

Marketing & Sales

# Sales-force productivity in India: How the best organizations go from chasing targets to creating value

Bypassing traditional approaches to sales-force productivity, best-in-class companies in India are reaping significant new revenue growth in just a few months.

*by Jaidit Brar, Harsh Chhaparia, Neha Choudhary, and Michael Viertler*



**Unlocking sales-force productivity** is one of the surest ways to make a breakthrough on revenue growth, but this is easier said than done. Companies often struggle with their sales organizations. In India, challenges such as fragmented channels, huge variation in talent quality, and high attrition rates make sales-force transformations tougher to execute.

Senior executives often assume that there is limited upside to what they perceive to be replaceable and low-cost resources. Our experience shows, however, that companies can unlock as much as 25 to 30 percent revenue growth by boosting sales productivity, and significant gains can be achieved within six to nine months. Best-in-class companies are two to three times more efficient than their peers in terms of sourcing customers and dealers, with almost double the rate of converting leads into

sales. They can achieve these results because they have successfully transformed their sales force from target chasers to value creators for customers (exhibit).













### Base coverage on potential, not geography

Indian companies often organize their sales forces around the traditional principle of one executive per district. Although the approach is simple and makes it easy to monitor performance, it fails to differentiate between high-growth and slower-growth markets. The result is that roughly the same effort is expended on markets and customers with vastly different potential.

Organizations with a better understanding of their markets and customers embrace a strategy that

Exhibit

## Four actions can propel sales-force productivity.

	From number chaser ...	... to customer expert
<b>1. Base coverage on potential, not geography</b>	 Covers assigned geographical territory	 Owns micromarkets based on potential, not geographical size; ROI guides action
<b>2. Embrace an attitude of less is more in sales-force automation</b>	 High digitalization but low adoption  Unstructured sales planning on paper and manual recording of market inputs  Performance reviews limited to output metrics	 High digital adoption with demonstrated quick wins  End-to-end digitalized sales planning and scheduling; structured gathering of market intelligence  Real-time transparency on input and output metrics
<b>3. Engage, don't just teach</b>	 One-off training programs in the classroom	 Digital microlearning with "on-the-go" gamified learning modules; focused on self-learning
<b>4. Take more time for sales conversations</b>	 Transactional sales conversations largely focused on discounts, order collection, and payment collection	 Sales conversations focused on generating demand by identifying and creating value for the customer

allocates people based on the business potential, or return on investment (ROI), of the sales force's time. Best-in-class companies are using the power of data and analytics to define market potential—both growth opportunities and risks—at a granular level, sometimes even to the individual sales outlet and customer.

This approach was implemented by a leading pipe company in India to achieve one and a half times average market growth. The company developed a granular assessment of micromarket potential by estimating construction demand (through a combination of 30-plus macroeconomic and microeconomic parameters) at the micromarket level. It then classified the micromarkets based on size and growth potential and ability to win. This classification was the basis of a differentiated go-to-market approach that particularly addressed sales-resource allocation, sales targets, type and number of channel partners, type of distributor programs, and branding. As a result, along with market-beating growth, the company achieved 5 to 7 percent price premiums compared with other tier-one players and increased its share of new markets from less than 20 percent to greater than 55 percent.

### **Embrace an attitude of less is more in sales-force automation and analytics**

Companies in mature markets rely extensively on digital tools to boost sales-force productivity, gather market intelligence, and improve performance management. Indian sales leaders would benefit from these outcomes. But experience has shown that simply importing complex and often expensive tools can lead to disappointing results.

Indian companies that have successfully deployed digital tools have made sure they are simple, quick to implement (two to three weeks, not 12 to 18 months), can work offline in areas with limited connectivity, and eliminate spreadsheet-based reporting. The trick is to escape entanglement in the vast amounts of data available by picking one or two relatively straightforward use cases to get started.

In a recent case, a large Indian industrial company that was trying to push a new line of products was struggling with tapering sales growth. Sales leaders adopted a simple digital tool that could be used on an entry-level smartphone and, more important, would work offline. Rather than investing in a new sales-force app that would take months to develop and test, the company deployed a simple sales-force-automation tool within four weeks that did just three things: daily and monthly activity planning, lead-funnel management, and performance management. The tool also allowed managers to track sales-force performance in real time. The impact was outstanding: sales-force productivity increased threefold within six months of the tool's deployment.

Another example is that of a major Indian auto company that managed to improve its conversion rates at dealerships by 20 to 30 percent at scale, at a time when competitive intensity had increased significantly due to multiple brand launches and rapidly changing customer expectations across channels. The team built a predictive analytics engine that could, in real time, with eight to ten data points on customers, identify 30 to 45 percent of initial inquiries across channels that had three times the likelihood of conversion to sales. Furthermore, the engine provided interesting insights into what could drive conversion even higher, such as time taken to test-drive or a specific financing offer. These insights on high-priority leads were then translated, in real time, onto the dealer sales-force tool, along with recommended “next best action” to prioritize time and effort every day. This approach led to a 5 to 10 percent increase in sales and a 20 to 30 percent improvement in sales conversion and was deployed across all the brands by a combined team of sales leaders and data scientists in the regions.

### **Engage, don't just teach**

Learning methodologies for sales are fast evolving to focus on the specific needs of the individual. Learning is integrated into the sales force's

daily work and combines coaching, experiential learning, digital, and some in-classroom training.

Sales leaders at an Indian pharmaceutical company mapped their sales reps' daily activities. They found that reps were spending a significant amount of their time, especially while traveling to meetings, on social media and gaming. With this in mind, the company decided to offer what is now called "microlearning": personalized, relevant, and engaging learning delivered in short bursts. They set up a platform that could work both on- and offline and incorporated gamification into learning modules, with leaderboards, in-play rewards, and engaging character story lines.

In the three-month pilot, more than 3,100 of the 3,500-strong sales force took up the training. Time spent on the learning platform was an average of 60 minutes per week (more than on social media) and improved their capability scores by three percentage points every week.

### Take more time for sales conversations

Sales forces currently spend most of their time on order collection, communication, payment collection, and coordinating supplies. But digital solutions are taking over these activities. Therefore, the role of the salesperson needs to change. Salespeople need to spend their time generating demand by creating value for customers, rather than collecting orders.

At a leading cement manufacturer in India, the sales force was constantly complaining about its dealer margins being lower than those of the competition. The company developed a simple tool that provided salespeople with information

on the returns on capital employed (ROCE) that dealers were making by doing business with the company. This exercise resulted in insights that surprised both the dealers and the salespeople. Most dealers were making very healthy ROCE of at least 25 percent, driven by the fact that the company had strong brand pull, which allowed dealers to rotate their invested capital faster. This knowledge changed the conversations between the sales force and the dealers: they went from focusing only on dealer margins to finding levers jointly to increase ROCE further.

### Moving ahead

The opportunity is significant, and a few probing questions can help evaluate efficiency and effectiveness:

- Is your sales force spending at least 80 percent of its time meeting your priority customers? Do you have full visibility on sales reps' time?
- Is there very high variance between the productivity of your top-quartile and bottom-quartile sales executives?
- Is your sales force spending more than 80 percent of its time on order collection/payment collection? How much time is invested in identifying and creating value for customers—that is, on demand generation?

Answers to these questions should help prioritize actions and kick-start the journey toward transformation.

*This article originally appeared in Outlook Business in July 2019 under the title "May the salesforce be with you."*

**Jaidit Brar** is a senior partner in McKinsey's Gurgaon office, where **Harsh Chhaparia** is a partner; **Neha Choudhary** is a consultant in the Delhi office; and **Michael Viertler** is a senior partner in the Munich office.

Copyright © 2019 McKinsey & Company. All rights reserved.