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For top sales-force performance, treat your reps like customers

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Companies that excel at sales growth are tightly focused on developing the talent they need by understanding how sales reps really work.

With as much as half of a company's value creation resting with the sales force, sales-team effectiveness is crucial for growth. In fact, our research shows that the sales experience is one of the top drivers in customers' purchasing decisions. And best practice has revealed that companies focus as much on the rep experience as on the customer experience.

Realizing that value, however, has become a lot harder. The sales landscape is more unpredictable and studded with multiple influencers, channels and buying options. Digitization is changing buyer behaviors and leading to more complex sales activities. Guiding decision makers through all the nuances and considerations requires sellers to demonstrate deep subject-matter expertise and the ability to quickly customize a message to each customer.

These challenges call for a new set of sales skills, training, and tools. Companies are having trouble filling that void, however, because many of them lack the means to identify and cultivate the skills they need. Performance can vary by as much as six to seven times between top- and bottom-tier sellers, yet few organizations have metrics that show why. As a result, hiring choices are often based on gut feelings, while development and training often default to methods that have been in place for years.

To better understand how the best sales leaders manage talent, we developed a "sales DNA" tool. It tracks and analyzes the talent-management practices of more than 100 sales organizations as well as the traits and attributes of over 15,000 sales representatives across a range of transactional, consultative, and other sales environments globally.[1] The results reveal that organizations with the fastest growth know who their top performers are—surprisingly, many businesses don't—and know the personality traits and skills that correspond with success. They're also far more likely to customize outreach, tools, and techniques to the needs of different teams. In fact, as we analyzed fast-growing organizations, it became clear to us that top-performing sales organizations treat their salespeople like customers.

[1] McKinsey & Company Sales DNA analysis and sales growth survey, 2016.

Intrinsics, skills, freedom: How sales leaders develop top performers

With a customer "lens" on their sales force, the best sales leaders excel in three important ways:

1. They are systematic in focusing on the intrinsics that really matter. When it comes to prospecting and segmentation, top-performing companies pour through leads, scour account activity, and examine pipeline data to identify the traits and behaviors are of their most profitable customer segments. In the same way, top-performing sales organizations bring a strong analytical mind-set to building their sales force. While nearly three-quarters of sales managers rely predominantly on intuition to guide hiring, leading sales executives zero in on the intrinsic traits and behaviors associated with strong performance, and then develop hiring plans to identify the right applicants.

Winning sales organizations know that successful sales teams require a mix of attributes. Sellers can be humble or assertive, rules followers or cowboys. Sales leaders identify the characteristics most aligned with quota-beating performance. One insurance company, for example, found that its most successful reps fell under the category of "ambitious solution sellers," individuals who are naturally more assertive and adept at holding their ground on customer discounts and skillful at converting objections into new opportunities. At a telecom company, by contrast, the highest performing reps had an "expert insider" profile. They were significantly more skilled at discussing business issues and product fit and better at navigating internal resources and prioritizing leads.

The exercise can prove eye opening, as one media company found out. After it profiled different roles and teams across its sales organization, the company's head of sales was surprised to learn that 40 percent of new hires had a bottom-performer profile, and only 10 percent had the characteristics that aligned with top-performing brands. (See Exhibit 1.) Those insights sparked a broad transformation that shaped recruiting and helped transform a company that had been losing market share into one that now leads peers in revenue growth by two percentage points.
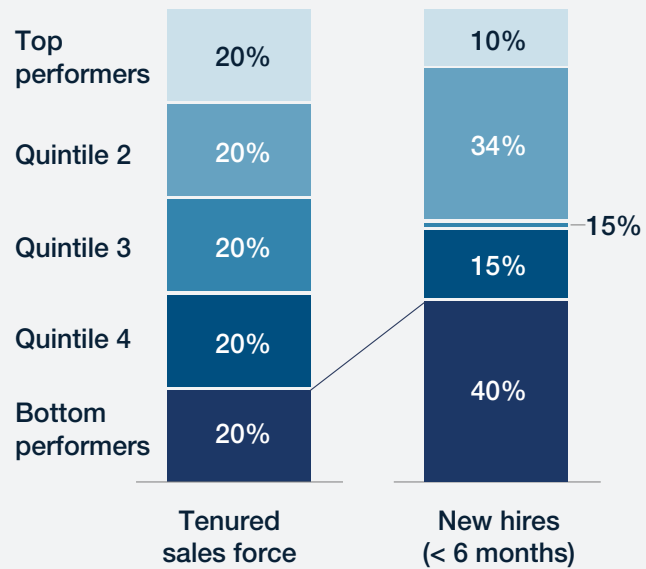
2. They identify the skills that matter and tailor their training accordingly: The best companies tailor how they sell to customers, down to the individual decision-maker level. It's the same with top sales organizations when it comes to their reps. They understand that different sellers and teams need different capabilities, and so they tailor training and development to suit those requirements.

They recognize, for instance, that the skills needed to sell medical equipment, such as the ability to close complex deals and engage in lengthy negotiations, can be very different from those needed to win in biotech, where the ability to speak convincingly about the latest research is often essential. While such distinctions seem obvious, many organizations rely on static training methods that tend to focus on a universal set of seller capabilities.

Too many new hires had lower performer profiles

Intrinsics profile of new reps / % of new reps matching intrinsic profile of quintile

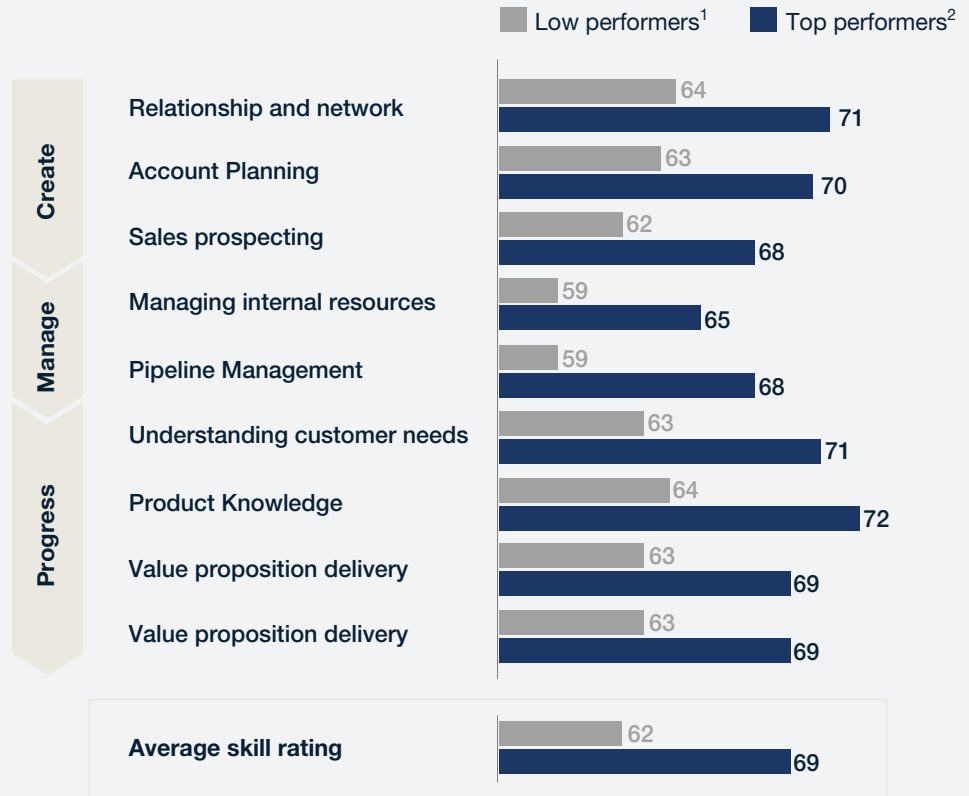|	Tenured sales force	New hires (< 6 months)
Top performers	20%	10%
Quintile 2	20%	34%
Quintile 3	20%	15% — 15%
Quintile 4	20%	
Bottom performers	20%	40%

Source: Sales DNA Survey, McKinsey Analysis.

Leading organizations shake up that playbook. They are twice as likely as laggards to tailor training by sales role, and nearly half say they spend significant time and money on training, compared with just over one-quarter of underperformers. They are also more likely to invest in technology and processes (e.g., differentiated CRM interfaces) that support the specific needs of different sales-team members. That investment translates into stronger capabilities in all major skills areas. (See Exhibit 2.)

In addition, some 41 percent of top-performing sales organizations understand where to invest for the greatest ROI, and they use that knowledge to tailor development and coaching to specific sales-force requirements. One financial-services company was surprised to learn that top-quartile inside sales reps were three to four times more productive than the bottom quartile. To find out why, sales managers studied call flows, offers, and customer interactions. They learned that top performers were far more effective at communicating value and knowledge at each stage of the buying process. The company identified the specific call flows and outreach that worked best and trained the organization on them, which led to a 20 percent increase in sales.

Exhibit 2

Tailored sales skills consistently drive performance

Average skill rating of low vs. high performing individual sales reps
Skill rating out of 100, transactional sellers[3]

Low performers[1]   Top performers[2]

	Create	Relationship and network	Low: 64	Top: 71
		Account Planning	Low: 63	Top: 70
		Sales prospecting	Low: 62	Top: 68
	Manage	Managing internal resources	Low: 59	Top: 65
		Pipeline Management	Low: 59	Top: 68
	Progress	Understanding customer needs	Low: 63	Top: 71
		Product Knowledge	Low: 64	Top: 72
		Value proposition delivery	Low: 63	Top: 69
		Value proposition delivery	Low: 63	Top: 69

Average skill rating — Low: 62 — Top: 69

[1]Bottom quintile of transactional/consultative sales based on performance metric normalized against company mean
[2]Top quintile of B2B transactional/consultative sales performance metric normalized against company mean
[3]Transactional sample size, n = 1556 sales reps

Similarly, where deep product expertise had initially helped a global pharmaceutical company break into a fast-growing market, that level of expertise had since become standard practice. What mattered in the current market was a seller's ability to get a new drug onto a hospital's approved list. That meant sellers needed to interact with procurement and expand relationships with distributors—efforts that required stronger account-planning and customer-engagement capabilities. Closing the skills gap had the potential to bring in $80 million to $120 million over two to three years. Part of that effort involved "voice of the customer" training,
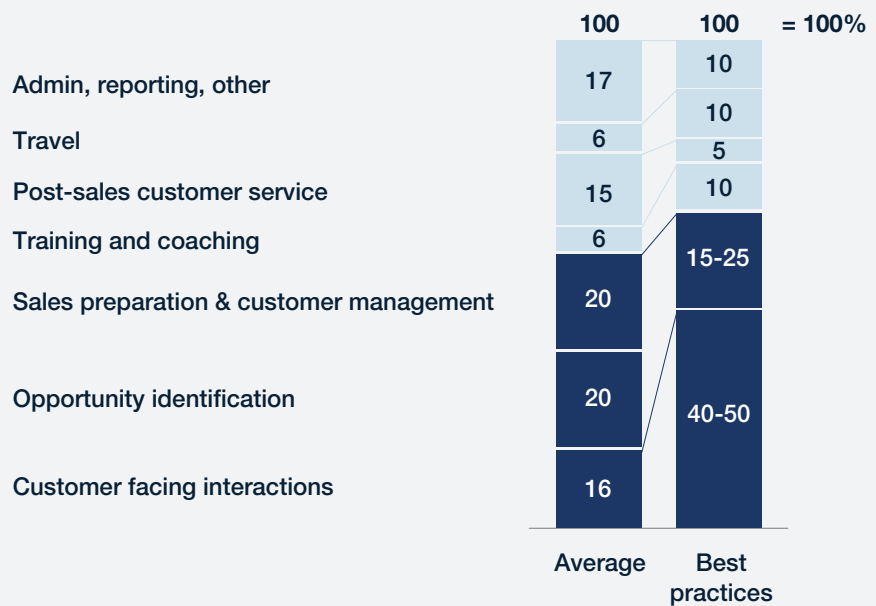
where doctors, value-analysis-committee members, and other real-life customers co-led seller training in order to provide real insight into the decision-making process.

3. They make it easy for their people: The most successful businesses understand that saddling customers with painful onboarding and sales processes is the surest way to lose them. Instead, they minimize the number of hoops customers have to jump through to buy. Similarly, the strongest sales leaders try to make things as easy as possible for their reps so they can sell more. They focus on cutting down on paperwork, automating routine operations, and delegating administrative tasks. They also centralize common activities such as bid and pricing support and staff roles with specialized talent who can harness best practices from across the organization and deliver internal processes more efficiently. That's a departure from most other sales organizations. (See Exhibit 3.)

Exhibit 3

The best sales organizations give their reps more time with customers

% percent of time spent

	Average	Best practices	= 100%
	100	100	
Admin, reporting, other	17	10	
Travel	6	10	
Post-sales customer service	15	5	
Training and coaching	6	10	
Sales preparation & customer management	20	15-25	
Opportunity identification	20	40-50	
Customer facing interactions	16		

Source: Sales DNA Survey, McKinsey Analysis. Filtered for erroneous data.

One sales team was able to optimize internal processes and better enable the front line by segmenting deals along three tracks based on the value and complexity of orders. Each track's progress was tailored to remove unnecessary steps, such as requiring senior-leadership sign-off for minor pricing changes. Resources freed from simpler deals were reallocated to higher-value ones that required extensive tailoring and client support. Those steps cut costs by 15 percent and improved efficiency and response times while freeing up sales reps' time.

How leading sales organizations implement and sustain change

Identifying what needs to be done to create a high-performing sales force is just part of the equation. Figuring out how to do it effectively is the other—and often more crucial—part. Our client experience and sales DNA data reveal that it's important for sales leaders to sustain and extend the mind-set of treating their reps like customers in three specific ways:

1. Communicate in a way that's relevant to your sales people. Gone are the "spray and pray" days of customer communication. Sophisticated organizations tailor messages, refine language, test and fine-tune the nature and style of customer outreach.

In most large, distributed sales organizations, however, sellers are bombarded with initiatives, product launches, and announcements multiple times a day. At one insurer, for instance, the email-open rate was just 30 percent because agents were flooded with promos, product information, and other news.

Rather than the typical town-hall format announcing a new transformation initiative, for instance, top-performing sales organizations focus on creating a compelling story—much like they do to gain the interest and attention of a major client. They inspire change by highlighting in a visceral and meaningful way what the opportunity is, the benefits to both customers and reps, and how sales teams can capture those benefits by adopting different ways of working. They take the time up front to know what type of messaging, format, and frequency will have the greatest impact and tailor communications based on understanding of seller motivations, habits, and behaviors.

This approach extends to tool creation as well. Sales leaders think about the context and needs of the sales person. They take the time to understand, for example, how sellers go through their day and interact with customers, and they make design choices with seller usability in mind, not just about what they as managers will get out of the tool.

2. Invest in coaching skills and continuous capability-building with a personal touch. Large, established organizations understand that data gives them only part of the story about their customers. They spend time in person getting to know client motivations and ferreting

out what the real issues are. Top-performing sales organizations view internal capability building in a similar fashion. They invest in building coaching skills in sales managers to create mentor-like connections with the front lines, because sales reps are more likely to build differentiating capabilities through regular, on-the-job conversations.

This kind of personal coaching can take many forms. The head of sales at a North American consumer-services company, for example, tried a new approach to improving sales performance after years of fruitless initiatives. Instead of issuing a series of sales directives as had been their custom, managers rolled up their sleeves and led a series of in-person sessions and ride-alongs. By targeting specific skills and enforcing their use with concrete goals, sales leaders raised rep productivity by 25 percent within 18 months.

All high-performing sales organizations that we encountered also make extensive use of role-playing as a coaching technique. The practice has proven especially effective in helping sales teams improve soft skills, such as navigating difficult conversations. One high-tech player conducts deal rehearsals in front of sales managers and other senior executives to help reps build muscle memory so that they can reflexively articulate the company's value proposition. That's just as true for well-established sales reps as for newer hires.

Other organizations bring the personal touch to continuous capability building with a "field and forum" approach . One business-process outsourcing company, for instance, needed its sellers to shift from transactional selling to developing longer, deeper customer relationships. To get teams up and running quickly, the head of sales ran a series of workshops. During in-person sessions, coaches—senior sales "ambassadors" and front-line managers—instructed sellers on relationship building, consultative selling, and account planning. Sellers then went back into the field to put the learning into practice. After a few weeks, they reconvened to discuss progress and role-play a variety of scenarios to break through client issues. Over the course of a year, that combined field-and-forum approach was credited with leading to $500 million in new bookings and a 40 percent improvement in productivity.

3. Use digital personalization techniques to shape desired behaviors. Data and analytics allow savvy business leaders to map customer buying journeys in order to position themselves in the buyer's path at key moments of influence. Leading sales organizations employ a similar mind-set by harnessing technology to personalize communications in order to better influence changes in sales rep behavior.

Consider the experience of a beverage company experiencing sustained share losses and stagnant market growth in a highly competitive market in Africa. The challenge was to

motivate 1,000-plus sales reps to sell with greater urgency and effectiveness. A simple SMS message system was implemented to keep the sales reps, who were often on the road for weeks at a time, plugged into the organization. Each rep received two to three daily SMS messages with personalized performance information, along with customer and market insights. Within days of implementing the system, cross-selling and upselling rates increased from 4 percent to more than 50 percent, and within the first year, the solution delivered a $25 million increase in gross margin, which helped to swing a 1.5 percent market-share loss to a 1 percent gain.

Many businesses employ a range of apps, dashboards, and other digital enablers to support client interactions, but few take sufficient advantage of them to help their own sales teams achieve customer goals. Data-enabled tools and processes, such as leadership boards, virtual deal clinics, and gamification techniques, can bolster friendly internal competition and increase interest. They also make it easier for sales leaders to pinpoint where reps should focus their attention to address bottlenecks, pinpoint opportunities, and refine performance. A telecommunications company used customer purchasing and behavioral data to refine seller interactions. They learned that overly aggressive selling was a major customer turn-off. That led the head of sales to cap the number of daily transactions sellers could close and tie a higher percentage of seller compensation to customer-satisfaction metrics.

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The frontline sales team is often treated as a means to an end. That approach, however, often leads to stalled initiatives, outcomes that fall short of targets, and inefficiencies that can hold back the entire organization. By creating a rep-centered culture, however, companies can build a top-performing sales function that drives growth. ☐