

Optimizing sales managers' role in digital sales transformations

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B2B organizations undergoing sales transformations tend to focus on improving digital tools and training for salespeople with insufficient guidance for sales managers. In this article, we discuss typical challenges in managing sales and what it takes for sales managers to both support and succeed personally in digital transformations.

Executive Summary

Problem

Most digital sales transformations focus on salespeople skill and tool development. However, to fully realize the benefits from digitalization, organizations must address issues in sales management and governance to match the new sales model. Sales managers who can play a key role in addressing these issues often receive too little guidance.

Why it happens?

Sales managers are often promoted from excellent salespeople. However, these two roles require different mindsets, skills and capabilities. Oftentimes, these differences and this transition to a sales management position are underestimated, which leads to sub-optimal team performance especially during major changes, such as a digital sales transformation.

Why it happens?

Especially during transformations, organizations should acknowledge the differences between sales manager and salesperson to ensure necessary training and guidance. Here we document best practices and guidance for successful sales manager development, so that they can both support and succeed in a major transformation.

Regardless of digital maturity, many companies still face similar fundamental limitations in managing sales

Our interviews with management professionals working in B2B companies across 11 different countries, as well as our experience from previous sales transformations suggest that B2B organizations face similar challenges regardless of digital maturity. In one case, a Nordic software company was at the beginning of a journey to establish a common CRM system to unify customer and deal progress data. In another, a global industrial equipment company had a robust CRM infrastructure in place but was lagging in utilizing available data for guiding everyday sales activities. From the least matured to the most advanced in sales

digitalization, we found that these organizations still needed to solve three fundamental challenges in sales management before being able to fully capture the benefits from digitalization.

1. **Forward-looking reporting:** it is still common for management to only focus on past financial results which generate limited insights about what can be done to influence future results. For example, sales volume target is a common KPI to follow but it is a lagging indicator that only shows what has happened. Yet, with newly unified sales and customer management systems, management should also devise and follow up on metrics that measure not only quality of sales pipeline and but also interactions with customers - leading indicators that will manifest in future results. Sales managers and higher level of management can use these new insights to coach and direct sales activities timelier and more effectively. New digital solutions enable the adoption of forward-looking indicators with higher data quality.
2. **Limited knowledge sharing:** sales performance reporting that only focuses on numeric outcomes limits management access to customer and market insights from employees in the frontline. Unified CRM systems provide a standardized tool to collect these insights (examples include customer emerging preferences, and reasons for lost sales and differentiations of competitors' bids that can be utilized for revising product and pricing strategies). However, without mandate from top management to systematically synthesize and analyze these insights, salespeople and sales managers are often not motivated to maintain good quality of these inputs. In addition, these valuable insights often risk falling between the cracks among numerous levels of hierarchies from frontline to top management.
3. **Incentive alignment with strategic direction:** many current sales incentives are not designed to encourage optimal sales behaviors in the long run, team collaboration and cross-team coordination. For example, one common pitfall in individual sales incentives is to focus too much on numeric sales targets without considering desired product/solution mix. As a result, sales people are more inclined to sell products that are familiar and easy for them to meet the immediate targets, not spending additional efforts to promote more strategic offerings such as higher value-adding services and solutions.

Furthermore, in companies selling complicated solutions that require cross-department collaboration in both sales and delivery, having separate but overlapped sales targets in individual teams hinders collaboration and achieving common goals in a speedy manner. Again, new digital and company-wide CRM systems make a more sophisticated and granular incentive scheme possible. However, as organizations switch from the old simple target-based structure to a more granular and dynamic incentive scheme, sales managers still need to play an important role in driving the change by guiding salespeople on how to meet their new sales objectives.

All these issues can be addressed with new digital solutions but need more than that. The sales management approach and processes need to change as well. The human factor in transforming sales is a key element that is often underemphasized. The effort to change the way of working is also often underestimated.

A digital sales transformation can be a key enabler in improving sales management by making the collection and analysis of more granular data more systematic. New insight

allows better steering of sales. However, having upgraded tools to address isolated pain points is only a start whereas successful transformations require orchestrating the changes across all levels of the organization [1]. While much has been written about the importance of top management sponsorship and upgraded skills for salesperson, we believe that more attention should be paid to the role of the middle layers – sales managers – to fully reap the benefits of digital sales transformation.

Sales managers can play a crucial role in sales transformation by acting as an agent of change, mentor, and strategic gatekeeper

We interviewed six different stakeholder groups in a global industrial equipment manufacturer undergoing a major organizational change that included a digital sales transformation. The focus of the interviews was the stakeholders' expectations for sales managers in this transition. These global stakeholders ranged from product and offering management, key account management, to pricing and selected regional directors. They shared similar views that sales managers should play a key role as change agent, mentor and gatekeeper to ensure their sales team have the right mindset, skills, and supporting tools to achieve the required sales transformation. As agent of change, sales managers could incorporate in their daily routines activities to promote global change initiatives in their units, coordinate active knowledge sharing between sales and product/service delivery to surface new improvement ideas and facilitate joint problem solving.

As data and data quality are critical differentiators for any successful digital sales transformation [2], sales managers are pivotal in overseeing their teams to ensure that high quality customer and sales data is consistently entered into the systems. This is easier said than done [3]; salespeople in general dislike rules as they often must find flexible ways to work around them to meet customer needs. Therefore, following a strict data policy might not become salespeople' second nature easily. Thus, sales managers are needed to act as gate keepers to relay the importance and implications of sales data management to salespeople as well as follow up with them on a regular basis. Without this, the benefits of a digital transformation can be lost.

Sales transformations often require changes in the way of selling, for example from cost-based to value-based selling or from single product sales to integrated product-service offering sales. These types of major changes can usually not be achieved by simple training sessions. The global stakeholders interviewed at the industrial equipment manufacturer all agreed that to drive such changes in the organization, sales managers would be expected to act as role models and coach salespeople in daily and deal-specific situations. They would also have the mandate to help salespeople to adapt (global) upper management's expectations to local conditions and translate team targets into individual action plans.

Promotion from salesperson to sales manager is a major transition that requires dedicated support

While it is all too common that a “top-flight salesperson is promoted to sales manager, the organization soon discovers, however, that the skills and perspectives that made this person

a top salesperson are not contributing to success as a sales manager” [3]. For example, salespeople usually have clear and direct measures of success with a periodic recognition of performance while sales managers have vague measures of success with limited performance review. Also, a salesperson makes a visible contribution to the team by winning sales and delivering revenue. This might not be the case for sales managers as they now “need to make stars of others while remaining in the background” [3]. Most importantly, the fact that most sales managers are former salespeople create certain conflicts in the way of working. This is because a salesperson oftentimes dislikes rules and administrative tasks while sales managers must enforce the very same rules they might have resented as a salesperson. In this context, some sales managers may already have a hard time to adjust to their new roles, even more so in times of big transformation given higher expectations for sales managers during such major changes.

If these factors are underestimated, not only do organizations risk having suboptimal sales team performance but potentially also suffer from a high turnover of sales managers. Although fresh thinking coming from newly hired sales managers could act as a catalyst for change, they often do not have enough tacit knowledge and established credibility to promote and spread the changes effectively and convincingly. For example, at an industrial equipment manufacturer that has heavily invested in modernizing its CRM system, there was only one sales manager who actively leveraged the new access to unified customer data, turning this into valuable insights that guided his sales team in forming sales strategy. The sales manager commented that his previous experience working as sales manager in IT industry helped him tremendously. Unfortunately, this new way of working only took root within his own sales team and risked getting lost as he moved to a new role again two years after the change. As a digital transformation already breathes much uncertainty into the sales force, keeping a low turnover of sales managers and enabling current in-house sales managers to succeed in their roles are essential for success.

A successful sales manager needs to be proactive and have a clear management routine

Organizations can support their sales managers in their development journey by providing more dedicated training and guidance. As discussed above, the transition from being a salesperson to a sales manager might not come naturally. Our research recognized the need for a dedicated training program for sales managers that included a wide range of topics from recruiting, internal communication, to leadership, coaching and data management. One organization we have been working with is also testing the idea of harmonizing the way of working across roughly 300 sales managers in their global organization and providing a global guideline on sales management routines.



Star sales manager



Figure 1 - elements of a typical set of sales management guidelines.

The guideline is developed based on a collection of best practices across the organization. The collected best practices include elements such as an emphasis on having a fact-based sales strategy and forward-looking reporting, tracking also leading indicators of sales activities intensively (see figure 1). In terms of daily routines, it is also recommended for sales managers to dedicate sufficient time for one-on-one coaching with individual salespeople. It is best to have these checkpoints booked on a regular basis and follow an established agenda to ensure the session is run efficiently and systematically. For sales managers having to manage a cross-border sales team sitting across offices in different countries in a region, it might be beneficial to establish standard working routines and communicate them transparently in their team. For example, one sales manager interviewed dedicated each week of the month for specific activities and country focus, thus making coordinating checkpoints and additional support with his sales team more efficient.

It is important to note that while rolling out a global sales management guideline can be in line with the context of higher standardization that digital transformation often brings, one must also take into account considerable cultural differences in the way of doing business across units in a global organization. In our research, we found that sales managers working

in countries in a high-context¹ cultures such as Southern Europe, Middle East, or Southeast Asia often prefer more frequent, individual and informal touch points between managers and sales people. On the other hand, managers in lower-context cultures such as Germany and other Nordic countries might prefer more formal team meetings as a forum of follow-up and coaching. Therefore, any global guideline should aim for a minimum set of standard practices and required outcomes with room for the local sales managers to adapt according local business culture.

Giving sales managers the right training and support helps them to help the transformation succeed

Given that digital sales transformations are not easy (as many years of research has shown [4]) and that it might takes years for the upgraded tools and skills to stabilize in the organization, we believe that the rate of success can be enhanced by recognizing the role and support needed for the middle layer change agents - sales managers. While sales managers are not the one-stop solution to many fundamental sales management challenges, they can be an important catalyst to the transformation that requires time and dedicated efforts to make it happen and fully reap the benefits.

Note

1. High-context cultures are those where people generally rely on implicit communication such as background information and strength of relationship as well as non-verbal cues to interpret meanings. On the other hand, people in low-context cultures prefer to communicate with explicit information and well-defined messages. These terms were first coined by Edward T. Hall in the book *Beyond Culture* (1976).

In the context of sales management practices, it can be interpreted that individual and informal touch points allow sales managers and sales people in high context cultures more room for relationship building and to exchange insights through non-verbal cues. Meanwhile, formal team meetings give more structure to the discussion where information can be exchanged orderly and efficiently in a low context culture.

References

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