

Marketing & Sales

Meet the missing ingredient in successful sales transformations: Science

Data and analytics, combined with a personalized approach to performance management, are helping sales execs inculcate best practices and significantly improve growth.

by Michael Harney, Roland John, Steve Reis, and Maria Valdivieso



Despite years of championing transformation initiatives, too many sales organizations still struggle with lackluster performance. Big investments in training, sales technology, and sales and marketing support have delivered negligible returns. Sales leaders have become frustrated.

It is no surprise that change at this scale is inherently difficult. We have written before about the fact that 70 percent of all transformations fail.¹ There are many culprits in failed sales transformations, including the size and dispersed nature of sales organizations, high attrition rates, and a culture of decision making based on “gut feelings.”

It doesn’t have to be like that. In our work with thousands of sales organizations, it has become clear that advances in the “science” of change—digital, analytics, and supporting methodologies—

can make a big difference, increasing the odds of success three to four times. This scientific approach to sales transformations is made up of four elements (see exhibit):

1. Comprehensive design: solve for ‘how,’ not just ‘what’

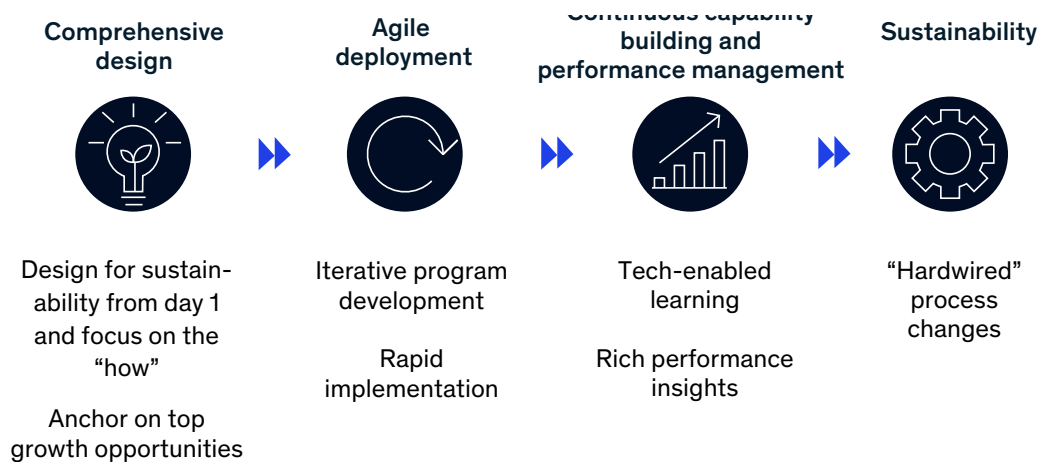
Too many sales transformations are doomed to fail long before implementation has even started. Sales leaders spend all their energy designing the perfect commercial operating model without stepping back to assess whether what looks compelling on paper is achievable and sustainable in practice, or even why they want to change in the first place.

The best companies start by using data and analytics to anchor the transformation on where they can capture growth. They identify pockets of opportunity, assess the sales function’s ability to capture that growth, and identify the necessary adjustments. The

¹ Homayoun Hatami, Candace Lun Plotkin, Kevin McLellan, and Patrick Schulze, “The 90 percent success recipe: How digital and analytics can help commercial transformations beat the odds and the market,” McKinsey .com, September 2018.

Exhibit

Four elements of sales-transformation science.



other benefit of this analytics-driven approach is that progress can be easily measured.

A European telecommunications company adopted a micromarket approach to find pockets of overlooked growth. The analysis—based on a variety of data including some provided by reps themselves—revealed exciting opportunities in some markets, while highlighting other, less promising, markets where competition was intense and there were relatively few unserved customers. The company prioritized the 500 micromarkets by growth opportunity, allocating resources accordingly throughout the transformation. Ultimately, it saw 5 to 10 percent more in-store visits by optimizing its store footprint in the best markets while shaving total store costs by 5 percent through eliminating, resizing, or refocusing less profitable locations.

With a clear view of what they want to achieve, successful sales organizations quickly pivot to how to make it happen. This is crucial in building sustainability into the transformation from the get-go. By understanding what the organization's and individual employees' existing capabilities are, where they need to be strengthened in order to make change stick, and ensuring that the culture and the tools change too, the organization can flourish instead of flounder.

Successful transformers take a methodical approach to testing readiness, looking, for example, at how well leadership is aligned behind the program, whether performance management for a widely distributed sales force is already in place, and whether the incentive systems match the desired change. There is only so much change that an organization can absorb, so it is critical to prioritize and sequence initiatives. This requires pressure-testing the proposed sales strategy against commercial realities, such as market headwinds, customer preferences, potential for channel conflict, and other considerations. Leadership then translates these priorities into a road map for developing the capabilities that will drive the targeted initiatives.

A global chemicals company wanted to improve its understanding of customer needs in order to target its short-term R&D pipeline. It used analytics to help identify what was hindering its ability to do so effectively and realized that organizing reps by region instead of vertical meant that they lacked the necessary deep technical insights to relay ideas back to the pipeline. It was clear an organizational structure change would be required. However, the company didn't stop there. It also conducted a robust data-driven capability assessment to identify the full complement of skills that would result in the greatest ability to spark innovation. Finally, it determined that enabling this change would require adjustments to incentives, reporting structures, and performance-management systems.

The company then designed a go-to-market transformation that solved not just for what its future state would look like but also for how it would get there. This approach helped increase the size and quality of the pipeline by more than 30 percent in the first three months of the effort, with sustained gains well beyond that. The company also doubled the impact of innovation on revenue growth.

2. Agile deployment: Rely on 'test and learn' to move quickly

A scientific approach shouldn't be mistaken for simply using analytics and data. Experimentation is the foundation of good scientific method, and that is equally true for sales transformations. In a world where change happens quickly and answers are rarely clear, a dynamic approach grounded on testing, learning, and adapting is the only one that consistently works.

Agile is the approach that allows for this test-and-learn spirit.

For an agile approach to work, people from across functions (such as marketing, pricing, sales operations) need to work together to design the pieces of the puzzle. The most advanced

organizations start by using analytics to target the highest-value transformation opportunities. Then, the change leaders must identify and build the simplest tool or process to capture that opportunity—the so-called “minimum viable product” (MVP). Once the MVP is built, small agile teams test it with real customers, using analytics and A/B testing to develop a clear perspective on what works and what doesn’t. Then they iterate the product or service accordingly. Agile principles ensure that sales teams deliver customer satisfaction early.

A B2B transportation-and-logistics company that was struggling with depressed margins noticed that rep performance varied enormously across its 6,000-strong sales force. It needed to introduce a new way of selling that used advanced analytics to target customer opportunities, improved rep capabilities to negotiate deals, and provided a new performance-management rhythm. Given the complexity of the program and uncertainty around what would work, sales leaders realized they needed to adopt a more agile approach.

The company created a prototype targeting tool, new sales scripts, and a customer-relationship-management (CRM) dashboard to help track performance against target. It began to pilot and iterate these solutions with a select group of sales managers and reps. The teams met every day to discuss customer feedback and regularly adjusted their approach accordingly. This enabled many rapid iterations, and over time, new capabilities were introduced in these daily sessions until the team had a radically improved commercial model.

While this agile approach is increasingly common, organizations often stumble because they don’t account sufficiently for how to ensure the adoption of the solutions that agile teams develop.

In the case of the logistics company above, sales managers in the pilot regions explicitly used agile experimentation and rapid feedback loops to understand where training materials should be

improved, whether anything was missing—for example, if the initial training was light on handling customer objections to the new sales approach—and where reps were struggling most with the new process. They were then able to iterate and find simpler ways to introduce the new content using a series of field-and-forum workshops and digital modules. These were tested again in a few other locations to ensure they were effective before the new process, and the new way of communicating it, were introduced to the rest of the 6,000 reps.

3. Continuous capability building and performance management: Use tech to build critical skills and track change

“Great sales leaders run their operations with the precision of an engineering firm.” That quote, from the head of adviser sales at a US financial-services firm, neatly summarizes the idea that a robust performance-management system is the beating heart of a sales transformation. It helps set the direction, establishes clear metrics, tracks performance, enables recurring dialogues, incentivizes desired behaviors, and helps managers continuously act to improve outcomes. The problem with these systems, however, is that their insights are backward looking, and the time between their delivery and action taken based on them can be long.

Data and analytics can enable much quicker and more forward-looking action. The best systems deliver immediate insights into what’s working and what’s not, flag deviations from expected performance, and recommend opportunities to improve.

When a tech company attempted a large transformation to capture new growth, it tried to realign coverage to match opportunities, build front-line capabilities, and redesign compensation structures, but results were slow to arrive. It turned out that it had limited data on sales, margins, and products sold at the rep level, and no performance-management systems.

“Great sales leaders run their operations with the precision of an engineering firm.”

The company turned to analytics and an automated report system to create dashboards personalized for each salesperson, highlighting the opportunities they needed to follow up on. Each day, reps now see their top opportunities aligned to the strategic goals of the business, which helps them prioritize their actions. The dashboard also helped managers all the way to the C-suite identify the best-performing reps, see what opportunities they had closed, and where they might need coaching. Reps could also flag where they needed help, which ensured that priority opportunities got the right level of attention.

The combination of reporting, enablement, and coaching delivered an enormous impact very quickly: a 7 percent uptick in revenues for that quarter. This didn't require a significant investment, just making the information available at the individual level.

Based on what we see in the metrics, performance-management systems can achieve their best results even if they are automated or self-administered. For example, a company looking to improve account planning could set up its CRM tools to check that reps complete planning templates ahead of big sales meetings. The tool could then prompt reps to analyze recent order patterns, develop a clear precall plan, anticipate potential objections, and receive approval from their manager on their approach. Email reminders and other prompts could be sent

to the managers and reps along the way to ensure compliance with the new way of working.

4. Sustain impact: Balance automation and the human touch

A change is transformative only if it sticks. Without support, initial enthusiasm tends to falter and progress can break down.

Leading companies combine advanced technologies and personal support to ensure that doesn't happen. They hard-wire changes into the fabric of the organization by digitizing processes and using analytics to support new behaviors. They might, for example, price for value rather than volume, segment and prioritize customer opportunities by lifetime value, and track performance deviation and recommend interventions.

A leading manufacturing company recognized the benefits of adjusting its go-to-market approach from “one size fits all” to a model tailored to each segment. However, experience had shown that simply segmenting its customers and training the sales force on the nuanced service models for each was unlikely to work. Instead, the company used technology to embed the desired changes into every facet of its go-to-market strategy.

It began by outlining each customer segment's unique needs across such factors as preferred method of sales interaction, supply-chain

requirements, technology support, and customer service. With those preferences clear, sales executives called on tech to automate some processes and reinforce others.

For example, the CRM workflow was updated to match each segment's preferred sales motion: customers who preferred digital interactions were switched to a more automated reordering process, while others received high-touch treatment from reps. Sellers were constantly reminded of best practice as they moved deals through the funnel, including prompts that helped hard-wire the changes the company sought, such as reminders of what services or support was available, suggestions for whom to involve from other functions, and guidelines on how much time to spend on the account. The result was significantly improved service levels and customer satisfaction, and a 4 percent improvement in return on sales.

Relying on technology to drive the change alone, however, is a mistake. For change to stick, managers need to provide sales reps with personalized coaching, often supported by analytics that highlights performance challenges,

as well. The best managers focus on "micro-interventions" to coach their people with feedback as needed, rather than waiting for more formal regular review sessions. The key is making sure all this coaching is done with the same level of scientific rigor as the rest of the transformation by focusing on the areas of greatest value. That includes, for example, being clear about which people to target for training (data shows that training often has the greatest impact on middle performers, who tend to have the greatest achievable upside), or tailoring feedback to a person's performance trajectory.

As one sales executive noted, "Despite all the benefits of automation, we made sure we routinely checked in with our team to hear from them first hand whether we were sustaining our new model."

Sales transformations aren't new. But by understanding how to use data, analytics, and the personal touch, sales leaders can drive change that matters and sticks.

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