



REGAINING AND REGAINING THE ADVANTAGE

ADVANCING THE ORGANISATION THROUGH SALES AND MANAGEMENT



REGAINING AND REGAINING THE ADVANTAGE ADVANCING THE ORGANISATION THROUGH SALES AND MANAGEMENT

NEW COMPETITIVE REALITIES CONTINUE TO PRODUCE SHOCK WAVES THAT TOPPLE CORPORATE GIANTS, BUT THEY ALSO GIVE RISE TO REVOLUTIONARY WINNERS. THESE BEST-IN-CLASS COMPANIES ARE FORGING ENTIRELY NEW STRATEGIES IN AN AGE OF MASS DISRUPTION, THROUGH FRESH ECONOMIC MODELS, MERGERS AND ACQUISITIONS, AND E-COMMERCE.

Traditionally, a company could win long-term advantages with new products, or dominate with deep pockets and massive size, or capture markets with widespread brand recognition and global presence. The strategy was to create barriers in the marketplace and strive for stability. Today, these attributes may produce a temporary market advantage, but it is likely to be short-lived. It is not enough now to develop a new product to sustain advantage. Every competitor will quickly seize on its strengths and set about to replicate and improve it. “Deep pockets” (discounting) in most industries is equally duplicative, and global competition makes it harder and harder to capture a market. Brand recognition, while important, loses its impact in an environment where the customer expects excellence and where new and improved competitors surface daily. So how can organisations sustain advantage under these conditions?

The truth is there are no sustainable market strongholds or long-term competitive advantages *anywhere* on the business horizon anymore. The traditional sources of advantage, even the strategy to *sustain advantage*, have proven to be too static for today’s tumultuous marketplace. It is a short-term market requiring organisational agility and know-how -in short, *speed* and *surprise*. Companies must gain and regain the right to the customer’s business, and gain and regain the advantage over their competitors.

According to Richard D’Aveni in his book *Hypercompetition*, traditional competition has been replaced by hypercompetition: “Now, instead of stable periods between disruptions, the environment is one of disruptions punctuated by rare stable periods.” As a result, he says, we are viewing the “twilight of strategic doctrines,” and sustainable

Now, instead of stable periods between disruptions, the environment is one of disruptions punctuated by rare stable periods.

advantage is being replaced by a strategy of “launching multiple unsustainable initiatives and using them to outmaneuver the old competitive position of rivals.” McKinsey’s original 7-S framework held that competitive advantage arises from creating a fit of organisational characteristics (structure, strategy, systems, style, skills, staff, and superordinate goals) and focusing them on purpose and mission. D’Aveni views these as obsolete in a hypercompetitive market, and his dynamic theory offers a new 7-S framework for finding and building temporary advantage. In hypercompetition, the old stabilising influences have given way to speed, disruption, and changing the game.

Companies acutely aware of external market pressures exerted by hypercompetition are altering how they go to market. Key to these initiatives is the redefinition and redeployment of the sales organisation.

REDEFINING SALES: A POWERFUL SOURCE OF COMPETITIVE ADVANTAGE

Certainly the “art of the sale” has grown increasingly complex. Market staying power has become a function of how fast and how effectively companies can operate on behalf of the customer and, at the same time, outmaneuver the competition. So the degree to which companies can make doing business with them easy and rewarding for customers, and impact the critical success factors of the customer’s business, is a measure of their competitiveness. This requires a salesforce that has skills well beyond those of the traditional persuader, and sales management that is responsible for the sales process as well as salespeople. It also requires an organisation that is structured and culturally motivated to move beyond the status quo, toward creating - and in many respects, defining - the customer’s future. Current and future competitiveness requires anticipating the marketplace, not simply reacting quickly to customers.

The Art of the Sale

In the past, the successful salesperson was a persuader, a features expert, and a vendor, operating outside the mainstream of strategic decision-makers in marketing, manufacturing, or R&D. This sales approach suited a mass market where customers had little information, were eager to buy, and had limited sources of supply.

Today, almost all successful salespeople are experts in their customers’ businesses and function as problem solvers. But high-performing organisations, especially those with aggressive growth goals, have redefined the sales team to include the most senior executives. In a sense, every salesperson is a team leader, aligning, orchestrating, and value-adding valued company resources on behalf of the customer. And every employee is part of the sales team, available to support sales initiatives.

Two Sides of the Same Coin

The salesperson’s role must continuously evolve from being a player in a numbers or relationship game to being a business consultant. The emerging role might be described as a conduit of information - a consultant who facilitates an organisational response to solve customers’ business problems.

Providing ‘added value’ now means understanding the customer’s business, their industry, and their competitive landscape. It means discovering how the selling organisation can play a strategic role in the customer’s business, and being able to communicate credibly with the customer’s senior executives. It means discerning what influences the customer’s buying behaviours, anticipating those behaviours, and responding strategically. It requires understanding how the customer uses the salesperson’s product or service over time and establishing profitable associations between and within the buying and selling organisations. In this context, the salesperson becomes a consultant, promoting

“The shift I am expecting is from a good salesperson with business savvy to a business person with highly developed sales capacity.”

the business objectives of the customer, providing innovative ideas and solutions.

The *consultant* role of the salesperson provides advantage to the customer. The other dimension required of the successful salesperson today is that of a *strategist*. In the role of strategist, the salesperson provides advantage to the selling organisation. The salesperson must be able to select high-yield opportunities and demonstrate business value to the most influential people in an account, while managing the competition in a way that is, frankly, beneficial to the customer. The salesperson as strategist must be able to articulate solutions to the senior level in the customer organisation. This means the ability to manage communications differently regarding value, the business case, financial implications, and technological impact.

The roles of consultant and strategist are not contradictory. They represent two sides of the same coin: sales effectiveness. The salesperson as *consultant* advances the customer’s company by becoming an expert in that business and industry, in addition to his or her own business. Senior executives uniformly say that the most strategic suppliers are those who know both. The salesperson as *strategist* advances the selling organisation by doing profitable business while outperforming the competition. While there are skills specific to the consultant and strategist roles, obtaining sales superiority requires skills over and above those associated with either role. These skills facilitate the effectiveness of both roles and are grouped into two dimensions of effectiveness: *personal* and *technical*.

Personal effectiveness is the individual capacity to be both a strong strategist and consultant through self-development, relationship skills, and innovation for the conceptualisation and implementation of a sales effort. Personal effectiveness traditionally has been thought of as the most important capacity of the sales professional. The

characteristics associated with personal effectiveness include motivation, self-management, and innovation. Salespeople must be able to handle stress, assess risks, and generate creative solutions. Their success is dependent on their ability to develop relationships and provide leadership in the diverse universe of globalisation and multinational talent.

Technical effectiveness is product-specific knowledge about characteristics and applications, combined with business acumen. More recently, companies have emphasised product and business knowledge in their training and development of sales personnel. This has not gone far enough. To sit down and speak credibly with a CFO about the financial dimensions of a solution is a source of unease for many sales professionals now. Ariston Group recognises this and believes there must be a greater emphasis on this capability. Even the most sophisticated and experienced salespeople often lack confidence in a discussion of this complex nature. A salesperson with technical effectiveness is proficient in product knowledge, applications, business processes, financial conditions, and other functional factors that affect the purchase, use, and integration of products or services. This knowledge is also critical for effectively developing and implementing a sales strategy that is right for the customer and right for the company. In the words of one senior executive, “The shift I am expecting is from a good salesperson with business savvy to a business person with highly developed sales capacity.”

Without these additional capabilities, a salesperson could not implement a successful sales strategy. There are, then, four principal dimensions for effective sales performance: consultant, strategist, personal effectiveness, and technical effectiveness. In turn, each dimension is composed of a set of individual competencies.



The roles of consultant, strategist, and technical and personal effectiveness are important regardless of the salesperson's experience. However, there are differences between a relatively inexperienced salesperson and an expert one. These differences can be represented as different phases in the development of the sales professional.

Is Sales Development Tied to Market Demands?

The short answer is that it *should* be. Often senior management believes that it would be ideal - perhaps not practical, but ideal - to develop all salespeople in the organisation into senior-level sales professionals. In fact, senior-level salespeople are required only when the nature of the sale is complex, when there is a high level of competition and a low level of differentiation, and when the sales approach needs a wide repertory of skills to address customer needs. The opposite is also sometimes true: When the complex nature of the sale requires experienced salespeople, some companies hire inexperienced salespeople because their compensation is less, then expect them to perform at the same level as their experienced counterparts without further training. In either case, the appropriate correlation has not been made between the sales professional's skills and specific market requirements.

The roles of consultant and strategist remain important regardless of the salesperson's experience. There are key differences in skills and capabilities between experienced and less experienced salespeople, which can be represented as different

phases in development. Ariston Group has identified three developmental phases of sales professionals.

The important point here is that not all companies should strive for experienced Phase III salespeople, nor should they be driven by short-term cost savings to employ only Phase I salespeople. Some sales environments are most appropriately treated with a Phase I approach, others with Phase II or III. The phase level should be determined by the complexity of the sales process and customer needs. *What is important, then, is for an organisation to match its sales approach to the needs and requirements of the sales environment or market orientation.*

Whether at Phase I, II, or III, the transition to consultant and strategist is one opportunity to move the organisation from simply improving performance to changing the game. But what does it mean to be a consultant? Are we talking about the concept of needs-based selling that has been around for a while? Are we gratuitously throwing the term "consultative selling" around without truly exploring what it takes or means? And what does it mean to be a strategist? Is it simply a more acceptable term for competitive gamesmanship? Or justifying price winning?

The Consultant

The salesperson as consultant gains an advantage by serving as a business consultant to his or her customers. By knowing customers as a business (their risk and success factors, their products and processes), salespeople can position their offering in a way that links it to their customer's vision and strategy.

In Ariston Group's experience with sales organisations, we find a real misconception about what it means to be a consultant. Most organisations claim that their salespeople are already consultative, or that they already practice consultative selling skills. In fact, what passes for consulting skills is, in most cases, simply the familiar needs-based selling approach, which is now taken for granted by the customer.

The real advantage lies in being able to discover the business priorities of the customer's executives - those things that keep the CEO, CFO, and CIO awake at night.

Prompting the customer to tell you what he or she already knows is not true consulting. Nor is consulting simply asking questions to determine a customer's needs, listening well to the answers, and recommending solutions that best match the customer's stated needs. That technique is good as far as it goes, but it will not provide meaningful value to the customer, nor will it significantly increase bottom-line profits. It may keep a sales organisation in the game but not change it or win it.

Customers face complexity in their businesses. The value a consultant can bring as an external resource may be either to help customers make sense of the issues they find themselves too close to, or to bring expertise that can advance the customer's business in ways they had not thought of. Consultants are not just born, they are trained and have tools and processes that support their ability to be true advisers to their customers. In that regard, it is important for the consultant to have a protocol to follow, in order to understand what they need to find out and then how to organise that information and present it in ways that make sense out of complexity for the customer. Successful consultants today can build relationships, diagnose complex issues, influence people, propose solutions, reach agreement, and, in the end, deepen and maintain a business relationship over time. The best way to get close to customers is to understand them thoroughly as a business.

A true sales consultant has the following kinds of skills:

Consultant Skills

■ **Recognising Organisational Buying Behaviour.** Knowing what the customer would value in terms of having a strategic or more transactional relationship is the first step in being a consultant. It always starts from the customer organisation's point of view. Too often, salespeople are taken in by 'lip service' about being a "partner," and they wrongly darken the sky with costly resources. The real consultant knows how to give the right advice to each kind of customer.

■ **Creating a Competitive Offering.** When the client wants only specs and price, it takes a creative salesperson to find something more that the client would value enough to pay for. This "something extra" is usually not in the product itself, but in how the customer uses it. It comes from seeing a product from the customer's point of view throughout their entire experience with it in both technical and business terms. For example, a creative idea on how a customer can save money after disposing of the product can pay off as a valuable differentiator for the salesperson.

■ **Finding Partnership Linkages.** In those cases where the client really is open to a partnership, the salesperson that can consult about how to link two companies "business-to-business" has a real advantage. For example, if a salesperson understands how a customer's business works as a complete production system, he or she will be able to recommend products and services that make that system more competitive in the customer's own market.

There is a shift in sales behaviours when switching from vendor to partnership. Both the seller and the customer work together to make doing business easier, look for other opportunities for mutual gain, develop and share a common mission and vocabulary, and have a high degree of trust and disclosure.

■ **Understanding Business Priorities.** It is not unusual for salespeople to ask about a customer's priorities. But too often they ask the wrong people (e.g., purchasing) about the wrong priorities (e.g., specifications or business value). The real advantage lies in being able to discover the business priorities of the customer's executives - those things that keep the CEO, CFO, and CIO awake at night. Showing executives how your solution helps them meet their most critical objectives can provide a vital new way to establish credibility and link your offering to the core of the customer's business.

Today, sales management shifts from managing only salespeople to managing the salespeople and the process.

The Strategist

The salesperson as strategist gains an advantage by developing and implementing a strategy that determines which business is most profitable and the appropriate competitive approach to winning that business.

As the sales campaign becomes more complex, requiring more contacts inside the organisation and an increased ability to confront and overcome intensive competition, it is imperative that salespeople be equipped to develop an effective strategy. It is equally important that the strategist generates profitable revenue for his or her company. And it begins with knowing what and where the best business is to pursue. The more skilled a sales strategist is in the following ways, the more he or she will succeed in complex and competitive campaigns.

Strategist Skills

■ **Managing Opportunities:** Assessing and Selecting. The successful strategist knows where to put his or her resources to best use, where to do battle, and where to just pin down the other bidders. This means being able to qualify accounts in a rigorous and objective manner. It is not just finding out if the customer has a need and a budget, or if the product specifications and technical requirements fit. It also means determining the relative strength of other opportunities, the level of influence given a complex decision, and the organisational compatibility between the strategist's company and the customer's business. The process should also provide a framework for making decisions about allocating resources and forecasting sales within the framework of profitability.

■ **Managing Decisions.** The ultimate skill of the sales strategist is to understand and influence the sociopolitical dynamics inside the customer's decision-making process. The inexperienced salesperson often goes looking for the key decision maker to influence. The experienced strategist maps the decision-making process, identifies the stakeholders in that process, and develops effective and appropriate ways to influence key decision team members.

■ **Managing Competition.** The strategist always knows where they stand in relation to the competition's value in the customer's eyes. The inexperienced salesperson risks provoking or engaging in a competitive battle in sight of the customer. The experienced strategist evaluates the relative competitive value of his or her offering, and examines competing proposals from the customer's point of view. The strategist can identify and execute the best competitive strategy based on the specific conditions of a specific opportunity.

■ **Managing Messages.** The strategist can articulate the value of his or her solution by emphasising the value differently to different executives. The inexperienced salesperson often approaches an opportunity with a single value proposition. The strategist creates sales messages that incorporate the varying concerns of the buying team. Having a strategy is wonderful; the ability to implement it is altogether a more important measure.

Strategic skills are not only an advantage in terms of winning against the competition in a specific campaign. They also help translate sales activity into sales productivity. Obviously, the salesperson that does the right thing at the right time is not wasting resources at the wrong time with the wrong customers. That person is utilising a process that effectively and efficiently moves the sales campaign forward with an appropriate allocation of resources. Other advantages include:

- Increased depth of account penetration
- Increased consistency among sales campaigns
- Increased accuracy of sales forecasts
- Increased close ratio

THE CHANGING ROLE OF SALES MANAGEMENT

Sales managers provide the internal communication link between senior executives and the sales organisation. They are critical to creating strategic alignment based on a realistic appraisal of the market conditions and the company's business objectives. In the past, sales management's job was to hire and then keep motivating strong sales performers. Typically, sales managers came from the ranks of top salespeople, and were rewarded with a management position without any further training. Often their relationship with salespeople that reported to them was a kind of "lead, follow, or get out of my way" one.

Today, sales management operates an effective sales organisation by setting standards, keeping informed on all accounts, tracking the qualification process, and supporting salespeople in identifying actions that will have a high impact on the outcome of the sales campaign. Sales organisations that operate at the process level are in control of their sales campaigns and not trapped by a lack of information or misinformation, a lack of alignment with the key decision makers, unforeseen competitors or client issues suddenly coming into play, or an inappropriate use of resources.

Managing the sales process is the number-one job of sales management. Today, sales management shifts from managing only salespeople to managing the salespeople *and* the process. The conundrum is that this often takes the form of complicated tracking systems that high performers resist and that provide little to no value to the sales manager's ability to assess the state of the deal or the profitability of the outcome. The sales management's talent is better deployed to real-time coaching in campaigns, done within a streamlined and predictable process.

Measuring for High Performance

Sales management today takes a stronger view regarding assessment of their salespeople and their competitive readiness. In the past, salespeople were measured only by the numbers. But today, sales effectiveness is not just reflected in current sales figures, but in the sales professional's ongoing ability to secure good business. Knowing

the salesforce's level of competency in consulting and strategist skills, and its personal and technical effectiveness, provides an opportunity to pinpoint strengths and weaknesses in the sales organisation, and to act upon them before they are reflected in the numbers. Assessment also allows sales management to spend their time appropriately coaching and supporting the development of high-performing salespeople. Often even experienced salespeople need their managers to help them think through their account strategy and to perform more strategically.

Structured for Success

The boundaries between the sales function and other functional areas will continue to blur. The traditional distinction between the roles of sales and marketing, for example, is becoming less and less useful. Likewise, the demarcation between sales and service, and sales and operations is also becoming less distinct. The key insight here is that everyone in the organisation, regardless of functional area, is directly involved in creating the offering and ensuring customer satisfaction. The account team can be made up of any number of employees from any functional areas, at any level. People can change quicker and respond faster than organisations. Fluid, responsive, ad hoc sales teams lead by knowledgeable sales professionals can exceed customer expectations more creatively and more effectively than the departmental silos of lumbering organisations.

What Can Partnerships Be?

There is a marked difference between selling to customers over a period of time and becoming a partner with them. For example, a manufacturing company that develops custom power sources for large companies known for their quality initiatives, has gotten so close to its large but limited customers that, as a manufacturer, the company is on retainer to the customer. In the industry, this is almost unheard of. The company has created such an alliance with several of its customers that each is a part of the other's five-year business plan. The manufacturer doesn't want to be close to its customers, it wants to be integrated into its customers' business processes - as a necessary partner, not a supplier.

A competitive sales organisation positions themselves high, wide, and deep in their customer's organisation.

The definitions of a company, a customer, or a competitor are increasingly vague today. For years, small companies have found new ways to partner with even their most aggressive competitors, and large organisations are beginning to follow suit. Professional services such as law firms, accounting firms, and architects do it constantly. Rather than building an organisation so large that it becomes too expensive and nearly impossible to control or manage, many professional service firms form alliances to capture opportunities for business that they would not ordinarily be considered well equipped to address. In this way, they define their company to their customer, based not only upon what they provide but also upon the alliances they are able to engineer.

Customers can also become a channel for products and services by providing a redistribution or reconfiguration of products and services that are dispersed into the market through the customer organisation. In the end, the most powerful partnerships are those inspired by breakthrough thinking - alliances that have not been considered before, associations that are produced from innovation.

Time and again the idea for the successful partnership originated with sales and marketing. The initiation of partnerships is often dependent upon the sales or marketing executive's ability to influence the rest of the organisation. Senior executives tell us they only see the supplier's representative who has a high degree of influence in the selling organisation. They only deal with those who can get things done.

ADVANCING THE ORGANISATION THROUGH SALES

Transforming the sales organisation from one that functions successfully only in stable markets, to one that soars in a hot, unconventional, shifting marketplace requires breakthrough change. It requires salespeople with new skills that can quickly neutralise the competition and lock on to the dreams and unexpressed desires of their customers. It requires a culture that puts everyone on the sales team, aligning

resources to bring value to the customer. It means having the management processes and assessment technology in place to know at any point in time where the sales organisation's strengths and weaknesses are, and to move rapidly to regain and regain the advantage.

Characteristics of a Competitive Sales Organisation

Salespeople who can:

- Position themselves high, wide, and deep in their customer's organisation.
- Co-create solutions with customers.
- Identify needs that customers have not thought to articulate.
- Help customers make sense of their current business reality.
- Predict the future needs of customers.
- Become an expert in the customer's business and industry.
- Appropriately engage their own executives in the sales process for high payoff.
- Exert a high level of influence within their organisation on behalf of the customer.

Sales management that can:

- Attract, develop, and retain salespeople who know how to be both consultants and strategists.
- Manage the sales process, not only the salespeople.
- Facilitate sales teams composed of people from all parts and levels of the organisation.

A sales organisation that can:

- Operate with surprise and speed in the marketplace, always on the scene ahead of the rest, and coming away with profitable business.
- Forge partnerships.
- Successfully go to market with the unbeatable combination of a consultative strategy and the best execution.



© 2005 Ariston Group. All Rights Reserved.

Ariston Group Unternehmensberatung, Grosshaderner Str. 13, 81375, München, Germany
Telephone: +49 (0) 89 70066924 Fax: +49 (0) 89 70066923
Email: info@aristongroup.de

www.ARISTONGROUP.de