

Future focus: selling and account management in the new global economy

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Much has been written recently in articles, white papers and blogs about how selling and account management practices must adapt to deal with the global recession—e.g., focus more on fundamentals, greater motivation, the importance of high performers, etc. Though important, we think that these miss a critical dynamic: how profoundly the customer's buying processes have actually changed. In our view the factors affecting businesses today are deeply and permanently changing customers' buying processes and criteria as well as customers' relationships with suppliers. The real challenge for suppliers is to fully understand these changes and transform the selling and account management process accordingly.

To better diagnose the impact of these customer changes, we elicited feedback from select global companies in a customized study, *Selling in the New Global Economy*. The goals of our study, which launched in June, were to identify relevant insights on these trends and provide a forum whereby study participants could discuss these issues in a way that would stimulate ideas for transforming sales organizations, capabilities and processes. The project involved primary research, in-depth interviews and peer networking discussions on transformative issues and included the following questions:

In our view the factors affecting businesses today are deeply and permanently changing customers' buying processes and criteria as well as customers' relationships with suppliers.

- What has changed in the past year with regard to the way businesses buy and sell?
- What trends may have been triggered or accelerated by the global recession yet in all likelihood will transform buying and selling processes for at least the foreseeable future?
- What are suppliers planning to do differently to address these trends?

To ensure we focused on trends that have a global impact, we deliberately concentrated on two industries experiencing enormous, complex changes worldwide: health care/life sciences and technology. In addition to dealing with the global recession's influence on reduced spending, lower endowments and losses to their investment portfolios, health care companies currently confront dramatic health care reform issues in the United States and around the world. Technology companies are addressing the challenge of continuously developing innovative technologies and products while simultaneously fighting commoditization and price pressures often driven by new global competitors. We also felt that much could be learned from startup or early stage companies that might bring a fresh perspective that could be invaluable for more mature companies in our study (and vice versa).

Importantly all study participants represented global organizations. Although all individual participants were based in the United States, their organizations were based in France, the Netherlands and Canada as well as the United States. As a result all participants provided global perspectives on both the external business environment

(e.g., competing with low-cost Asian companies) and internal challenges (e.g., aligning worldwide business groups).

Project Phase 1: interviews and qualitative research

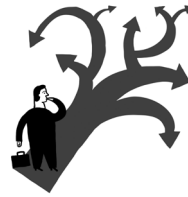
Phase 1 of the research project consisted of interviews with all participants. This revealed many insights regarding important trends driving the urgent need to change the approaches companies use to sell to and manage customers. Not surprisingly each participant interviewed had unique perspectives based on his individual customers and business. However, despite the group's diversity five drivers common to all people emerged. This article focuses on these drivers and their implications for the companies' future success in transforming their sales organizations and capabilities.

Key findings: five drivers of sales transformation

1. The customer buying process. Customers' buying cycles are becoming much longer, more complex and more likely to reach no decision and/or an indefinite delay. Clearly the global recession has forced companies to delay making buying decisions until absolutely necessary. Furthermore participants identified several buying process modifications that will likely continue after the recession ends. These include shifting the decision process upward to more senior managers and focusing to a much greater extent on evaluating the financial impact of the supplier's recommended solutions. Adding to the complexity of deal requirements, customers will demand more alternatives that reflect creative combinations of products, customer support, prices and terms.

2. Roles and relationships. Fundamental changes are occurring to the expected roles and relationships between suppliers' sales representatives and account managers and their traditional customer contacts. Some participants noted that the value and influence of long-

term, interpersonal relationships between account managers and their customer contacts is changing significantly. One participant said, "The classic older, golfing-type relationship manager is being replaced by younger, entrepreneurial account managers who can cover the numbers and all the surrounding issues rather than show the product benefits and let the customer figure out the business impact for themselves." Customers demand that account managers are not only aware of the customer's business situation but think ahead to what the situation will be in the future and come up with ways to help the customer deal with it. Clearly this new



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role of "strategic business partner" will continue to be more critical in the future.

This reflects a decline of the traditional buying practice focused on a product's technical functionality in favor of an increasing consideration and analysis of the financial implications for the company, as summarized by one participant: "In the past the technical buyer would decide which widget was best. These new decision makers are asking, 'Why do we need a widget at all?'"

3. Value/solution selling. The concepts and approaches of traditional value/solution selling are no longer sufficient to differentiate a supplier's offer from that of a competitor and win the business. Study participants consistently noted several factors causing them to change their approach to value/solution selling. First, customers demand that claims of value creation be quantified and substantiated to a

much greater degree in terms of how they impact the customer's financials. Estimates of a customer's return on investment are no longer enough. In addition clear, quantified and credible estimates are required to assess how the supplier's proposed solution will impact the customer's revenue, profit or cash flow (or all three).

Again, an insistence is growing that account managers take a broader, more in-depth view of the customer's enterprise-wide strategic issues and offer a more diverse portfolio of solutions. As one participant described it, "Getting salespeople to move *beyond* even a solution sale will require a global understanding of the customer's as well as our own business." While there was a consensus among participants that selling value versus only price will always be important, two key challenges make this increasingly difficult. First is the growing influence of procurement managers on the final buying decision, as they are under constant pressure to extract not only the lowest prices from suppliers but also better terms, especially longer payment terms. The second challenge is the impact of Asian competitors and those from various emerging countries. One participant said Asian competitors automatically start negotiations with price levels at least 20 percent lower than Western companies.

Nearly all participants concluded that these trends will require a major transformation of their sales and account management organizations, processes and resources. The last two key findings relate to the challenges participants confront as they prepare their organizations for the new global world of selling and account management and transitioning to new skills, processes, organizations and capabilities. all without undermining their current running business.

4. New skills, processes and capabilities. Changes in the skill sets of salespeople, selling process and account management process and new

tools and capabilities will need to be identified, prioritized and implemented.

For salespeople and account managers the acquisition of skills and behaviors in business analysis, strategic thinking and problem solving were top priorities for almost all participants. Respondents from large global companies recognized that this will require a broader understanding by salespeople of their company's entire portfolio of possible solutions to be able to address global business issues that are more strategic and long term. Participants from smaller, less complex companies emphasized the need to be more opportunistic yet still strategic in addressing customers' priorities. Some participants raised the idea of forming specialty sales teams to provide the necessary strategic and financial expertise for customized business analyses, although this could further strain already limited resources.

Goal setting, new measurement systems and performance management were raised by many participants as areas that will need strengthening. Disciplined, strategic management of sales processes has traditionally not been a strength for many companies and may even be countercultural for some. The use of new Web 2.0 and sales 2.0 tools was raised by participants from smaller and startup companies in particular as areas where future sales forces could increase their effectiveness significantly. One participant marveled at the idea that he could "use a webinar to reach 1,000 highly qualified prospects and keep them engaged in a one-hour product demonstration for a few hundred dollars!" Another considered creating Web sites for individual customer plants as a way to provide continuous access to customers and fast responses to problems.

5. Managing the transition. Moving to new organizations, processes, roles, skills and behaviors while keeping the existing business running will be risky and must be carefully managed. One participant described this as "changing the engines on the airplane while it's in flight!" All participants raised a primary

concern about the emotional challenge of improving not only the competence of sales reps and account managers but also their confidence and motivation to enhance their selling skills and sales practices. Similarly participants raised concerns about striking the right balance between strategic business knowledge and a solid understanding of their company's products and services. As one participant put it, "We still need our account managers to not only think and act strategically in front of the customer but also be able to answer the question of, 'How does your widget work?'"

Finally, a major challenge for managing this unique transformation will be to ensure the sustainability of changes and improvements. One participant best described it this way: "We are in a unique time in economic history when the ramifications of these changes not being sustainable will be much greater than they might have been in the past."

Major implications

Study participants not only provided many useful insights on trends and challenges they faced in creating their future-focused sales organizations, they also described the major implications of those factors for their sales organizations and businesses overall. In this section we will recap the five drivers of sales transformation and highlight some of the major implications identified in the interviews as well as some based on our own research and experience.

1. The customer buying process.

Customers' buying cycles are becoming much longer, more complex and more likely to reach no decision and/or an indefinite delay.

Major implications

- New decision makers will have a strong bias toward no decision or a delay until absolutely necessary. Therefore only those deals that have a clear, compelling cost of non-action and address a strategic urgency for the customer will go forward and even

then with the slowest possible speed.

- Suppliers' sales reps and account managers will need to anticipate many more possible combinations of products, services, prices, terms, etc., they could offer as a solution to the customer. They will also need to anticipate the same possible combinations and solutions their competitors could provide. This will require a much deeper understanding of the customer's business as well as much broader knowledge of the supplier's offer portfolio and the customer business impact of different portfolio components.
- It will be critical for sales reps and account managers to conduct a more thorough analysis of customers' business situations and results for validating customer opportunities internally and confirming customers' likelihood to buy.

2. Roles and relationships.

Fundamental changes are occurring to the expected roles and relationships between suppliers' sales representatives and account managers and their traditional customer contacts.

Major implications

- Customers will expect suppliers' salespeople to have a high level of understanding of customers' strategic and financial situations and use this knowledge to act consistently as a strategic business partner and problem solver.
- The salesperson's outstanding business-savvy skills will provide a means to differentiate the supplier from competitors even if its product or service itself is not differentiated.
- Sales reps and account managers will have to develop a strong understanding of and relationships with new contacts within the customer, especially financial people. Reps and account managers will have to carefully manage their relationships with existing contacts to develop their

understanding of and relationships with these new contacts.

3. Value/solution selling. The concepts and approaches of traditional value/solution selling are no longer sufficient to differentiate a supplier's offer from that of a competitor and win the business.

Major implications

- Value/solution-selling approaches will need to cover the entire customer enterprise by demonstrating how the supplier's solution creates quantifiable value for the customer's entire business, not just the specific area immediately affected by the solution.
- Credible calculation and presentation of the impact of the supplier's solution on the customer's financial results will be required in value/solution-based proposals.
- Quantified, compelling value-based offers may not be sufficient to overcome objections from price-only buyers or those using price-only negotiating tricks. Sales reps and account managers will need a combination of solid data to support their case, value-based objection-handling skills and confidence to win value-based deals.

4. New skills, processes and capabilities. Changes in the skill sets of salespeople, selling process and account management process and new tools and capabilities will need to be identified, prioritized and implemented.

Major implications

- Salespeople and account managers' current skills will need to be assessed against the required new capabilities, with training and coaching programs put in place to close major gaps.
- Goal setting from the top down will need to be better-structured, linked to long-term strategy and based on realistic assumptions about current and long-term market conditions.

- Measuring and monitoring sales performance will need to be more rigorous and consistent.
- New compensation plans will be needed that reflect market realities and can be linked more closely to results the sales rep and account manager can influence directly.
- The adoption of new Web 2.0, new sales 2.0 and other tools and capabilities must be based on their usefulness to salespeople and account managers in the near term.


5. Managing the transition. Moving to new organizations, processes, roles, skills and behaviors while keeping the existing business running will be risky and must be carefully managed.

Major implications

- Many experienced reps and account managers will struggle with the required change in their roles and skill sets, especially the shift from relationship manager to strategic business adviser. Some will lack the necessary bandwidth in terms of personal capability and time to transition successfully. Therefore training and coaching to develop the requisite new skills will need to be highly relevant to the reps and account managers' current situation, highly practical in providing a sufficient level of capability without overloading them with unnecessary information and user-friendly in terms of enabling them to apply new skills quickly and generate a positive impact.
- Customers will have to be segmented according to those that will make the transition to strategic relationships with suppliers versus those that will continue operating in transactional relationships. This will force creative solutions for dealing with the transaction-based customers and those that are unclear as to future relationships with suppliers.
- Ultimately, difficult choices will need to be made about continuing strategic

relationships with customers that are not sufficiently profitable. As a result managing customers and related salespeople and account managers into new account management and selling processes will need to be carefully orchestrated.

- Evaluating the impact and sustainability of changes will be critical, as false starts or poorly executed plans could have serious consequences in terms of lost business and/or lost sales talent. Therefore careful implementation planning based on realistic assessments of current capabilities will be required along with clear milestones to guide implementation.

Selling in the new global economy is a continuing project. Study participants meet virtually to continue discussion on the key topics and consider ways to address the most urgent issues. On our most recent teleconference participants confirmed that although most economies had begun to show signs of resurgence, the need to transform sales organizations to address the challenges of selling in the new global economy was as urgent as ever. 

Readers interested in joining the research group or learning more about its findings can visit the Global Partners Inc. Web site at www.globalpartnersinc.com.

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Additional resources

For more by this writer in SAMA's library, the editors recommend: Paul Hesselschwerdt, "Data Watch: despite recession almost all companies continue management training," *Velocity*®, Vol. 11, No. 3/4, Summer/Fall 2009, www.strategicaccounts.org; and Guy Monier, Johan Pauvert, Paul Hesselschwerdt and Donald Heathfield, "Global strategic account planning transforms account relationships into true partnerships: the STMicroelectronics 'Capture market share' experience," *Velocity*®, Vol. 11, No. 3/4, Summer/Fall 2009, www.strategicaccounts.org.