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The new world of sales growth

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New insights from *Sales Growth, 2nd edition*, reveal how top-performing sales organizations harness digital to drive growth, meet the new challenges of managing talent, and evolve with the future of sales.

The significant changes in the marketplace, driven primarily but not exclusively by digital, spurred us to update our book *Sales Growth: Five Proven Strategies from the World's Sales Leaders*. How do sales leaders harness digital and analytics to drive growth? How are management and talent challenges evolving? And what does the future of sales look like?

Based on discussions with more than 200 executives from companies like adidas, American Express, and Siemens, as well as on advanced research and our firm's extensive experience in sales, we have distilled the lessons into a set of practical, real-world insights across five major themes:

- Finding growth before your competitors do
- Selling the way customers want
- Optimizing sales operations and technology
- Finding sales leaders who continually challenge the status quo and thoughtfully manage performance
- Leading sales growth to make change happen

New interviews and research allowed us to focus on some of the big changes affecting sales and what sales leaders are doing about them. Here are some of the highlights:

Power growth through digital sales

Sales organizations may have felt that digital technologies and channels were jeopardizing their business, but they are now realizing they can turn them to their advantage.

By 2017, almost two-thirds of all US retail sales will involve some form of online research, consideration, or purchase. Digital's share of total retail sales in the United States has been

growing by about 15 percent annually over the past five years, and the value of those sales is predicted to grow at 9.5 percent year on year. Turn to mobile channels and the growth is even more dramatic: 25 percent a year through 2017.¹ A revolution in processing ability has put unprecedented shopping and buying power into the hands of today's customers. More than 60 percent of Americans have a smartphone, and 80 percent of them are "smartphone shoppers," —they use their phones to help them shop while in a store, most often to research product reviews and specifications and compare prices.² In South Korea, shoppers are not so much mobile first as "mobile only." Of consumers who shopped on a mobile device, 13 percent did not shop in stores, and 53 percent did not shop via other digital channels.

Smartphone users are in many ways a godsend for vendors. Their digital footprint makes them easier to track through their decision journey, and that additional data delivers richer insights that can help drive higher-value purchases. The convenience and tailored experience now on offer not only help companies build stronger connections to customers but also drive down costs. Some 40 percent of US drugstore chain Walgreens' total online prescription refills are ordered via its mobile app. This saves time for pharmacists and reduces the need for additional employees.³

Blending digital channels into a company's overall multichannel approach requires changes beyond the sales force, encompassing product development, marketing, distribution, and customer service. Companies that are thriving in the digital age are those that can figure out creative ways to pull together the best resources from across the organization.

Get the most out of marketing

Historically, sales and marketing have not always been harmonious bedfellows, but the opportunities afforded by big data and the complexities of connecting with customers in more granular ways require integrated and collaborative models that bring marketing and sales together.

On average, a B2B customer will regularly use six different interaction channels throughout the purchase process, and two-thirds come away frustrated by inconsistent experiences. The notion of a customer decision journey (CDJ) around which marketing and sales collaborate has become embedded in many leading sales organizations, but the journey differs by customer segment, with needs and expectations varying at each stage. Insightful customer research and advanced analytics mean these segments can be defined ever more precisely by marketing, but that work is wasted unless sales reaches the right people with the right offer. Nor is the onus all on marketing. Both functions generate enormous volumes of valuable data on customer segments and preferences, but at outperforming companies, the front line reports back to help marketing refine its value propositions.

¹ McKinsey & Company iConsumer research (2015, United States); Monthly & Annual Retail Trade, US Census Bureau, 2015; "US annual e-retail sales surpass \$300 billion for the first time," *Internet Retailer*, February 2015; Forrester Research; "How some companies are using mobile to power growth," McKinsey on Marketing & Sales, December 2015.

² *Ibid.*

³ "How some companies are using mobile to power growth," McKinsey on Marketing & Sales, December 2015.

As data becomes more readily available and easier to crunch, companies can move from broad-based predictive modeling to a much more personalized approach. Information from past interactions with a customer or from existing sources can be used to instantaneously customize the buyer's experience. Remembering customer preferences is just the beginning; true personalization is the next wave in a customer's journey and helps drive loyalty.

Pay attention to presales

For B2B sales, "personalization" is about delivering tailored solutions. To do that, sales organizations need a very clear understanding of customer needs. This requires technical experts to be involved with customers at a very early stage in the buying journey. These presales specialists are so important that one account manager at a global technology company said, "Every sales leader would say they couldn't run the business without a specialist. The competitive dynamic is such that if you don't bring your A-game to the deal, you're not going to win."

In addition to getting experts working on deals, the presales function can play a vital role in qualifying leads. Social media, digital marketing, advanced analytics, and the more pervasive use of inside sales have exponentially increased the number of deals a company can pursue. But too many potential deals can have a negative effect on the organization by diffusing focus and taxing resources. It is far more efficient and effective to qualify leads using data and analytic tools, so that only the most attractive ones then move into the pipeline.

Despite its importance, presales is often understaffed and overlooked. A high-performing sales organization should have about two-thirds of its presales team undertaking technical presales activities (crafting solutions to customers' problems) and the rest involved with commercial presales activities (managing deal qualification, pricing, and bid). For maximum productivity, the function should account for 40 to 50 percent of the overall commercial headcount. B2B companies with strong presales capabilities consistently achieve win rates in excess of 40 percent in new business, which is 10 to 15 points higher than we usually observe.

Although this technical sales support is most associated with B2B sales, it can apply to B2C, too. Apple's product geniuses may be the best-known examples, but some car dealers send the product expert, not the salesperson, out on the customer's test drive to answer questions.

Reimagine sales growth

With its focus on how digital technologies, data, and analytics are changing the face of selling, it's natural that *Sales Growth* concludes with some thoughts on where the future may lie for sales organizations. The pervasive automation of back-office processes and the complete outsourcing of the sales function, enabled in part by precisely this technology shift, are redrawing the lines of sales management.

Machine learning and intelligent automation are already transforming a wide range of industries and functions. By 2020, customers will manage 85 percent of their relationship with an enterprise without interacting with a human, and 40 percent of sales activities could be automated using technology that already exists.⁴

“Cognitive agents” such as IPsoft’s Amelia, already understand, interact, and—crucially—learn in order to solve customers’ problems in industries from financial services to telecommunications. They can parse natural language and independently determine which questions to ask in order to diagnose what the customer really needs and act accordingly. It’s a small step from helping customers tackle basic processes to selling, and Amelia can already solve basic customer problems, for example, moving a customer to a more comprehensive phone tariff.

These new technologies and trends do not spell the end of salesmanship. They will fulfill much of the presales work, but many sales will still need people to close them. Making sure that the right salesperson is in place is becoming easier, too, thanks to analytics. Matching the seller with the lead and equipping the salesperson with the maximum amount of useful information to close the deal will characterize the new sales environment.

AI can be deployed beyond just responding to queries. Today, even with modern CRM systems, only a quarter of leads are actually contacted. A bot can contact 100 percent of them and do so in a relatively engaging, human-like manner that should not put off any potential customers.⁵ Companies that have pioneered the use of AI in sales rave about the impact, which includes an increase in leads and appointments of more than 50 percent, cost reductions of 40 to 60 percent, and call-time reductions of 60 to 70 percent. Customers love it too—these companies have seen an increase in customer satisfaction as customers get what they want faster.

Sales teams will need to be comfortable with algorithms and able to work with data scientists and marketing-tech experts to design solutions. Sales leaders, meanwhile, will need clear escalation and exception protocols to manage the trickiest or most valuable situations. As the machines get smarter, the biggest differentiator of success will be the human touch. Senior executives will need to ask the right questions, vigorously approach

⁴ VPI blog, *passim*.

⁵ “Sales and marketing problems that AI can solve,” *DestinationCRM.com*, August, 2015.

the exceptions that the machines highlight, and shine in the areas that AI will always struggle with: ambiguity and emotional engagement.

With more sales organizations turning to technology vendors to solve problems, is it only a matter of time before the whole sales function is outsourced? Outsourcing the part of your business that involves selling to customers sounds risky at first, but for pioneering companies, the fact that the salesperson doesn't work directly for the company no longer matters, nor is it important that s/he may be selling products from several different companies in the same category over the course of a week. What matters for the manufacturer is that someone is out there pounding the pavement, the phone, and the digital platforms, getting the product into the hands of customers more cheaply and effectively than the company can do itself.

Telesales is the most common form of outsourcing, but we have also seen a big rise in the outsourcing of sales operations. Alongside CRM, companies are outsourcing sales-compensation programs, lead-generation insights, sales analytics, account planning, and other operations. In return, they benefit from lower costs of operation, greatly reduced error rates, and the ability to shift their limited resources and energy to the critical parts of their business that they are best equipped to manage.

CEOs have valid reservations, yet sales often has significant variation between top and bottom performers and thus is ripe for being handed over to companies that can bring costs down and performance up. Outsourcers are experts at standardization and script every part of the sales interaction to bring the average performance up to the highest levels.

As outsourcing providers become more sophisticated, they are likely to infiltrate more complex B2B sales settings where customers need more tailored solutions and managing accounts still requires the personal touch. □

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