



# WHITE PAPER

## ONE STEP AHEAD: ENSURING YOUR SALES PEOPLE CAN EXECUTE YOUR NEXT SALES STRATEGY

### A WHITE PAPER BY

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*“And old Dave, he’d go up to his room,  
put on his green velvet slippers ... and pick  
up his phone and call the buyers, and  
without leaving his room, at the age of  
eighty-four, he made his living.*

*“And when I saw that, I realized that  
selling was the greatest career a man  
could want.”*

—Arthur Miller (1915 -2005),  
*Death of a Salesman*, 1949.

Do you think Willy Loman, the protagonist  
in *Death of a Salesman*, could find work as  
a salesperson today?

Unfortunately for Willy, the 50’s concept of  
a salesperson man making cold calls and  
selling from a product catalog has gone the  
way of the blacksmiths shoeing horses.  
Over the past few years, market forces  
have driven even the most steadfast “box”  
sellers away from transaction product—  
focused selling strategies to a consultative,  
needs-based selling strategy.

Perhaps no company has made a more  
radical shift away from transactional,  
product-focused selling than United Parcel  
Service (UPS). For years UPS was strictly-  
known as a “box” mover—you call UPS  
and they pick up your packages and ship  
them all over the world.

In the late 1990’s, UPS made the decision to  
expand their business into online inventory  
management, information, and financial  
services in order to take advantage of the  
emergence of eCommerce and to stay  
ahead of the competition. Ken Lyon, the  
IS Director for UPS’s Logistics Group  
described their entry into this new business  
by saying “The logistics market will evolve  
in the way the financial markets have. We  
can sit around pretending this isn’t going to  
happen, or we can be proactive. This is  
going to happen” (Kirsner).

The “What Can Brown Do for You?”  
campaign was born to help reposition  
UPS as a consultative partner for companies  
that need help with managing inventory,  
information, and cash flow. Making the shift  
from moving “boxes” to selling comprehen-  
sive solutions required a significant shift not  
just in how they sold, but to whom they  
sold. The UPS salesperson who was suc-  
cessful at closing business with logistics  
managers now had to have strategic conver-  
sations with the CFO or CEO (McGarvey).

Failure to make the shift from transactional  
to consultative selling has serious conse-  
quences. Companies unable to implement  
new strategies lose sales to companies that  
have mastered the transition. Perhaps more  
significant are their lost opportunities to  
expand sales. Higher-level sales have more  
broad-ranging impact, higher revenue,  
and potentially more repeated revenue.  
Mastering more advanced strategies is well  
worth the effort.

If you feel frustrated that your attempts to  
change strategic direction have yielded far  
less than you hoped, you are not alone.

Chances are good that key members of your sales team—both leaders and professionals—lack not only sufficient understanding of what they need to do differently, but also the skill to bring it off. Fortunately, powerful solutions to these problems are at hand.

### WHY SELL DIFFERENTLY?

Despite the common use of terms like consultative or solution selling, many organizations lack a full understanding of how these approaches are fundamentally different from traditional selling and why they are able to make a significant impact on the bottom line.

#### Signs of Struggle

Experiences like the following suggest that you are still struggling toward the new era of sales.

##### > *Sensing Trouble in the Sales Process.*

You recognize warning signs from recent sales experiences that something is amiss (see Figure 1). But you're not sure what to do about it.

**FIGURE 1.**  
WARNING SIGNS OF CHANGE IN SALES

WARNING SIGNS
1. Are you frequently losing sales to "dark horse" competitors?
2. Do your customers praise your product yet still purchase on price?
3. Does your selling style feel "out of sync" with your customers' buying style?
4. Do your customers expect a higher level of advice than your salespeople can provide?
5. Do your salespeople fail to recognize opportunities to create value for customers?

> *Hearing Experts' Clamor.* You've heard the swelling clarion calls that 21st century selling is radically different (See Figure 2). But you're unsure exactly how.

**FIGURE 2.**  
CLARION CALLS THAT SELLING IS CHANGING

CLARION CALLS
"Even if you've been selling for only a few years, the selling environment in which you learned to operate no longer exists." — Heiman & Sanchez, 1998
"A meteor shower of change is hitting the world of selling, and many salespeople find themselves and their deals spinning out of control." — Page, 2001
"The writing has been on the wall for quite some time—Learn to sell solutions or else." — Go to Market Partners, 2005

##### > *Changing Vocabulary, Not Behavior.*

You've impressed your sales force about the importance of consultative selling, relationship selling, strategic selling, or becoming the customer's partner. They use these words, but nothing has really changed.

Your organization won't be successful in the new era of sales unless you have a clear vision of where you're going and a team of sales leaders and professionals that are capable of and motivated to change their approach. Recasting your sales force is apt to take more work than you realize, but it's not an impossible task. It begins with developing a deep understanding of why selling has changed and what it takes to make your sales talent successful.

## KEY CHANGES IN SELLING

### Devolution of Products to Commodities

One obstacle to profitable sales today is the increasing devolution of products to commodities. When this happens, sellers struggle to differentiate their products or sell them at a desirable margin. As put by Gerhard Gschwandtner, founder and publisher of *Selling Power* magazine, “so many buyers are focused on this one issue—price—that salespeople are forced to choose between two unappealing options: lose the deal or abandon selling value. Selling in this environment means that even when you win, you lose” (Shonka & Kosch, 2002).

### More Sophisticated Buyers

Price competition is one outcome of the growing sophistication of the purchasing function, which has begun to segment suppliers, explore partnering relationships, and confront supply chain management issues. Clearly, the relationship between buyers and sellers is changing. Customers

want fewer, better vendors and long-term relationships with them. Business buyers want more value, including solutions tailored to their needs and a demonstrable return on investment.

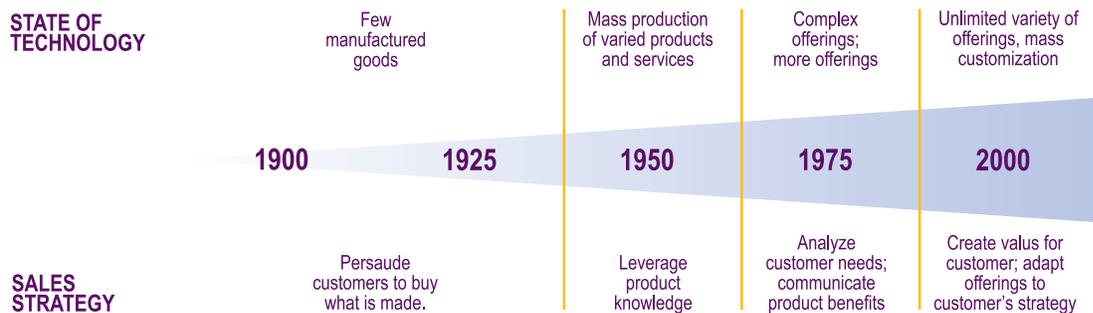
Buying has also fundamentally changed among individual consumers, who have more channels to rely on for both information and procurement. Retail customers are more knowledgeable, less inclined to listen to a sales pitch, and have greater demands for quality and service.

### Advancing Technology

How did customers become so difficult to sell to? Much of the change in buyer-seller relationships, as in business generally, has its roots in advancing technology.

Technological innovation determines what salespeople have to sell, which in turn affects how they sell. Consider, for example, how technology development over the last century influenced salespeople’s strategy (see Figure 3).

**FIGURE 3.**  
TIMELINE OF TECHNOLOGY AND SALES STRATEGY



- > In the early 20th century, mass production was primitive and the range of products small. Thus, the sales force had to convince the customer to buy what the organization could make. Persuasion was the key to a salesperson's success.
- > As production technology advanced and markets expanded, organizations were able to offer a greater variety of goods and services. The sales force then needed to master a new array of offerings in order to recommend one of the available alternatives. By the middle of the 20th century, superior product knowledge was a salesperson's route to success.
- > By the 1970s, products were more complex and competition had increased. Customers selected suppliers who offered the most value, and power began to shift from the supplier to the customer. New selling models began with the customer's needs rather than the supplier's products, and salespeople had to communicate the value of their offerings for helping customers solve their problems.
- > By the 21st century, technology had enabled production of an almost unlimited variety of goods, and many organizations edged toward mass customization. These conditions require the sales force to adapt its offerings to fit customers' strategies for marketplace success. Instead of just communicating the value of a product or service, the salesperson must create value for the customer by identifying opportunities that will increase profits, expand market share, or enhance competitiveness.

## Globalization

Globalization has also increased the challenges of selling. Worldwide markets have stepped up competition, elevated standards of quality, and forced massive cost reductions to compete. Moreover, "globalization of markets demands more customer segmentation and more tailoring of product and service offerings to international standards, needs, and tastes" (Forum, 1998).

## TYPES OR LEVELS OF SALES

While change is clearly in the air, not all winds are blowing in the same direction. One result is the simultaneous operation of several sales models, each most appropriate for a different type of customer. Lisa Napolitano, CEO of the Strategic Account Management Association stated, "It's a brave new sales world characterized by extremes—relentless Web-based commoditization on the one hand, and interdependent value-driven relationships on the other" (Shonka & Kosch, 2002).

Basically, with variations on names and characteristics depending on the source, there are three commonly accepted types of sales:

### Product-Centric Sales

*Selling a well-defined product or service to customers who have predetermined needs and are primarily seeking a low price and buying convenience.* This type includes transactional sales of products or services that have typically become commodities. The seller's offerings are often subject to intense competition, and buyers usually make decisions based on a low price, ease of acquisition, and the features of the product itself. Buyers treat salespeople as vendors and expect little in the way of advice beyond identifying features and benefits.

### **Solution-Centric Sales**

*Providing varied and customizable products and services to customers who want insight, advice, and help solving their problems.* Where products and services are more variable and customizable, buyers often need advice and guidance on how best to meet their needs. The customer's needs are often vaguely defined and range across interrelated issues; disentangling the issues requires the salesperson to be a collaborative problem solver. These sales are often called consultative or relationship selling because the salesperson must spend time helping customers understand their problems in greater depth and advising them about best practices, potential obstacles, and various solutions.

### **Business-Centric Sales**

*Entering into a high-level partnership with a customer who wants to leverage the core capabilities of your organization to realize a long-term business strategy.* Sometimes customers need multiple solutions that will help them implement a new strategy with broad-ranging business impact. These solutions lend themselves to a strategic alliance or strong partnership between buyer and seller at multiple levels that leverages the seller's core capabilities. Salespeople need business acumen and strategic insight to work with high-level executives in the customer's organization as well as their own. The three types of sales are hierarchical. As a salesperson moves up the hierarchy from product-centric to business-centric, the complexity of the sale increases as well as its cost. But the payoff also increases. Realization of this potential payoff has led many organizations to try to change their strategy toward high-level sales.

## **CHANGING YOUR SALES STRATEGY**

Evidence of a shift toward higher-level sales comes from a recent survey of 159 sales vice presidents by Development Dimensions International (DDI) and Sales and Marketing Management magazine (Wellins, Cosentino, & Thomas, 2004). One third (34%) of the respondents indicated that they planned to shift their sales approach over the next three years, primarily to move up the hierarchy. Among those currently product-centric, 33% planned to shift to solution-centric and 11% to business-centric. Among those already solution-centric, 30% planned to shift to business-centric.

### **Is Shifting Strategies Feasible?**

Although you might covet the benefits of higher-level sales, it's not always feasible to sell this way. For example, some buyers have already worked out a solution and want no more than a product-centric seller to meet their specifications at a minimal price. Unless there is a possibility of changing the buyer to someone at a higher level, the seller might be limited to a product-centric sale. Consequently, many sales organizations selectively use all three levels, depending on the needs, perceptions, and position of the customer.

The nature of your products and services might push you toward a specific sales level. Tangible products with short selling cycles lend themselves to product-centric sales. A breadth of customizable offerings suggests a solution-centric sale; and unique, mission-critical, or high-cost products and services are most amenable to a business-centric sale. Some argue, then, that it's best to map your sales approach to the nature of what you sell (Rackham & DeVincentis, 1999).

On the other hand, some organizations struggling to differentiate their products attempt a business-centric approach to change the parameters of the discussion (Shonka & Kosch, 2002). If your product has become commoditized, you might be forced to sell a broader, integrated solution beyond your product in order to avoid being doomed to price competition.

UPS, referenced at the start of this paper is an example of a company that refused to be constrained by a basic service-delivering packages-that has a clear ceiling (see sidebar). Instead, its multidimensional sales force offers solutions for moving packages, information, and capital.

### IDENTIFYING YOUR DESIRED SALES STRATEGY

The level at which you pursue sales will affect *what* you sell, *who* you sell to, and *how* you create value for your customer. The sales type continuum (see Figure 4 on the next page) can help you analyze how you currently approach selling and what alternative strategy you can reasonably aspire to.

### UPS CHALLENGED STRATEGIES TO BOOST SALES

UPS, using a newly invigorated sales force, is expanding sales far beyond its traditional package delivery service. Their consultative salespeople study the customer's business and find ways to reduce costs or grow revenues with a suite of e-commerce tools. They:

- > Convince prospects that a package moving company can also offer critical insights on maximizing efficiencies in the supply chain.
- > Combine transportation solutions with capital through UPS Capital, which serves medium and small enterprises.
- > Become trusted advisors who, with the assistance of expert staff, synchronize three flows of commerce: packages, information, and money.
- > Frequently involve the CFO or CEO in their supply-chain solutions.

— McGarvey, 2005

In each row identify your present approach and then consider what would be involved in a higher-level sale. Although you might have sales at various levels, think in terms of your typical sale when using the continuum. Consider the following issues.

**1. What is the scope of the products and services you provide customers?**

In a product-centric sale, the buyer usually has one (or perhaps a few) clear need(s); the seller tries to meet each need with a specific product or service. Because a solution-centric sale is likely to involve multiple, interrelated needs, the solution is likewise multi-faceted. Business-centric sales often involve complex solutions, perhaps taking effect in different stages of an extended process, and frequently relying on partners or third-party providers. Implementing such solutions frequently requires executive direction.

**2. At what level is your typical buyer?**

When the decision maker is a technical buyer, such as a purchasing manager or product/service user, a salesperson often has no opportunity to go beyond a product-centric sale. Higher-level managers usually have problems to solve and can take advantage of a salesperson-adviser (solution-centric sale). For business-centric sales, the salesperson must meet with high-level executives responsible for business strategy.

**3. What types of relationships are built with customers?**

In product-centric sales, the seller is treated as a vendor and the sale as a transaction. Stronger relationships ensue in a solution-centric sale, as the seller becomes an adviser to the customer. With business-centric sales, the salesperson and others in the seller's organization become business partners with their counterparts in the customer organization.

**FIGURE 4.**  
SALES AND STRATEGY CONTINUUM

	PRODUCT-CENTRIC	SOLUTION-CENTRIC	BUSINESS-CENTRIC
1. Scope of products and services	Single product sales	Multiple products and services	Complex solutions requiring strategic execution
2. Level of buyer	Technical buyer	Manager	C-Level
3. Type of relationship	Buyer-seller	Client-advisor	Business partner
4. Need to understand customer's business drivers	Limited	Moderate	Considerable
5. Advice provided	Product features	Applications and solutions	Strategic and business impact
6. Market differentiator	Price and buying ease	Link solution's value to buyer's objectives	Link value to key business strategies
7. Outcomes realized	Benefits of product	Operational results	Major business impact

#### 4. To what extent does your sales force need to understand business drivers to position your solutions?

Understanding business drivers is most critical for a business-centric sale, which attempts to impact these drivers. A moderate understanding of where the business is headed can advance a solution-centric sale, but it is unlikely to come into play for a product-centric sale.

#### 5. What kinds of advice do your salespeople provide?

There is little need for strategic or tactical advice in a product-centric sale; what is needed is product information. On the other hand, a solution-centric salesperson is expected to advise the customer about presenting and underlying problems and the best approach to resolving them. A business-centric salesperson must be able to advise customers about the impact that various approaches will have on their strategic business objectives. It's also important to be proactive, to go beyond the solution and anticipate the customer's future needs or likely situations.

#### 6. How does the sales force differentiate what you offer?

Buyers of commodities look for specific features and buy based on low prices, conformance to specs, and ease of acquisition. In a solution-centric sale, the salesperson needs to consider the buyer's objectives and link the value of the solution to those goals. In a business-centric sale, the salesperson needs to establish that the solution will not just support the implementation of business strategy, but also create additional value that would not have been previously recognized.

#### 7. What type of outcomes does your sales force offer?

When evaluating readily exchangeable products and services, buyers usually focus on features and benefits. Where customers have more complex issues to be resolved, their primary concern is whether the seller's offerings will produce the desired results (solution-centric). In the highest-level sales situation (business-centric), the buyer's objective is to realize business strategy. This means that the seller's products and services must be able to have a major impact on the buyer's business.

If your organization's current position on the sales strategy continuum (Figure 4) is to the left of your desired position, you will need to concentrate on upgrading your sales force. Higher-level sales require greater skill on the part of the salesperson as well as sales managers who can lead, coach, and inspire them to meet the challenges of a new way of selling. These needed skills raise the bar significantly for your sales team.

#### **SKILL DEFICIENCIES: MAJOR OBSTACLES TO CHANGING YOUR SALES STRATEGY**

If recent data are a guide, there is a good chance that a significant portion of your sales force might not have the talent to shift to a higher-level sales strategy. Skill gaps are evident for both sales professionals and leaders, and these are often deficiencies that cannot be remedied by training.

#### **Perceived Skill Deficiencies**

The surveyed sales vice presidents (Wellins et al., 2004) identified considerable skill gaps among current sales representatives and their leaders. The majority said 60% or fewer

of their sales reps had the skills to be successful now. Among organizations shifting their sales strategy, the top two reasons for sales representatives' failure were poor selling skills and lack of motivation to sell.

The sales vice presidents identified as many leaders with skill gaps as sales professionals (Wellins et al., 2004). Nearly two thirds of the survey respondents cited deficiencies in leadership and coaching as sources of sales leaders' failure; that proportion jumped to 80% for companies shifting their sales strategy. Where these deficiencies prevailed, sales leaders were unable to motivate and develop their teams. Over half the respondents from companies shifting their sales strategy blamed their sales leaders' inability to accurately assess each individual's development needs relative to the new job roles as well as their poor coaching skills.

"Ultimately the reason most sales professionals today don't sell value . . . is because they lack the skills and strategies necessary to go beyond traditional selling tactics."

-- Shonka & Kosch (2002)

Another study (Proudfoot, 2004) found that only one fifth (22%) of salespeople were considered competent in eight key selling skills. Barriers to salespeople's effectiveness often rose from inadequate sales leadership. The top four barriers were lack of manager feedback or help for sales teams, poor sales call quality and inadequate monitoring, weak or cumbersome sales reporting systems, and training that was seldom reinforced or properly coached in the field.

### Implications

Weak sales managers can cost your company millions in lost opportunities. A McKinsey study estimated that the opportunity cost of retaining a single low-performing sales manager running three

average or below-average pharmaceutical sales teams could run as high as \$20 million a year (Elling, 2002).

Organizations can also suffer large financial losses when salespeople aren't up to the job. One recent study determined that while a high-performing salesperson can contribute \$10,000 or more a month to gross profits, an ineffective salesperson could generate \$3,000 to \$4,000 in monthly expenses. (Outlaw, 2005)

Skill deficiencies among salespeople and their leaders are serious obstacles to changing your sales strategy. Higher-level sales can't be achieved without a sales force that is capable of and motivated to surmount the steep challenges and leaders who are effective at employee engagement and development and sales strategy.

Fortunately, there are ways to remedy this situation.

## RECASTING YOUR SALES TALENT

If you want a sales force that can capitalize on sales opportunities at all appropriate levels, you will need to consider how to recast your sales talent. Each step in the following process is critical.

### 1. Determine what behavior is needed for success

Once you have defined your desired selling strategy, you need to determine what kinds of actions and behaviors are required to carry out that strategy. Today's information technology has enabled organizations to track a variety of sales metrics—the size of a typical sale, organizational level of customers, achievement of revenue goals, and so forth. However, these metrics measure what happened, not why they happened. Similarly, predictive analytics

based on lead indicators such as number of calls or initial meetings, new product placements forecast in the pipeline, indicate what is going to happen but not why.

Most organizations have difficulty answering the question, “What separates your top performers from the rest of the pack?” This information can be developed and captured in a holistic success profile that specifies the skills, dispositions, experiences, and knowledge required to achieve the desired strategy.

### Success at Different Sales Levels

Although every salesperson probably touches each phase of the sales process, the proficiency required to execute each step often rises with each higher level of sale. Part of this requirement stems from the organizational position of the buyer, which increase as you ascend the sales hierarchy. Higher-level sales require greater depth of customer understanding and more sophisticated sales skills.

The different types of sales also gain their leverage from diverse parts of the sales process.

- > A **product-centric** sale concentrates on the product. Because the customer’s needs are well known, the salesperson’s job is to propose and demonstrate product features and benefits, overcome objections, and gain the customer’s commitment. The sales leader is more a motivator than an account strategist.
- > A **solution-centric** sale requires much more attention to scoping the opportunity. The salesperson must uncover the important customer needs in what is often an ambiguous situation, inform and advise the customer, and put forth various solutions

for consideration. When the best solution becomes apparent, the salesperson often puts together a team to explain and adjust products or services that are involved.

- > The **business-centric** salesperson remains strategic throughout the sales process, paying particular attention to where the customer’s organization is headed and how the selling organization can add value. Planning and preparing for each step in the process helps establish the salesperson as a key business advisor. He or she is constantly learning about the organization and industry, educating the customer, uncovering new opportunities, and demonstrating how the customer’s strategies can be realized. Orchestrating an organizational response involving multiple disciplines is often required of this salesperson.

Those who lead higher-level sales teams also need additional proficiencies. In addition to modeling the advanced selling skills expected for the team, sales leaders must be able to diagnose when and how their direct reports are missing opportunities for expansion of accounts. They must be able to provide targeted coaching as well as strategic guidance on how to handle these more complex sales.

### Competencies Needed for Higher-Level Sales

The unique emphasis and greater depth involved in higher-level sales implies a need for additional or more nuanced competencies. Mohr Corporation (1998) found that using traditional sales skills (establishing rapport, uncovering needs, relating benefits to product features, handling objections, closing) yielded no more than an “entry ticket” into the sales opportunity. New,

emerging competencies were essential to differentiate high sales performance. The emerging competencies included business skills (aligning strategic objectives, understanding financial impact, orchestrating resources, establishing a vision) as well as interpersonal (listening beyond product needs, consultative problem solving) and personal ones (engaging in self-appraisal). Similarly, Golterman (2000) noted that the skills that distinguished top salespeople in the 1990s are still important but must be supplemented by critical new ones. Golterman’s list included business skills (finance and business, time management, process management) and interpersonal competencies (relationship management, consultative skills, collaboration, and communication). Other authors have noted increased needs for analytical skills, given that buyers are demanding more quantifiable evidence of value over a product’s lifetime (Geraghty, 1998), and for creative, “out-of-the-box” thinking beyond current products and services when responding to customers (Forum, 1998).

Although the various authors don’t agree

on the specifics, they concur about the need for additional or richer competencies. This need extends upward as leaders and executives are called upon to define and support higher-level sales. Particularly important are leaders’ ability to guide sales opportunities, broaden business value for customers, and coach the sales team on how to plan and execute more ambitious sales strategies.

### A Cascading Competency Model

Figure 5 gives an example of how competencies cascade across a sales organization, changing by position and selling strategy.

For example, the business-centric sales professional (third column) differs significantly from the product/service-centric sales professional (fourth column) in the interaction with customers. These differences primarily manifest themselves in the initial analysis and strategizing about the sale as well as in interactions with the customer.

The sales leader plays a complex role as sales expert, mentor, motivator, and manager. When making higher-level sales, he or she must have the same selling expertise as the solution- or business-centric sales professional. When supporting higher-level

**FIGURE 5.**  
EXAMPLE OF COMPETENCIES BY POSITION AND SALES STRATEGY

SALES EXECUTIVE	SALES LEADER	BUSINESS-CENTRIC SALES PROFESSIONAL	PRODUCT-CENTRIC SALES PROFESSIONAL
1. Steering Sales Opportunities	Guiding Sales Opportunities	Sales Opportunity Analysis Devising Sales Approaches & Solutions	Qualifying Sales Opportunities
2. Broadening Business Value	Broadening Business Value	Exploring and Expanding Opportunities Demonstrating Business Value	Managing the Sales Call
3. Setting Sales Organization Direction	Setting Sales Unit Strategy	Assignment Management	Assignment Management

sales, the leader serves as a strategist and guide to the front-line salesperson without engaging in the customer research or taking over the sale.

## 2. Assess current talent

Once your organization has defined its sales strategy and the correspondent success profile needed to execute it, the next task is to identify the capabilities of your sales professionals and leaders relative to the profile. When a sales strategy needs to change, many companies size up the capacity of their sales force as a group, enabling them to target interventions to improve sales effectiveness. At the same time they determine whether individuals have mastered the requisite skills or have the potential to do so. This individual analysis can lead to targeted plans for development or placement.

### Recognizing the Gap

The skill differences between a product-centric salesperson and one with a business-centric focus are both profound and subtle. You must be careful not to let strength in basic selling skills, which remain essential, blind you to the absence of higher-level capabilities that fit new expectations.

Similarly, a sales manager takes on new roles and responsibilities that go beyond being able to sell. An individual's success and polish as a sales professional can lead you to miss gaps in leader competence, particularly in planning or implementing a new strategy, coaching to that strategy, motivating the sales force, and engaging senior-level channel partners and customers.

Identification of the gaps between your vision of sales success and the current proficiency of your sales professionals and leaders will help you determine what steps you need to take to align your sales team with your new sales strategy. It will also help inform your promotion decisions and improve your succession management process.

### The Value of Demonstrating Skills

The best way to determine whether your sales professionals and leaders have the skills for their new roles is to find a way to observe their behavior when faced with an appropriate sales opportunity or leadership challenge. Measures that merely tap understanding of high-level sales behavior (for example, knowing you should ask penetrating questions) will be incomplete. “The bad news is that there’s a huge gap between knowing what to do and actually doing it” (Rackham & DeVincentis, 1999). The secret is to use an assessment method that requires the person to demonstrate “actually doing it,” whether it’s making a sale or guiding others to do so.

Organizations can, of course, obtain examples of on-the-job behavior, as when a manager observes a salesperson making a sales call. But survey findings have shown that many sales managers struggle with this evaluation task. Moreover, current sales calls reveal little about how a salesperson will handle a new style of selling.

As an alternative, many sales executives are turning to assessment centers, in which sales professionals and leaders engage in realistic simulations of job situations and activities. Trained assessors evaluate how well each participant’s approach to the simulations matches the organization’s success profile.

Simulations benefit you by providing objective, reliable results that enable you to:

- > Compare a group of people using the same yardstick.
- > Identify individuals' strengths and development needs in terms of specific behaviors.
- > Get a preview of how people not currently engage in higher-level sales will rise to the task.
- > Anticipate the future performance among candidates for promotion.

They also benefit participants by giving them a preview of new roles and challenges, feedback on developable behaviors, and experience with a process that is seen as fair and related to the job.

### The Flexibility of Simulations

Assessment center simulations are very flexible in adapting to different positions and situations.

- > **Sales professionals.** Simulations of sales calls and other situations can yield powerful information about whether candidates are able to identify and capitalize on high potential opportunities. How a participant handles these situations provides rich information about the person's current approach to sales and potential obstacles to making higher-level sales.
- > **Sales leaders.** Simulations of the challenges for sales leaders can tap into both guiding sales and making sales. Organizations attempting to move up the sales hierarchy should evaluate their sales leaders on their own ability to sell at the preferred level, their skill in coaching and developing others to do so, and skills in facilitating change.

- > **Sales executives.** Sales executive simulations focus on the ability to define, articulate, and implement any new sales strategy. Leading this kind of change is not simple, but necessary to move your organization toward its desired position on the sales hierarchy. A simulation that captures strategic leadership challenges can identify those most prepared to carry out these executive roles.

Delivery methods are also flexible.

Organizations can deliver assessments to participants face-to-face, using on-line tools with telephone role-plays, or by e-mail and telephone. Efficient on-line delivery is particularly appealing to sales organizations with a widespread sales force or global sales teams.

### 3. Develop where you can

Developing new skills among sales professionals and leaders is often a daunting task. "Most executives grossly underestimate the difficulty that is involved in changing the sales force. . . Sales organizations simply don't recognize the stubbornness of old habits or entrenched ways of thinking" (Rackham & DeVincentis, 1999).

#### Sales Training

Sales training that is grounded in the new ways of selling can help create understanding and provide relevant and useful sales tools. Yet training alone can have a disappointingly small impact. A Huthwaite study found that within one month of leaving a sales training program, salespeople had lost 87% of the new skills they had learned during the training period (Rackham & DeVincentis, 1999). However, salespeople can improve their performance dramatically if effective coaching reinforces training.

## The Criticality of Leaders

Unfortunately, sales coaching doesn't come easily to most sales managers. As noted earlier, many are notoriously poor at assessing where salespeople need to develop and equally poor at coaching toward success. For example, high performing sales reps in a high tech company reported in a DDI survey that their leaders micromanaged sales opportunities-telling them what to do rather than coaching-and took credit for results.

The implication is that organizations need to focus on the capabilities of sales leaders as much as those of salespeople. Don't underestimate the criticality of sales leaders' coaching, modeling new behaviors, and promoting the need for change. Where sales strategies are shifting, leaders must understand the implications of the change on selling processes and make change happen.

Learning from expertly crafted simulations can help executives assume the key strategic and tactical leadership roles needed to bring about the desired change. By capitalizing on information from simulations that evaluate leaders' coaching, strategizing, and other relevant skills, organizations can develop and reinforce their sales leaders' behaviors.

## Development Won't Help Everyone

A corollary of developing those who can benefit is transitioning out those whose probability of succeeding is small. Helping such individuals find a more suitable position within your or another organization will be of mutual benefit.

### 4. Bring in new blood

To change your sales strategy, you will inevitably have to bring in new blood. You will need to replace staff that can't

master the new challenges, and you might want to grow your sales team to manage the additional business you will attract. Your candidates for these various positions could be internal or external.

A systematic approach to identifying and developing sales and sales leadership talent requires a broad array of tools organized in an efficient process. A well-designed hiring process will let you screen out the clearly unqualified and spend quality time with the more promising candidates.

## Screening Tools

Cost-effective screening processes can quickly match applicants to success profiles, reducing the size and increasing the quality of your applicant pool. Well-constructed tools can help you to collect data that is fair and legally defensible, automatically evaluate and rank candidates, and accurately predict desirable and undesirable behaviors and outcomes.

Examples of screening tools include the following.

### 1. *Job preview and qualification*

**screens.** Organizations use realistic job previews, usually delivered online, to give external applicants a sense of a job-its challenges, rewards, expectations, organizational culture-so that they can make a sound career decision. These techniques usually include a basic assessment of key relevant experiences and accomplishments. Job previews can give similar insights to internal candidates for leadership development programs or promotions.

### 2. *Motivation and personality*

**inventories.** People who don't find satisfaction from the kind of work they do or lack the disposition that

would make them successful are a major source of unwanted turnover, especially in the first year. Inventories can tap into the tendency toward or disposition for sales or leadership to eliminate people unlikely to fit the job or organization.

3. **Competency screens and inventories.** Competency screens are an efficient way to obtain an initial assessment of potential and proficiency in critical skill areas. Inventories of sales and leadership readiness focus on critical skills, motivations, and dispositions, enabling you to screen in the right people.
4. **Self and other competency ratings.** Individuals can complete a self-assessment that can be probed during hiring interviews (for external candidates) or reviewed by supervisors (for internal candidates). Similar ratings can be sought from supervisors, peers, or direct reports.

### In-Depth Assessment Tools

Candidates shown to be the most qualified by the initial screening process go through more in-depth and labor intensive processes for further evaluation.

1. **Interviews.** The best interviewers are trained to collect examples of behavior that demonstrate the critical elements of a success profile. Gathering interview data using a standard process will ensure high degrees of accuracy and legal compliance. It will also create a positive perception of your organization for candidates.
2. **Simulations.** Simulations allow candidates to demonstrate their ability to handle the critical challenges of sales or sales leadership. Using the same simulations to assess your current sales team and those you are considering adding to the fold will let you directly compare their talents. You can capitalize on this information during the on boarding process for new hires. That is, recognizing strengths and development needs prepares candidates and their managers from the start, reducing the time from hire to full productivity.

## Selecting Tools That Meet Your Needs

Organizations can mix and match selection tools for different purposes. For example, when Sanofi-Synthelabo, one of the fastest growing pharmaceutical companies in the world, changed its U.S. strategy from contract sales to its own internal sales team, it needed to hire more than 1,000 sales professionals and leaders in less than 120 days. DDI set up three distinct selection systems, reserving the most in-depth assessment for the new sales executives that would be setting the strategic direction (see sidebar).

## ASSESSMENT AS RISK MITIGATION

Recasting your sales talent will incur a cost. Assessing and developing those on your sales team and implementing effective selection systems for new hires requires an investment. But what many organizations fail to appreciate is that they will incur a cost anyway. The question is where you want to assume the expense.

Salespeople who fail are an opportunity cost; they diminish revenue and account penetration. Leadership failures can precipitate the loss of good sales producers—the leaders themselves and their direct reports. If you use weak selection methods, where the predictive analytics of future success are poor, you will pay for poor performance and high turnover in the long run.

Consider just turnover as an example. You can invest little in hiring, let the strongest survive, and lose 40% of your sales team in the first year. You will then have the cost of replacing that 40%—recruiting, hiring, training, and ramp-up time, which might take as long as two years for some positions. Alternatively, you can spend more to hire better-suited people and lose only 20% of them in the first year. Your hiring costs increased, but you reduced your replacement costs by half.

## SANOFI-SYNTHELABO BUILT A NEW SALES TEAM . . .FAST

To meet a new market demand, Sanofi needed to quickly build a U.S. sales team of more than 1,000 people. DDI set up three different selection systems that processed over 31,000 applicants in less than 120 days. Selection tools included the following.

### SALES PROFESSIONALS (1,000 NEEDED)

- > Web-delivered quality and competency-based screen.
- > Phone-based simulation.
- > Behavior-based interviews around competencies in the success profile.

### DISTRICT MANAGERS (100 NEEDED)

- > Resume review and banding.
- > Telephone screening interview.
- > Full-day, face-to-face assessment center.
- > Line manager interview tailored to the position.

### SENIOR-LEVEL DIRECTORS (14 NEEDED)

- > Close senior management involvement in recruiting and interviewing.
- > Full-day senior sales executive assessment center that focused on strategic planning, financial acumen, global business development, and other higher-level challenges.

The results more than achieved Sanofi's objectives.

- > Hired more than 1,000 sales professionals on time.
- > Significantly enhanced candidate perceptions of the organization and how it hires.
- > Reduced initial and ongoing hiring costs by more than 20%.
- > Reduced sales force turnover from 23% to 10%.

Actually, many hiring systems are not only ineffective in terms of the outcome, but also expensive to maintain, so that implementing a more efficient hiring system can actually reduce hiring costs. When Sanofi invested in their three-pronged selection system (see sidebar), they reduced hiring costs by more than 20% and brought down turnover from 23% to 10%. And by being able to hire fast, they gained thousands of selling days.

Doing a better job of selecting sales professionals and leaders up front—paying before hire—enables you to reap the savings inherent in an efficient and effective system that brings in high-caliber people. Aside from

saving on replacement costs, you will gain higher revenue generation, better account penetration, and stronger customer satisfaction. In other words, implementing a better assessment and selection system provides risk mitigation against future anticipated return. There's an increasing likelihood of payback, and a shorter time to get there.

Assessing, selecting, and developing your talent consistent with a success profile based on your sales strategy will create sales and sales leadership excellence. That's the best assurance that your organization will be successful in the new era of sales.

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## ABOUT DDI'S SALES TALENT CAPABILITIES

DDI has helped hundreds of organizations around the world hire, promote, and develop high-performing sales forces.

Our areas of expertise include:

- > Defining success profiles (skills, knowledge, abilities) required for extraordinary sales forces.
- > Tailored selection and assessment systems designed to help you make better hiring, promotion, and development decisions.
- > A wide range of courses, activities, and programs to produce more effective sales leaders.

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