Vlerick Sales Centre Article Summary Series

Dismantling the sales machine (by Brant Adamson, Matthew Dixon and Nicholas Toman, Harvard Business Review, November 2013)

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Introduction

This is the world of the sales machine, built to outsell less focused, less disciplined competitors through brute efficiency and world-class tools and training. Recently sales has been caught off guard by dramatic changes in customers’ buying behavior and sales performance has grown increasingly erratic. The very approaches that made the sales machine so effective now make selling harder. The sales machine is stalling. Leaders must abandon their fixation on process compliance and embrace a flexible approach to selling driven by sales reps’ reliance on insight and judgment.

The rise of insight selling

Today a customer is better informed than ever before. In this world a process-driven sales machine approach falls short, because they give sales rep’s no room to exercise judgment and creativity in dealing with highly knowledgeable customers. They leave reps with little to do but compete on price. As explored in our article summary ‘the end of solution sales’ the new environment favors creative and adaptable sellers who challenge customers with disruptive insights into their business. Insight selling is flexible, in recognition of many possible routes to a sale. The sequential tactics that once led to predictable progress in a sale no longer do, the most effective approach to a sale varies from deal to deal.

Research of how a sales leader can best support insight selling, showed that a lot of B2B organizations still apply the sales machine. They are marked by a strong process orientation, clear lines of authority and close governance through formal rules.

When looking at the organizational climate most consistently associated with insight selling behaviors however, we find a mirror image of the sales machine, with two principal features: an organizational emphasis on the judgment of individual reps and a managerial focus on providing guidance and support rather than inspection and direction. Transforming a sales organization along these two dimensions is crucial for giving reps the support and latitude they need to win in the new environment.
Changing the organizational climate

In a judgment-oriented sales organization the climate consists of managers who serve as coaches, a large extent of self-management among the workforce, a focus on collaboration and long-term judgment criteria. To create this kind of environment, sales leaders must rethink how they manage and what they measure. Managers must focus on the customer’s behaviors, especially any signals that the customer would be responsive to a new insight about its business. The research points to a series of changes required to support a new organizational climate:

- **A strong emphasis on creating demand early in the sales funnel**, rather than responding to it much later. This promotes pipeline building and not pipeline velocity. Sales leaders force their reps into the price-driven sale they were hoping to avoid, when they prioritize efficiency and speed.

- **Managers should give reps greater latitude** in the qualification, prioritization and pursuit of individual opportunities. Reps are most likely to succeed when they feel supported rather than directed and when they are held accountable for outcomes solely. ‘It is not the journey but the destination we have to focus on!’

- **A strong emphasis on encouraging innovation and a sense of business ownership** among sales reps.

These findings, however, make sales leaders nervous. Many average performing reps benefit from or rely on clear direction. It is important to note that providing the support these reps need, doesn’t mean returning to the sales machine approach. The key is to give them considerable discretion regarding their activities when guiding them and holding them accountable for specific milestones on the way to a sale.

A customer-verified sales funnel

A customer-verified sales funnel is a traditional model in which salespeople and their managers have used a combination of rep activities and customer ‘verifiers’ or behaviors, to track the progress of a deal. Leading sales organizations have embraced two important changes to this practice. First, they track and report only the customer verifiers, not the reps’ actions. This way reps are free to think more creatively and they are explicitly encouraged to focus on achieving certain outcomes in the best way. Second, they are verifying behaviors very early in the process that signal whether the customer is ready to change. This selling approach is about creating demand, not simply responding to it.

Changing what managers do

Surveys revealed that despite the pressure to create a judgment-oriented climate, sales managers in most companies still seek compliance rather than judgment and creativity. Nonetheless, few companies stand out for their ability to modify their local climates in order to encourage and support a new approach to selling. Three behaviors separate them from the rest.
Facilitation

Rather than telling their teams what to – or simply taking over deals – exemplary sales managers serve as connectors within and beyond their teams, encouraging collaborative strategy development and problem solving. They encourage innovative thinking and push team members to challenge each other. As a result, sales reps on these teams know much more about activities in all territories and they commonly share ideas about how to handle an especially tricky deal or whether an opportunity is worth pursuing at all. One of the most important drivers is network performance. The sales managers are experts at maximizing network of performance within their teams, they encourage members to build, leverage and contribute to their networks.

Informal communication

These sales managers regularly communicate up, down and laterally. They provide a constant flow of information. Communication activities often happen outside structured settings, it is often transparent, occurring through a continual dialogue. The managers are constantly in teaching mode, listening to their teams, asking questions and offering guidance. To be this informal, every conversation has to be meaningful and move business forward.

Long-term focus

Rather than rewarding reps for short-term deal volume and velocity, these managers encourage them to cultivate business pipelines designed to generate substantial growth over the long term. It takes tremendous discipline to ignore the siren song of the close of each quarter. Maintaining a long-term focus requires managers to monitor customer verifiers, base sales forecasts on them and direct reps’ creativity and critical thinking to the most promising opportunities.

A new type of talent

A judgment-oriented sales climate will divide the sales force, awakening the latent potential in many salespeople and leaving those who find reassurance in the directive world of the sales machine to struggle. As sales leaders recruit they’ll have to rethink their approach to ensure that the new hires will thrive in this climate. Only 17% of the existing sales employees score high on the competencies required for success in insight selling and the sales labor market is skewed strongly toward emotional intelligence rather than IQ. Sales requires more judgment than ever before, emotional intelligence is not enough.

In addition to using selection and assessment tools to identify the small percentage of salespeople who have a natural ability to succeed, managers should also consider hiring professionals not currently in sales roles who have the excellent critical thinking skills and are willing to sell. There are two ways in which leaders can attract and retain such nontraditional hires:

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- They must emphasize the importance of collaboration and judgment. The talent they are looking for demands an environment that supports individual decision making.
- They must shift the emphasis from extrinsic, short-term rewards to intrinsic, long-term motivators such as autonomy and the opportunity to generate value for customers. Although short-term incentives are useful for driving simple, transactional sales, the effectiveness of these traditional pay structures diminishes as sales become more complex. Building a climate with the right incentives and rewards can boost the effort that salespeople make above and beyond their basic job requirements and increase their intent to stay.

**Conclusion**

The death of the sales machine cuts across functions and industries and speaks to the changing nature of work. Organizations that continue to embrace the sales machine model are watching margins fall as their solutions are commoditized and their best sales professionals seek different environments. A judgment-oriented climate doesn’t only increase sales deals significantly, but adopting this sales approach also attracts many sales reps looking for employment from across the industry. As knowledge-workers know, the key to success, is to hire the best employees, create an empowering environment, provide the necessary tools and guidance, and then get out of the way.