.

With A&M’s industrial client, an overhaul of its incentives was another part of the reorganization: “We reworked the key performance indicators (KPIs) so that they focused on the order pipeline six months out,” says Ms. Donaldson. “The old incentives were also unnecessarily complex, with a variety of components to every target. In addition, only a small proportion of the sales force participated in the incentive scheme at all. We replaced that with a straightforward system of targets that was clearer to everyone, and this really motivated them.”

The final lever, technology, comes in the form of better customer relationship management tools. These give teams clear oversight of where pitches are now and what could be converted from a lead to a win in six months’ time. Digital tools for interacting with customers are also increasingly important, with companies offering different online portals for different tiers of customers. However, technology is an additional weapon, not a replacement, for meeting people and building a rapport over time – “sales is still a relationship business,” says Ms. Donaldson.





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Within a broader transformation, any reorganization of the sales force must be supported by the project management team. An important step is to recruit “champions” from within the sales force to bring the rest of the team along. “There’s no flip a switch and this is how we do it now,” says Ms. Donaldson. “There has to be a period of hand-holding and there will be months of interactive work between the team leading the transformation and the sales force to get it right.”

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GOT A QUESTION? CONTACT AN INFLUENCER

ANSWERS ARE ONE CLICK AWAY



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