The End of Sales As We Know It
Is your company ready for a revolution in B2B sales?

By Howard Stevens

Business historians have documented many of the major societal changes in economic and human lifestyle improvements, including: the invention of the printing press expanding educational opportunity, agricultural technology improving nutrition, the industrial revolution offering affordable manufactured goods and the digital revolution providing almost universal access to information. The next frontier is today's emerging sales revolution, which is providing efficiencies in distribution, access and affordability across almost all market sectors—to almost all individuals.

The "Why" Behind the Revolution
Because most business-to-business sales companies can no longer compete on just product or service innovation, sales has become a—or perhaps the—necessary competitive advantage. Why? Essentially, three forces are driving this shift:

• Total Quality Management (TQM) and Six Sigma principles applied to supply-chain management have essentially leveled the cost of producing products and services across all competitors, regardless of their location globally;
• Innovation, the competitive stalwart of the past, has lost much of its power. New products, no matter how innovative and unique, can often be reverse engineered and duplicated or mimicked almost instantly;
• Patents, copyrights and trademarks are often difficult or impossible to protect in the global marketplace.

More importantly, modern customers have easy access to all the information they need to research a purchase decision before vendors are even aware of their interest. They can compare features and benefits, as well as positive or negative user experiences for essentially all the products and services available. Not only is Willy Loman long gone, but he is quickly being followed by the traditional and more advanced "territory" or "technical" field sales reps who have replaced him. Today's sophisticated business customer is driving the still emerging but critical role of a new "profession of sales."

Salespeople are becoming today's key added value. Product and service innovation, quality guarantees, ease of purchasing and added features and options are just table stakes. Without significant "added value" delivered specifically—if not exclusively—by a salesperson or sales team, vendors most often resort to price cuts or special deals to draw attention and compete successfully. What's more, new and often unknown competitors today may be located anywhere in the world. Sophisticated purchasing professionals with a global reach are driving the need to set new standards and professionalize the customer-facing function to a significantly higher standard.

The challenges of relying on traditional sales forces are legendary. Customer churn for the typical vendor averages between 20 and 25 percent per year. Sales force turnover often exceeds 30 percent. For those competitors who "get it," the increasingly less effective role of the traditional field sales rep is rapidly being replaced by a new breed of professional salespeople who are selected and developed against empirically identified core skills.

A New Generation of Salespeople
The CEOs of these leading competitors begin by prioritizing revenue growth. They signal that refocusing of purpose at the C-suite level by addressing the traditional, internal conflict between marketing and sales, the two functions most responsible for revenue growth. As Neil Rackham, sales researcher and author of Spin Selling, reports and advocates: Companies need a single, responsible executive growth champion, a chief revenue officer (CRO) who can assure the integrated sales and marketing effort necessary to compete successfully. The CRO, in turn, will evaluate the three modern sales channels, each of which, in its own way, drives the rise of the New Professional Sales Standards. The role of the CRO is becoming the modern addition to the "C" suite; for example, the New York Mets recently named Lou DePaolito to the newly created position.
of executive vice president and chief revenue officer. DePaoli is responsible for leading the strategic development and management of all revenue generation for the club. He came to the organization from the Pittsburgh Pirates; and under his leadership over four-plus seasons, the Pirates have seen:

- The fourth-largest percent increase in attendance in MLB between 2009 and 2012.
- The second-highest attendance in team history in 2012, including 17 sellouts.
- Partnership revenues grow steadily, as well, and they are on pace to be the highest in team history in 2013.

The Outsourcing Advantage?
Companies that see their driving force as developing technology or expanding product lines may want to consider outsourcing their sales functions. There are dedicated-distribution sales organizations with no other functions (read as “distractions”) except for those that are now being recognized for their unique and superior customer skills. In the past, only manufacturers who could not fund or manage a national or international sales force relied on distributors. Today, top distributors offer more than merely the limited advantage of geographic presence.

The National Association of Wholesaler-Distributors (NAW) represents more than 35,000 distribution companies, most of which have very specialized and added-value salespeople selling over $8 trillion worth of goods and services in the U.S. alone. As with other more established professions that are specialized (a doctor is no longer just a doctor but is a surgeon, an oncologist or an internist), NAW members have learned that specialized skills are necessary at the “professional sales level.” Different market segments have different needs, and they are researching those differences and the requirements to succeed in those specialties.

The manufacturers and service companies that rely fully, or in part, on independent sales distributors cite two major advantages. First, these distributors are 100 percent dedicated to excellent sales results and most are willing to invest in the research, training and mentoring necessary to achieve a superior level of sales effectiveness. In addition, they tend to specialize in a tight and well-defined market. They become the experts in their industry segments and can provide their customers with accurate insights into the major trends in that market, including new innovations, government or other regulations that can affect their market and even unforeseen, potential opportunities or problems.

Other companies are turning to the lower cost and more easily tracked and managed call center approach with well-trained inside sales professionals. The American Association of Inside Sales Professionals (AA-ISPI) is a fairly new organization establishing standards to identify, select and retain the new and very specialized digitally-enhanced professional inside salesperson of the future. Unlike “telemarketers” of the past, inside sales professionals are presently growing at 10 times the rate of field sales (See chart, p. 39) and not just in small

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**Xerox: Identifying Successful Sales Skills**

The Global Imaging division of Xerox has established a major sales presence to serve its diverse customer base. They presently have 116 customer-facing positions. The roles have been carefully analyzed, often empirically with criterion-based validation studies that statistically predict the skills most important for success in that position. In all, the research found that more than 65 specialized competencies or skills, in combinations of five to nine discrete skills, were necessary to best penetrate and expand their market share. Examples are shown in the box below.

**Typical Sales Roles With Distinctly Different Competencies**

<table>
<thead>
<tr>
<th>Sales Manager</th>
<th>Consultative Sales Rep</th>
<th>Service Technician</th>
<th>Core President</th>
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<tbody>
<tr>
<td>Attention To Detail</td>
<td>Closes Sales</td>
<td>Maximizes Results by Partnering as a Customer Advocate</td>
<td>Line Orientation</td>
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<tr>
<td>Provides Reliable Information</td>
<td>Provides Personal Attention and Support</td>
<td>Commit Time and Effort to Ensure Success</td>
<td>Project Approach</td>
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<tr>
<td>Maintains An Energetic Pace</td>
<td>Account Penetration By Increased Integration off the Product Line</td>
<td>Supports and Implements Corporate Direction</td>
<td>Directs and Controls Others in a Corporate Setting</td>
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<tr>
<td>Seeks Interpersonal Opportunities</td>
<td>Promotes Customer Relations by Remaining a Consistent Presence</td>
<td>Makes Profitable Recommendations in a Contributor Role</td>
<td>Decision Making Efficiency</td>
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<td>Develops Sales Leads</td>
<td>Assertiveness</td>
<td>Decision Making Accuracy</td>
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<td>Dependable Follow-Up</td>
<td>Written Communications</td>
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<td>Inspires Accountability and Teamwork</td>
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and mid-size companies. Marc Benioff, CEO of Salesforce.com, admits in his book *Behind the Cloud*, that Salesforce.com grew "for the first five or six years with an inside sales model." They added outside sales, or field sales, to upmarket when they wanted to sell to enterprise-class companies, but they still do a majority of their sales work remotely. According to studies conducted by David Mitchell of Gartner Research and James Oldroyd, Ph.D., cost reduction is the major driver for the growth of inside sales. Each contact with an inside salesperson might cost $25 to $30 compared with $300 to $500 for a field sales person due to the elimination of travel expenses, explains Michael Moorman, a managing principal in the Chicago office of ZS Associates.

**Field vs. Inside Sales**

According to the U.S. Bureau of Labor Statistics, there were an estimated 17 million salespeople in the U.S. in the year 2000. When business deteriorates, dragging the economy down, field sales jobs are typically among the first positions to get cut, but inside sales and service jobs are retained. Then, when economies improve, companies discover that the new inside sales pros who have replaced former outside sales have operated much more efficiently.

Estimates suggest that one effective inside salesperson may replace as many as five former field reps. Sales call quality often improves, as well. Inside salespeople, who are digitally enhanced, have tools that allow them face-to-face, live and interactive video communication. They can do "white board" demonstrations, respond to customer questions in minutes instead of hours, draw instantly from an unlimited pool of resources and even connect several members of a buying team from locations all over the world in the same live, digital face-to-face meeting. The great efficiencies that a digital inside sales force offers explains, in part, how we have the "jobless economic growth."

The evolution of the inside/outside hybrid salesperson produces previously unavailable benefits to customers. While not a new trend, field sales reps are increasingly adopting the same digital technologies and techniques as the most modern digital inside salespeople. These sales pros recognize the advantages of better leveraging their time digitally when it is most practical. Seldom would they appear in person at a customer or prospect location and wait in a lobby without a scheduled appointment. They can personally respond, instantly or nearly so, to a customer calling with problems. And, they can also use video and other digital tools in the same way inside sales professionals do.

**Professional Sales Preparation**

For both outside and inside sales roles, the best of these new, hybrid salespeople are being trained in specially designed university programs that provide practical sales courses as a minor or a certificate (a certificate is acquired for a minor with a full, three-month, full-time sales internship). Today, after just six years, according to the Sales Education Foundation, fewer than two dozen such schools have grown to more than 70. These schools are preparing graduates who have a 90 percent likelihood of having a job on or before graduation day, compared to the approximately 50 percent for all other college graduates. Companies, in turn, may struggle to recruit these high-demand graduates unless they have partnered with that university and negotiated early recruiting access, typically by funding these programs.

In addition, the turnover or failure rate of these graduates is less than one-third of their peers who get sales jobs, and their ramp-up time is typically twice as fast. Importantly, these programs are partially or fully funded by major corporations. Today, more than 500 companies contribute between $7,000 to nearly $1 million dollars annually to one or several of these schools and also provide internships. To learn more about the specialized sales programs, see The Sales Education Foundation (salesfoundation.org); The Global Sales Science Institute (globalsalesscienceinstitute.org) or The University Sales Center Alliance: (universitysalescenteralliance.org).

**The Story Behind the Story: The Science of Sales**

The new “professional salesperson” is versed in the emerging science of professional B2B sales. Supported by true sales analytics and personally providing added value, he/she is changing the game—not only in our national economy but also across the global economic landscape.

Historically, sales lacked the science to support innovative solutions and reliable results. Sales executives had to rely on their own experience and intuition for many of their most critical decisions. Unlike sales, over the past century, other business functions were not only innovating new products and services but also:

- Applying Total Quality Management (TQM) to achieve significant cost reductions and product reliability;
- Initiating process improvement and Six Sigma principles to leverage global resources to produce flexibly tailored products and services that fit precisely with an individual customer's needs.

As a result, the competitive equation has changed irrevocably. The parity of products, services, features and options has diminished their competitive advantages. Modern data analytics has upgraded traditional sales toward "TQSalesM" to drive a real sales science, and the year 2013 will see a continuing outpouring of tools that measure, track and drive success for an individual or the entire sales force.

Additionally, "big sales data" has begun to bring predictive analytics to sales—empowering salespeople, increasing success
ratios, minimizing costs and providing the instant flexibility to design and redesign solutions to win the business, retain the business and leverage that success to drive additional business. The arrival of actuarial-level, sales-management tools based on the new sales analytics now allow exceptional accuracy of measurement. The “big data” statistical techniques offer appropriate statistics tailored to sales. In addition, sales leaders can perform or hire expert sales consultants to complete market and customer retention analysis, as well as competitor assessment and competitive positioning evaluations.

All of this added information helps executives to apply the same TQM techniques to sales that have revolutionized manufacturing and supply chain management. We will see the movement to “TQSalesM” providing greater efficiency, lower cost and a major competitive advantage.

Howard Stevens is chairman of Chally Group Worldwide (www.chally.com) and the co-author with Inc. Magazine’s Geoffrey James of the forthcoming The Future of Selling, from which a portion of this article was adapted.