

Marketing & Sales

Five actions to boost your sales organization's resilience

Efforts to squeeze out additional sales could be more profitably invested in the sales force. Here's how to raise morale, build capabilities, and position your team for recovery.

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As the COVID-19 pandemic continues to unfold, many sales leaders are facing a tough choice: drive as many sales as possible today or prepare for the future. Most sales leaders are trying to do both, of course, but the intense pressures they're feeling as economies around the world pull back create an urgency to focus on the short term.

That sense of urgency has led some companies to try to recapture lost revenues by increasing targets for their sales teams. Since many of these targets are unrealistic, they can further demoralize sales teams that are already reeling from the leap to remote selling. This state of affairs has exacerbated a tendency among sales leaders to focus on short-term performance in meeting targets and forecasts, achieving growth, and closing deals.

We believe sales leaders could better use this time as an opportunity to invest in their sales teams. By thoughtfully building up their psychological health and capabilities, sales leaders can ensure that their teams are ready to leap ahead of competitors as the economy recovers. Research and experience back this up. Recent McKinsey research into and analysis of the performance and growth strategies of approximately 2,000 companies between 2007 and 2017 reinforces how critical it is to stay focused on through-cycle growth.¹ This is true not only to ensure long-term survival but also to generate total returns to shareholders (TRS) of 8 percent compared with their peers, who stay at about zero.²

To support their teams and get ready for the recovery, we recommend leaders take these five actions:

1. Reset and adjust expectations around scenarios

COVID-19 has had a significant impact on 2020 revenue targets. Sales leaders need to acknowledge that meeting the original targets may be almost impossible and then set more

realistic expectations (which will, of course, vary by sector).

Given the uncertainty around economic recovery, companies should consider basing their new targets on a set of different scenarios.³ This approach will allow rapid and realistic adjustments to revenue expectations as scenarios shift in response to leading indicators and milestones such as the reopening of key markets.

Once companies define the range of scenarios and the revenues achievable in each, they should then break them down into realistic sales targets for business units and individuals. If possible, business-unit sales plans should be adjusted from the bottom up to identify territories and accounts with the most revenue potential. Similarly, individual performance plans and development goals should be updated to motivate sales reps to a reasonable level of performance while holding them accountable for their performance.

2. Rethink bonuses and incentives

Many sales reps receive a significant portion of their remuneration from commissions. A prolonged downturn will inevitably hit their income. Companies can help by doing two things: first, provide immediate financial security, and second, realign incentives for the longer term.

For example, a consumer-services company has more than 2,000 reps whose entire income is derived from commissions. The company rapidly deployed an emergency pay program that provided a percentage of monthly prorated pay based on last year's earnings to offer security and reduce both anxiety and the potential for attrition. By guaranteeing earnings, the company was able to retain its valuable sales force.

Additionally, companies can shift their reward systems toward behaviors that will support the recovery process. For example, in the financial services industry, clients may not be readily signing up for new financial products during

¹Martin Hirt, Kevin Laczkowski, and Mihir Mysore, "Bubbles pop, downturns stop," McKinsey Quarterly, May 2019, McKinsey.com.

²Rebecca Doherty and Anna Koivuniemi, "Rev up your growth engine: Lessons from through-cycle outperformers," May 2020, McKinsey.com.

³For our latest perspectives, see "COVID-19: Implications for business," McKinsey.com, June 2020.

this period of uncertainty. Financial services companies can shift a greater portion of their incentive systems to reward new client leads (rather than new customers). This ensures that the front of the sales funnel is fully loaded with qualified leads that are ready to be converted and helps keep reps optimistic for the next phase.

3. Invest in sales-force capabilities for the recovery

The vast majority of B2B companies have shifted their go-to-market (GTM) model during COVID-19 toward digital and remote selling. Two-thirds of B2B decision makers surveyed believe that their new model is as effective, if not more so, than previous models. Looking ahead, B2B companies expect digital interactions to be two to three times more important to their customers than traditional sales interactions.⁴

With this profound shift to digital, companies need to be thoughtful about what skills their reps need to succeed in this digital remote reality. In fact, some 77 percent of leaders indicated that retraining salespeople was very or moderately important, according to recent McKinsey research.⁵ Investing time and money in building up their skills tells sales reps unequivocally that they are important and valued, while also priming them to succeed in the digitally driven recovery.

One critical area of focus is around using data and insights to make better selling decisions. Some companies are investing in training their reps on how to use AI tools, for example, that provide next-product-to-buy recommendations so they can better cross-sell or upsell. Others are choosing to retrain field sales reps so they can adopt inside sales roles and provide customers with technical consultative expertise via their website's chat function.

One financial-planning firm has found great success in using this time to modernize its sales

practices by deploying a large-scale capability-building program focused on developing reps' skills around digital technologies. The company rapidly put in place a cross-functional team of experts from learning, communications, product management, and sales to develop virtual learning modules and journeys tailored to reps in every layer of the sales organization. This training program helped reps adapt to the digital channels their customers were using and capitalize on demand to realize record sales over the last quarter.⁶

4. Revamp tools and processes to support your salespeople

In a recent survey, B2B buyers indicated that they value three things above all from sellers: speed, transparency, and expertise.⁷ Sales leaders should therefore take the time to realign their sales operations (tools, systems, and processes) to equip their sales force to deliver on these needs.

For companies that have switched to virtual selling, codifying successful sales plays can help sales reps across the organization learn quickly and put into practice what works. For example, even in the world of remote selling, the sales play for selling life insurance to a tech-savvy young professional would be very different from the one for a baby boomer who may not be as comfortable with digital platforms. Consultative selling for the former may fully revolve around digital collaboration tools such as Box and Zoom, while the latter may involve physically mailing marketing materials and following up with phone calls.

Additionally, companies should realign sales processes so that the sales force can replicate them at scale. For example, virtual sales require the same discipline and standardization as face-to-face sales. Sales leaders should set expectations on what the standard operating

⁴"How B2B decision makers are responding to the coronavirus crisis," May 2020, McKinsey.com.

⁵Kyle Hawke, Matt Jochim, Rowan Mawa, Juliana Pflugfelder, Raj Luthra, Abhishek Shirali, Yu Ueda, and Megan Wells, "Reset and reallocate SG&A in the next normal," June 2020, McKinsey.com.

⁶Matt Diemond, Michael Drory, Daniel Law, and Maria Valdivieso, "The five things sales-growth winners do to invest in their people," October 2018, McKinsey.com.

⁷Christopher Angevine, Candace Lun Plotkin, and Jennifer Stanley, "The secret to making it in the digital sales world: The human touch," May 2018, McKinsey.com.

model should be in this new environment, literally spelling out what Monday to Friday should look like for reps—for example, how much time they should spend generating new leads and how much connecting with existing customers. Sales leaders can also help reps master the details of the virtual sales process through active coaching about, for example, how best to use social platforms such as LinkedIn to generate leads, or how to use sales materials to follow up a virtual meeting in order to increase conversion rates. Many companies have also adopted virtual ride-alongs, which actually allows managers to support more people than the real thing in pre-COVID-19 days.

Given the advances in sales technology, sales leaders also need to equip their reps with the tools to drive better decisions. For example, the increased use of inside sales as well as remote and digital channels has made it more critical than ever to ensure that customer-relationship management (CRM) is up-to-date and clean. Companies should consider investing in CRM modules that can automate data population and enrich CRM data with insights from external databases (for example, intelligence on key stakeholders).

5. Provide leadership with vision and clarity

It may be a cliché to say that leadership is crucial in a crisis, but too often sales leaders fall short. The best sales leaders focus not only on communicating a clear vision of where the organization needs to go but also on demonstrating a commitment to their people. Communication is particularly important now, when those working from home can feel isolated and disconnected. Keeping the sales organization focused and energized is crucial for laying the foundation for performance heading into the recovery.

Sales leaders should take pains to communicate at a strategic as well as personal level. Leaders can

get ahead of their sales force's concerns by being transparent about the company's overall outlook and by sharing and celebrating wins. It is important to be authentic and keep communications from becoming rote and stale, particularly as remote working persists. One sales leader we know has implemented multiple "Ask Me Anything" sessions where the sales force can get updates on the business and ask absolutely anything. Questions can be difficult, but leadership has been clear that this commitment to transparency has built up confidence among sales reps.

Additionally, sales leaders should take the opportunity to connect with their sales teams on a personal level. For many, COVID-19 has impacted their livelihood. Leaders can support their sales teams by having one-to-one touchpoints via email, phone, or Zoom. For example, the leaders of one financial-services organization we know blocked out time to call each employee to check in, listen, and nurture. This not only provided employees with affirmation of their value but also allowed leadership to have "ears on the ground" and hear news from the front lines. In many cases, these calls can include coaching to help salespeople improve their performance. And don't forget to try to have fun. Informal get-togethers or inviting outside speakers to talk about topics unrelated to business are important to maintaining morale.

The economic impact of the COVID-19 crisis has slashed demand. Sales leaders need to actively balance both short- and long-term performance. But in managing around the current crisis, they need to have a clear understanding of the diminishing returns of some short-term activities, and instead invest in their people so they're ready for the recovery.

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