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## SPECIAL ISSUE Enhancing Sales Force Productivity

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# SALES FORCE EFFECTIVENESS: A FRAMEWORK FOR RESEARCHERS AND PRACTITIONERS

Andris A. Zoltners, Prabhakant Sinha, and Sally E. Lorimer

This paper presents a Sales Force Effectiveness Framework that organizes the complexities of sales organizations, providing a holistic approach to defining and assessing sales force effectiveness. Sales practitioners can use the framework to diagnose sales force issues and develop multidimensional solutions, either when responding to external and internal events or when striving to improve. Sales researchers can use the framework to discover ways to expand their research focus to benefit practitioners. The framework is supported by an inventory of sales force effectiveness issues from sales leaders and recent academic publications.

The sales force represents a significant investment for most businesses. By current estimates, there are at least 20 million people involved in sales in the United States. About 3.6 million salespeople are involved in business-to-business selling (Bureau of Labor Statistics 2006), another 4.3 million are involved in retail sales (Bureau of Labor Statistics 2006), and over 15 million participate in direct-to-consumer sales for organizations such as Avon and Amway ("America's 500 Largest Sales Forces" 2006, p. 73). This sales force investment can be as high as 40 percent of sales, with the average company spending about 10 percent (Heide 1999). In total, the U.S. economy spends conservatively \$800 billion on sales forces each year—close to three times the \$285 billion that Robert J. Coen, Senior Vice President of Forecasting for Universal McCann, estimates was spent on advertising in 2006 (Johnson 2006).

The significance of the sales force goes beyond its cost. The sales force is perhaps the most highly empowered organization within many companies. Usually working alone and unsupervised, salespeople are entrusted with a company's most important asset—its customers. Because of the sales force's critical impact on customer relationships, its effect on top-line performance is significant. Sales leaders agree that every sales force has the opportunity to improve sales revenues through enhanced sales force effectiveness—projected increases of at least 10 percent are common. Most companies take a keen

interest in maximizing the effectiveness of their sales organizations. Corporate initiatives aimed at increasing sales force effectiveness, with labels such as "sales force effectiveness review—winning for the customer," "global sales force effectiveness benchmarking," and "sales effectiveness and growth initiative," are common.

Despite a strong level of corporate attention, the concept of "sales force effectiveness" is not well defined, having different meanings for different people. A vice president of sales might view effectiveness as "adding value to the customer beyond the product by changing the sales process from transactional to consultative." A sales compensation analyst might view it as "increasing sales force morale and motivation through better incentive compensation programs." A sales training manager might view effectiveness as "increasing salesperson competency through innovative training programs." A finance manager might view it as "increasing sales per salesperson" or "holding sales force costs below a benchmark percentage of sales."

As sales leaders struggle to define sales force effectiveness and make improvements that increase the bottom line, there is considerable opportunity for research. Surprisingly, there has historically been less academic focus on sales than one might expect. The *Journal of Personal Selling & Sales Management* is the only academic journal focusing primarily on sales force issues. An electronic search of articles published in this journal between 2001 and 2006 reveals that over 82 percent of the articles are directly related to sales. An electronic search of other scholarly marketing journals for the same time period, including *Marketing Science*, *Journal of Marketing*, and *Journal of Marketing Research*, shows that less than 4 percent of articles are sales related. Sales-related articles were identified by searching on relevant subject key words, such as "salespeople," "sales management," and "personal selling."

Emphasis on sales in graduate-level business education has historically been less than one might expect as well, although that situation seems to be changing. Among the 2007 *U.S.*

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*News & World Report* top 25 ranked graduate business schools, almost half currently offer MBA elective courses in sales management or business-to-business marketing with a sales force component. In 2002, only about one-quarter of these schools offered such courses.

There are three major reasons that academic focus on sales has not matched the level of practitioner interest. First, sales force research is difficult because it cuts across many different disciplines. Because sales forces rely on people to deliver marketing messages, the linkage between a sales force and its customers is unpredictable and difficult to model (sales force investment and strategy → salesperson behavior and activity → customer response → company revenue and profit). Organizational behavior and psychological theory become intertwined with economic theory and quantitative methods, requiring a wide range of research perspectives. The diversity of sales force issues is very high, ranging from the activities of salespeople to the salespeople themselves, and to the management decisions that influence the people and their activities. Second, many consider the sales function to be somewhat of an art and a mystery. Best-selling books on sales are filled with anecdotes and tips on how to be successful in sales, yet rarely does the popular press portray sales as a discipline backed by research, data, or frameworks. Finally, academics generally have poor access to sales organizations. Companies are reluctant to let researchers experiment with salespeople, most of whom are highly action oriented and preoccupied with achieving their revenue goals.

This paper is a first step toward identifying and closing the gap between practitioner interest in sales force effectiveness and the focus of academic research. The paper proposes a Sales Force Effectiveness Framework that organizes the many components and complexities of the selling world and the sales system and provides a consistent approach to view sales force effectiveness. An initial version of the framework was published previously (Zoltners, Sinha, and Zoltners 2001), and the framework has been enhanced and adapted continuously as it has been evaluated and challenged through our interactions with sales leaders at over 400 sales organizations that we have personally worked with, and also through classroom discussions with over 1,000 executive-level students. The framework is further vetted using two recently developed inventories. The sales executive issue inventory reflects the practitioner view of sales and consists of data gathered from 721 sales leaders. The sales academic research inventory reflects the academic view of sales and consists of data gathered by reading and analyzing abstracts of recent sales-related articles in leading academic journals.

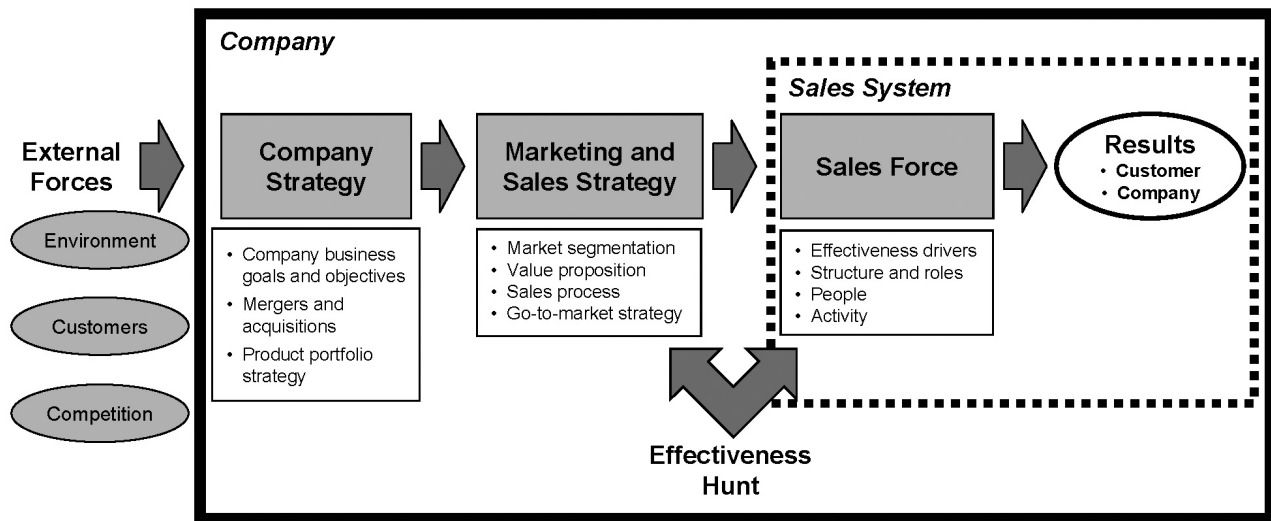
The Sales Force Effectiveness Framework together with the results of the two inventories contribute to sales force theory and practice in three ways. First, the framework organizes the complexities of the sales function, presenting a holistic

view of sales and providing a consistent way for researchers and practitioners alike to view the selling world and the sales system. The framework defines and articulates the numerous components and linkages that exist within sales organizations, highlighting the interdependencies of different sales management decisions and demonstrating the need to achieve compatibility across the decisions and consistency with sales and marketing strategies. Often, the operationalization of sales force effectiveness efforts, both by practitioners and academics, focuses on a single sales management decision, such as sales training, sales incentive compensation, or the use of technology in the sales force. By providing a comprehensive picture of the sales function and of the boundary between sales and the rest of the organization, the framework highlights the need for alignment and integration across sales management decisions and encourages multidimensional solutions for improving sales effectiveness.

Second, the framework helps sales practitioners diagnose and address sales force issues and concerns covering a wide range of themes. Sometimes, the focus is on external events—“our customers are consolidating,” “the economy has weakened,” or “a competitor just launched a major new product.” Other times, the focus is on results—“we are not making our numbers,” “our cost of sales ratio is too high,” or “our customer satisfaction scores have declined.” Other times, the focus is on sales activities—“we are not spending time with the right types of customers” or “face time with customers is too low.” Still other practitioners focus on the salespeople—“turnover of good salespeople is too high” or “the sales force lacks the skills necessary for success.” Finally, some practitioners focus on the decisions, processes, systems, and programs that they are accountable for—“our incentive compensation plan is broken,” “our CRM system is too complex,” or “our training program is not aligned with strategic priorities.” The framework organizes the issues that sales organizations face; specifies the lines of causality; and helps practitioners see solutions to difficult problems, discover ways to avoid future problems, and understand the impact of change throughout the sales organization.

Finally, the framework helps researchers identify opportunities for additional research that will advance the field. Much of the sales-related research to date has focused on the outcome of a single sales management decision, process, system, or program. The Twenty-Fifth Anniversary Special Issue of the *Journal of Personal Selling & Sales Management* (Brown and Jones 2005) provided many innovative ideas for future directions in sales research, yet the majority of articles published in that issue focused on either a single sales effectiveness driver such as customer relationship management (CRM) (Tanner et al. 2005) or leadership (Ingram et al. 2005); or on a subset of closely related drivers such as salesperson selection, training and development (Cron et al. 2005), or motivation, control,

Figure 1  
The Selling World



and compensation (Brown et al. 2005). By broadening the sales perspective, the framework helps researchers expand the focus of their research beyond a narrowly focused decision area to potentially solve some of the most challenging and complex sales force issues faced by today's practitioners. For example, what is the best way to motivate a sales organization that has grown complacent? How does a sales organization adapt effectively to selling process change? How does a company prevent its best salespeople from leaving and taking business to competitors? The framework highlights a need for multi-disciplinary studies that can capture the complex relationships that exist within sales organizations in order to solve these and other salient and challenging sales management issues.

#### THE SALES FORCE EFFECTIVENESS FRAMEWORK

The Sales Force Effectiveness Framework has been used to successfully diagnose problems, recognize opportunities, and adapt sales forces appropriately. In developing the framework, we have balanced a desire to create a simple picture that is understandable and memorable with the need to be complete. Hence, although the framework does not contain every nuance that exists in every selling organization, the major components and relationships evident in most sales organizations have been captured.

The framework is presented in two views. First, the Selling World provides a broad view that describes the role of the sales force within the context of the business. Second, the Sales System provides a detailed, decision-oriented view of the sales force and its role in driving results.

#### The Selling World

The sales organization is affected by forces and decisions that originate within the company, as well as by forces that originate externally. Forces external to the company help to shape company strategies, which, in turn, affect marketing and sales strategies, which affect choices that determine what the sales force looks like. At the same time, companies hunt for effectiveness improvement opportunities within their sales organizations. Together these forces and decisions influence customer and company results. The Selling World shown in Figure 1 illustrates the role of the sales force within the context of the larger company, industry, and business environment. The components of the Selling World are described here, moving from left to right in the figure.

*External forces* include customers, competitors, and the environment. Opportunities can arise, for example, when new customer segments emerge, competitors go out of business, helpful technologies appear, or a booming economy creates new possibilities. On the other hand, companies can be threatened, for instance, when sales strategies become dated as customers change their buying processes, competitors attack profitable market segments, or an economic downturn reduces customer demand.

*Company strategy* includes decisions such as the setting of company business goals and objectives; product portfolio strategies such as the launching of new products, redesign and relaunch of existing products, and entry into new markets; and decisions to merge with or acquire other companies.

A *marketing and sales strategy* defines who the company sells to, what the customer offering is, and how the selling is done. Sales and marketing teams are primarily accountable for



these decisions. Marketing and sales strategies are developed and continually fine-tuned through four primary activities (Zoltners, Sinha, and Lorimer 2004). First, the market is segmented into meaningful, actionable customer clusters. Second, the company determines the best product and service offering and value proposition for each segment. A successful marketing and sales strategy focuses the company's resources on customers and product/service offerings that have strategic importance and good long-term profit potential. Third, the most appropriate process for selling the right product/service offering to each market segment is defined. This process includes the activities required to sell, deliver, and service the company's offerings. Finally, a go-to-market strategy is developed that specifies which sales and marketing channels are best suited for delivering the sales process. This includes defining the role that the sales force plays in executing the sales process. Marketing and sales strategy decisions influence what the sales force should look like.

The *sales force* implements the marketing and sales strategy. The sales force consists of an organizational structure with salespeople in defined roles performing selling activities that enable the company to meet customer needs and achieve financial goals. The sales structure, salespeople, and activities are an outcome of a set of basic decisions, processes, systems, and programs that we call the *sales force effectiveness drivers*. The sales organization has primary accountability for these drivers. Examples of drivers include the sales force size and structure, the sales force recruiting process, the performance management system, and the sales force incentive compensation program. A more complete list of drivers is provided later within the Sales System view of the framework. Together, the drivers determine the sales force structure and roles and the composition and personality of the selling team, and influence the activities and behaviors of salespeople.

An additional force that affects sales organizations originates within the company: the *effectiveness hunt*. The best sales organizations seek constant and consistent performance improvement. Many familiar performance challenges do not require immediate attention, but if left alone, they can escalate into bigger problems. This includes issues such as "the turnover of the best salespeople is too high," "sales are not growing fast enough," "we are not developing enough new accounts," or "the sales force is too complacent." In addition, new opportunities may arise. For example, new sources of customer value may be discovered that can be incorporated into the sales process or sales leaders may conclude that upgrading their sales force quality has substantial positive impact on performance.

*Results* are the outputs of the sales force's efforts. Company financial metrics such as sales, profits, market share, or return on investment are examples of results measures. Results can also be measured at the customer level, using metrics such

as customer satisfaction or retention rates. Results measurement is discussed further in the Sales System view of the framework.

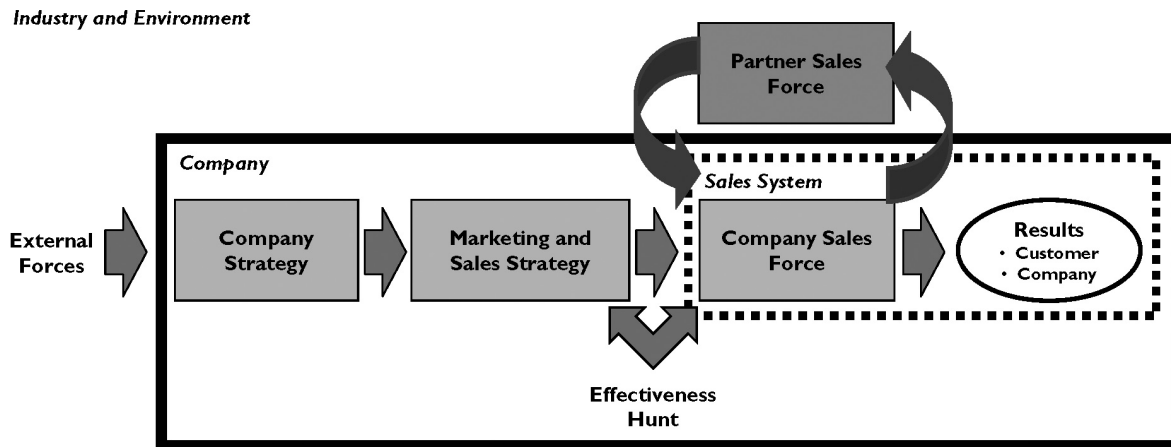
When analyzing the Selling World, sales organizations focus on those components of the framework relevant to their particular circumstances and set of issues. For example, company strategy changes occur not only in response to external events but they can also originate within the company, as organizations seek better strategies and shareholders push for higher performance. An external event, such as customer consolidation, may affect sales and marketing strategy without requiring change to overall company strategy. We represent the components of the Selling World linearly and aligned with the major lines of causality, yet the issues that sales organizations face can originate within any framework component or in multiple components simultaneously.

Some companies have a sales force that includes not only salespeople who are employed by the company but also selling partners. Selling partnerships can take many forms. Depending on the industry, a selling partner can be an agent, a broker, a distributor, a manufacturers' rep, an independent contractor, a wholesaler, a dealer, a value-added reseller, or another type of independent selling organization. Some selling partners sell a company's products and services exclusively, whereas others also sell complementary or competitive products from other manufacturers. In the framework, an exclusive partner is viewed similarly to a company's own sales force. The partner organization is part of the company's sales force. The company and the partner work together to make sales effectiveness driver decisions that create a sales structure, attract and retain salespeople, and drive sales activities that are right for the company's products and services. When selling partners also sell products and services of other manufacturers, the dynamics get more complex. As illustrated in Figure 2, the company's sales force works in tandem with the partner's sales force. The partner makes sales force effectiveness driver decisions that optimize performance across its entire product and service portfolio. The company can influence those decisions and affect how sales time and other assets are used by the partner to support the company's products and services. The company might use partner incentive programs, marketing programs, or partner managers who are skilled at assuring contract compliance or the meeting of company goals by providing encouragement, sales process assistance, sales analytics, and end-user pull-through. The company and partner sales forces work together to create customer and company results.

### The Sales System

The Sales System view within the Selling World breaks down the sales force and the results it creates into components to enhance decision making regarding sales effectiveness. The

Figure 2  
The Selling World in a Company That Uses Nonexclusive Selling Partners



dynamics are shown in Figure 3. The major components of the Sales System are represented by the shaded shapes and arrows. The components affect one another in a largely sequential fashion. Sales force activities affect customer results, and customer results have an impact on company results. Meanwhile, the skills, capabilities, values, and motivation of the salespeople influence their behavior and activities. Salespeople work within a given structure and defined sales roles. The sales force effectiveness drivers define the sales force structure and roles and help to shape the salespeople and influence their activities.

The components of the Sales System are described here, starting with the results components and working backward (right to left) within the framework. *Company results* are the company financial outputs of the sales force's efforts. They can be measured in many different ways, using metrics such as sales, profits, market share, and return on investment. They can be measured in terms of absolute levels, percent of goal attainment, or growth over last year. It is useful to evaluate these statistics from both a short-term and a long-term perspective, because sales force decisions affect both time frames. *Customer results* affect company results. Companies assess customer results using measures such as customer satisfaction scores and customer retention rates or repeat sales.

Sales force *activities* drive customer results. Salespeople's activities are typically organized into a sales process that includes steps such as lead generation, needs analysis, solution development, proposal presentation, negotiation, installation, customer service, and account maintenance and expansion. *Salespeople* execute the sales force activities. Hence, companies seek to employ competent, motivated salespeople and to establish a success culture so that salespeople demonstrate the right behaviors and engage in the right activities. An organizational *structure* and defined sales *roles* encourage salespeople to work

effectively and efficiently to perform the right activities that will drive results.

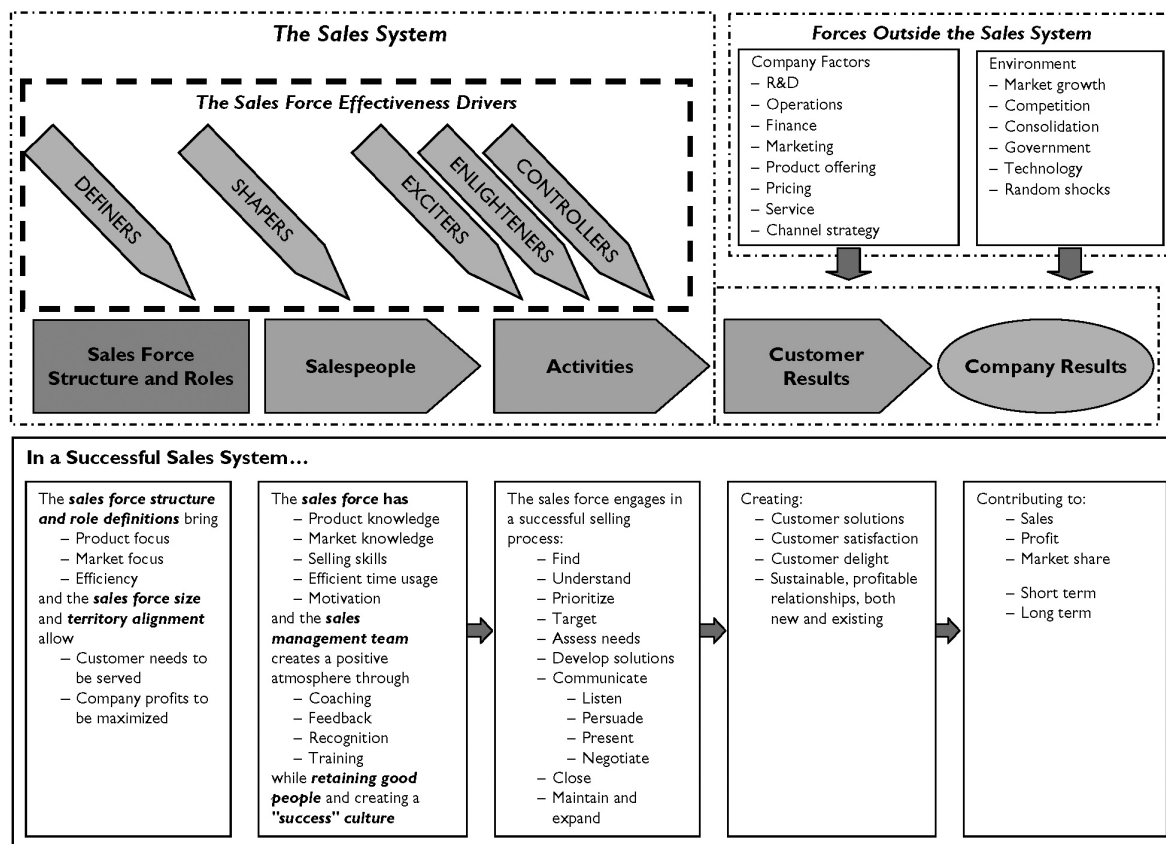
The nonshaded boxes in the bottom half of Figure 3 summarize how a successful sales system functions, creating customer and company results. Environmental and company factors outside the sales force are also shown in the framework (top right corner), because these factors also affect results.

The *sales force effectiveness drivers* are the final components of the Sales System. As described previously in the Selling World view of the framework, they are the basic decisions sales organizations make and the processes, systems, and programs they use to influence the structure, makeup, and the behavior of the selling team. The drivers fall into five categories. The *definer* drivers determine sales force structure and roles; the *shaper* drivers influence the salespeople who are part of the organization; and the *exciter*, *enlightener*, and *controller* drivers affect sales force activities.

The five sales force effectiveness driver categories were developed using two approaches that produced similar results. The first approach involved observing salespeople and sales organizations to understand what salespeople need to be successful. Five major categories of needs for success were identified; these needs are shown in the first column of Table 1. The second approach to developing the driver categories involved listing the various decisions that sales leaders are responsible for and clustering those decisions based on the nature of their impact on the sales force. The clusters parallel the five needs identified through the first approach and are shown in the second column of Table 1. The third column of the table shows the five driver categories that emerged from this process.

The *definer* category of sales force effectiveness drivers contains decisions that define the sales job by clarifying roles and territories. Good definer decisions are consistent with, and

Figure 3  
The Sales System



therefore reinforce, company marketing and sales strategies. Generally, the definer decisions precede decisions about the other sales force effectiveness drivers. Consequently, decisions regarding subsequent driver categories should be compatible with, and therefore reinforce, the definer decisions. The *shaper* category of sales force effectiveness drivers has an impact on the salespeople. These drivers consist of the processes that influence the skills, capabilities, and values of the sales team. The remaining categories of sales force effectiveness drivers primarily affect sales force activities. The *enlightener* category includes processes that provide the sales force with customer knowledge, enabling salespeople to understand the marketplace, prioritize opportunities, solve customer problems, and use their time more effectively. The *exciter* category of drivers affects the selling organization's inspiration and motivation. The *controller* category includes the drivers that direct sales force activities and performance.

Note that some of the drivers are included in more than one category. For example, compensation and incentives have been placed in three categories. They are an *exciter* because the right compensation and incentive plan motivates salespeople

to work hard to achieve challenging goals. Compensation and incentives are also *controllers* because by placing incentives on the right products or customer segments, the company influences how salespeople spend their time. Finally, compensation and incentives are *shapers* because an effective compensation plan attracts the right type of person to the sales job. The influence of most of the drivers cuts across multiple categories; however, for simplicity, we have listed drivers only in categories where they have significant effect.

### TWO SALES-RELATED INVENTORIES: COMPARING PRACTITIONER AND ACADEMIC VIEWPOINTS

In order to better understand how researchers and practitioners view sales and selling organizations, we developed two sales-related inventories. One inventory focused on the practitioner view of sales (the Sales Executive Issue Inventory), and the other focused on the academic view (the Sales Academic Research Inventory). The results of the two inventories were organized according to the Sales Force Effectiveness Frame-

**Table 1**  
**Two Approaches Leading to the Development of the Five Sales Force Effectiveness Driver Categories**

<b>Approach 1</b> <b>What Salespeople</b> <b>Need</b>	<b>Approach 2</b> <b>Clusters of Sales Management</b> <b>Decision by Impact</b>	<b>Sales Force</b> <b>Effectiveness</b> <b>Driver Category</b>
Clear roles and territories	Sales force design Structure and roles Sales force size Territory alignment	Definers
Skills, capabilities, and values to succeed	Recruiting Training Coaching Culture formation Leadership Sales managers Compensation and incentives	Shapers
Customer knowledge (know-how) necessary to succeed	Customer research Targeting Data and tools Customer relationship management	Enlighteners
To be motivated and inspired to succeed (incentives)	Culture Leadership Compensation and incentives Motivation programs Meaningful work	Exciters
To have their activities directed in appropriate ways (control)	Culture Sales managers Compensation and incentives Performance management and measurement Goal setting and forecasting Coordination and communication	Controllers

work for the purpose of comparing and contrasting the two viewpoints and identifying research gaps.

#### **The Sales Executive Issue Inventory: The Practitioner Point of View**

The Sales Executive Issue Inventory consists of data gathered from 721 sales leaders who attended our Accelerating Sales Force Performance executive education program at Northwestern University's Kellogg School between 1995 and 2005. The participants were upper- and upper-middle-level sales and marketing executives who came from over 400 different companies in over 20 countries, in a wide range of industries, and with varying sales force sizes. Prior to attending the program, the executives were asked to complete a short questionnaire. Included on that questionnaire was an open-ended question asking, "What sales productivity issues are you currently faced with?" The executives identified 2,051 sales productivity issues (many reported facing multiple issues). These issues were organized and analyzed by a researcher who categorized each response according to the components of the Sales Force Effectiveness Framework.

Figure 4 shows the percent of responders mentioning issues related to each Selling World component, along with some examples of the responses. Because the sales executives who participated in the inventory have primary accountability for the Sales Force component, the majority of responses fall within that category. These responses are further broken down into the various components of the Sales System in Figure 5 and Table 2.

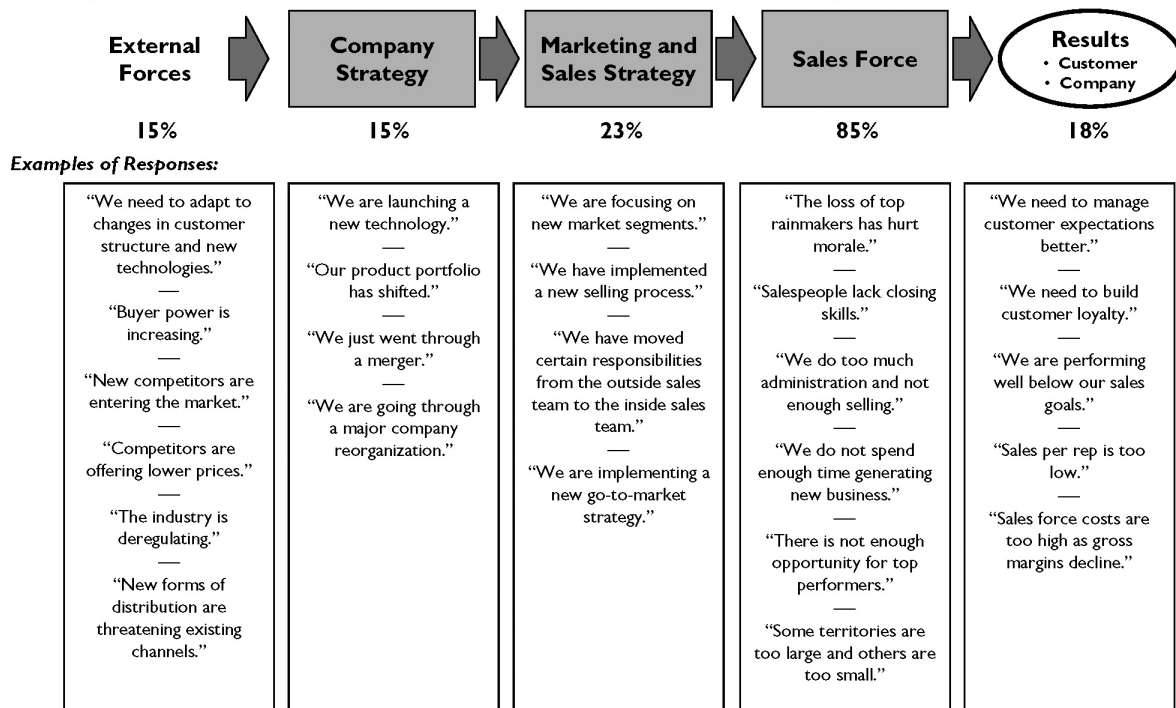
#### **The Sales Academic Research Inventory: The Academic Point of View**

The Sales Academic Research Inventory consists of data gathered by reading and synthesizing abstracts of 143 sales-related articles published between 2001 and 2006 in four academic journals—*Journal of Marketing*, *Journal of Marketing Research*, *Journal of Personal Selling & Sales Management*, and *Marketing Science*. A researcher categorized each article according to the various sales force effectiveness drivers mentioned in each article's abstract. Articles were included in zero, one, or multiple driver categories, depending on their scope and content.



**Figure 4**  
Sales Executive Issue Inventory Responses and the Selling World

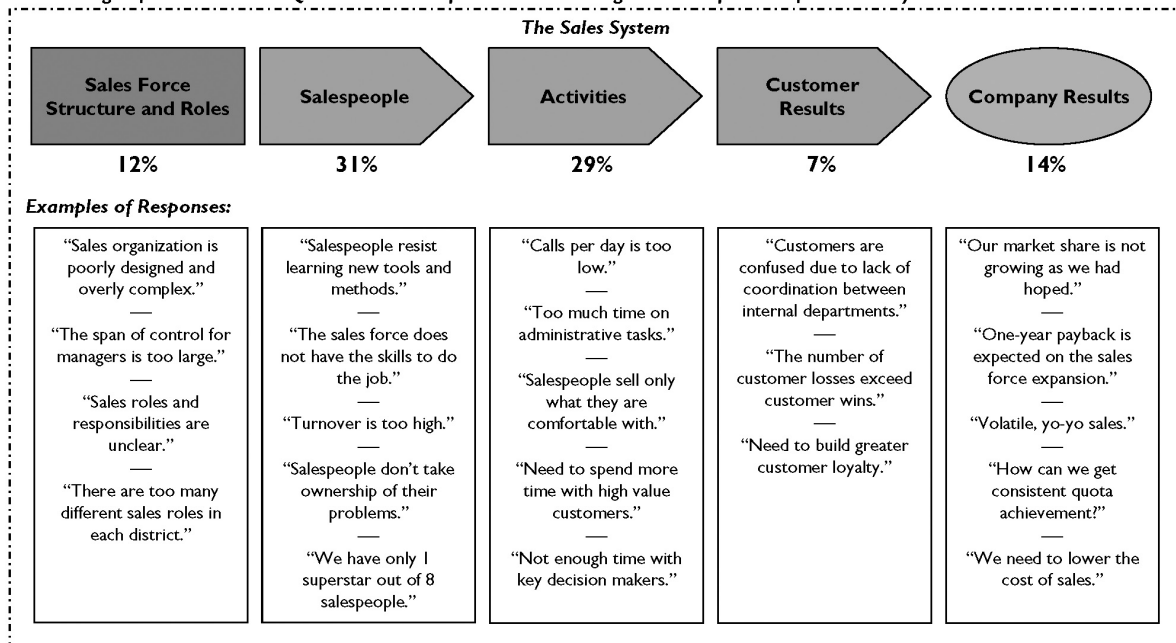
*Percentage of Sales Executive Questionnaire Responders Mentioning Each Selling World Component<sup>1</sup>:*



*Note:* <sup>1</sup> Percentages sum to over 100 percent because many respondents provided multiple responses.

**Figure 5**  
Sales Executive Issue Inventory Responses and the Selling System

*Percentage of Sales Executive Questionnaire Responders Mentioning Each Component of the Sales System:*



**Table 2**  
**Sales Executive Issue Inventory Responses and the Sales Force Effectiveness Drivers**

	Percent of Responders*	Example Response
Sales Force Design/Structure and Roles	12	"Should we have product specialists?" "We have changed our structure five times in two years."
Sales Force Size	8	"I suspect our team is not large enough." "We need to reduce headcount."
Territory Alignment	8	"Large differences in territory potential create unfairness."
Recruiting	5	"How to recruit top sales talent." "Ensuring that we hire the 'right' person."
Training	6	"How to train the sales force over time." "Need better training for sales managers."
Coaching/Culture Formation	3	"Blending two cultures after a merger." "How to create a success culture."
Customer Research/Targeting	9	"Better target certain customer segments." "Need to improve ability to qualify leads."
Data and Tools/CRM	14	"Need better information on competitor's offers." "Informational gaps due to information technology problems."
Leadership/Sales Managers	5	"Inexperienced first-level sales management." "Company leaders need to reinforce sales force focus."
Compensation/Incentives/ Motivation Programs	18	"The comp plan doesn't reflect our business priorities." "Not enough opportunities for top performers."
Meaningful Work	2	"Sales force turnover is high because salespeople face considerable customer rejection."
Performance Management and Measurement	13	"How to fix underperformers." "Can't measure sales performance accurately."
Goal Setting and Forecasting	6	"Low morale due to targets that are too high." "Hard to forecast sales of new products."
Coordination and Communication	5	"Poor sales and marketing coordination." "Need to improve communication with technical staff."

\* 65 percent of responders mentioned at least one sales force effectiveness driver. Many responders provided multiple driver responses.

For articles in the *Journal of Personal Selling & Sales Management* (87 percent of inventory articles), an online search of the journal's topical index was performed to augment and check the researcher's work. The results of the categorization are summarized in Figure 6.

### Comparing the Practitioner and Academic Viewpoints

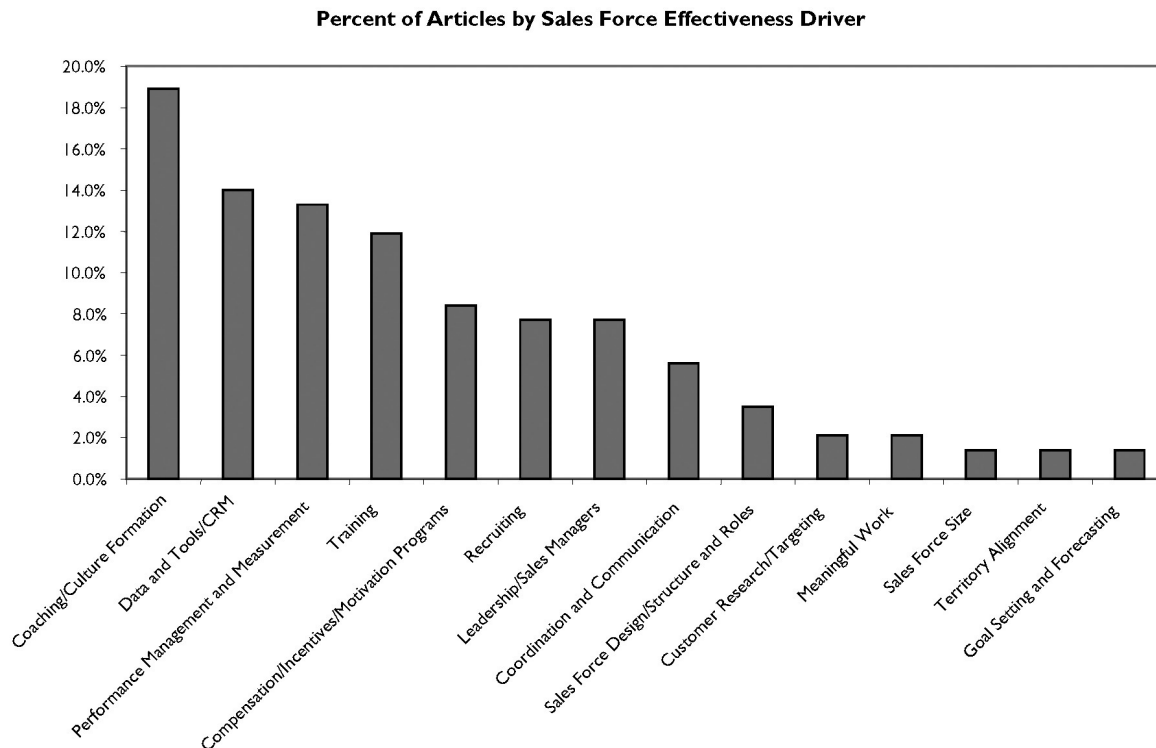
Figure 7 compares the results of the practitioner and academic inventories. For each sales force effectiveness driver, a percentage reflecting frequency of mention in the Sales Executive Issue Inventory is plotted against a percentage reflecting frequency of article publication in the Sales Academic Research Inventory. The data on both axes are shown as percentages summing to 100 percent across the drivers; this allows the axes to be shown on a consistent scale. Interestingly, the majority of drivers that fall below the line, such as compensation, targeting, sales force size, territory alignment, and goal setting, are typically studied using quantitative approaches, whereas many of the drivers above the line, such as culture and training,

are studied more qualitatively. Sales force structure, the final driver that falls below the line, can be studied using a mix of qualitative and quantitative approaches. A caveat to consider when interpreting the academic data is that the data reflect only the number of articles written about each topic; no attempt was made to assess the impact of the articles.

### PRACTICAL APPLICATION OF THE FRAMEWORK

The Sales Executive Issue Inventory along with our teaching and work with companies reveal that sales force issues and concerns arise in two different types of situations. The framework can be applied in both. First, sales organizations are challenged to respond quickly and appropriately as *events*, such as significant environmental shifts or new product launches, require them to take action. Events occur in the "external forces" and "company strategy" components of the Selling World shown in Figure 1. Second, successful sales organizations engage in ongoing *effectiveness hunts*, seeking constant improvement in

Figure 6  
Academic Articles Published January 2001–October 2006 and the Sales Force Effectiveness Drivers



Note: The percentages do not sum to 100 percent because some articles do not focus on any sales force effectiveness drivers and others focus on more than one driver.

their performance even when there is no event requiring sales force change. This is the “effectiveness hunt” component of the Selling World shown in Figure 1. Although the dynamics and challenges of initiating and implementing change are quite different in these two types of situations, the Sales Force Effectiveness Framework provides a structured way for sales leaders and researchers in either situation to diagnose problems, recognize opportunities, and develop effective solutions. The remainder of this paper describes ways that the framework can be used to fashion successful sales force change when responding to events and when making constant improvements.

### Responding to Events

Major events compel companies to react. For example, when a major new product is launched, a new government regulation is enacted, or a merger or acquisition occurs, sales force response is required. Some events lead to more gradual change, for example, when customers begin to consolidate and alter their buying processes or the economy slows down or picks up. In such cases, the status quo can be maintained for a

while, but eventually the sales system begins to break down and major change is needed to align sales force effort with evolving customer needs and company strategies.

Two brief illustrations of events that created a need for sales force response are presented here within the context of the Selling World and Sales System. The Shell Energy example shows response to an external event, and the Kinko's example shows response to a company strategy change.

#### *Shell Energy Responds to Government Deregulation*

Deregulation of the U.S. utility industry had dramatic implications for the industry's sales forces. Utility companies that were once regulated monopolies with captive customers had to, for the first time, actively sell to customers in a competitive marketplace. Prederegulation sales forces that were activity oriented, risk averse, reactive, and technical had to transform themselves into postderegulation sales forces that were sales oriented, risk taking, proactive, and relationship focused. Figure 8 uses the Sales Force Effectiveness Framework to examine how in 1999, Shell Energy responded to deregulation of the natural gas industry in the State of Georgia by establishing a

Figure 7  
Sales Force Effectiveness Driver Emphasis—Practitioners Versus Academics

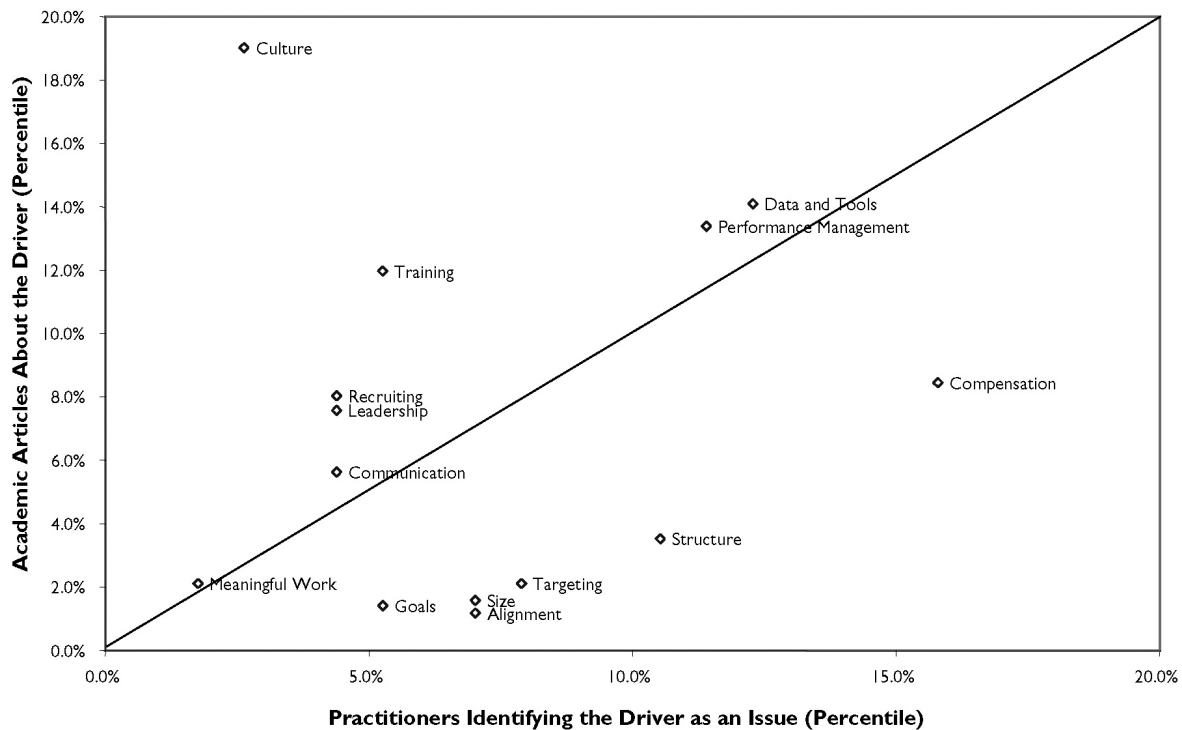


Figure 8  
Shell Energy Responds to Government Deregulation of the Natural Gas Industry in Georgia

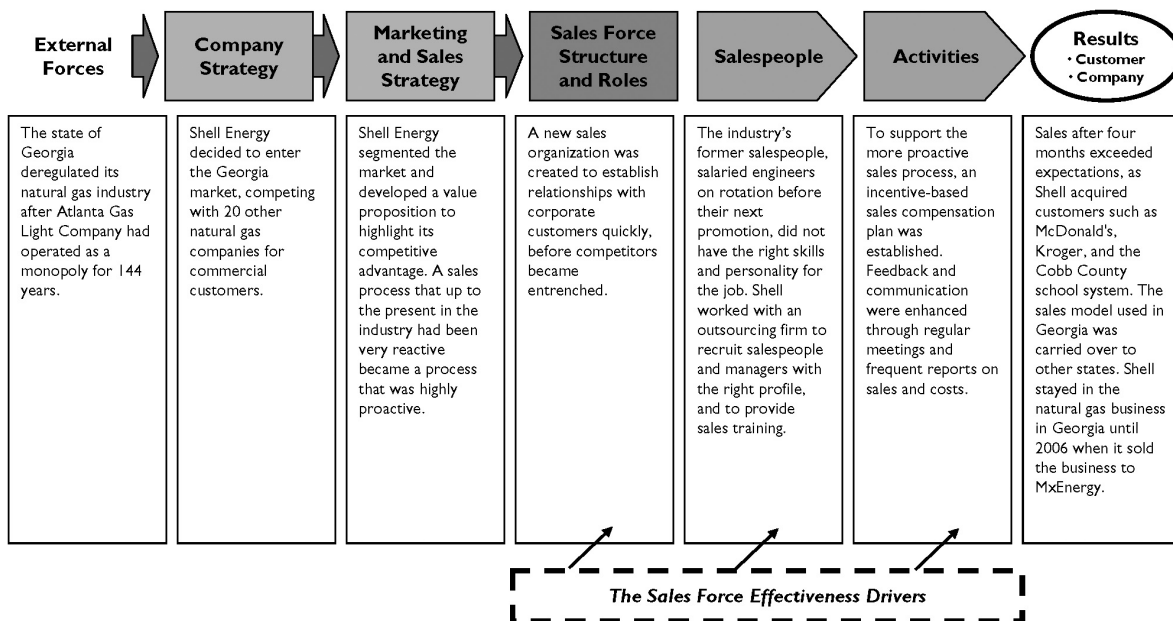
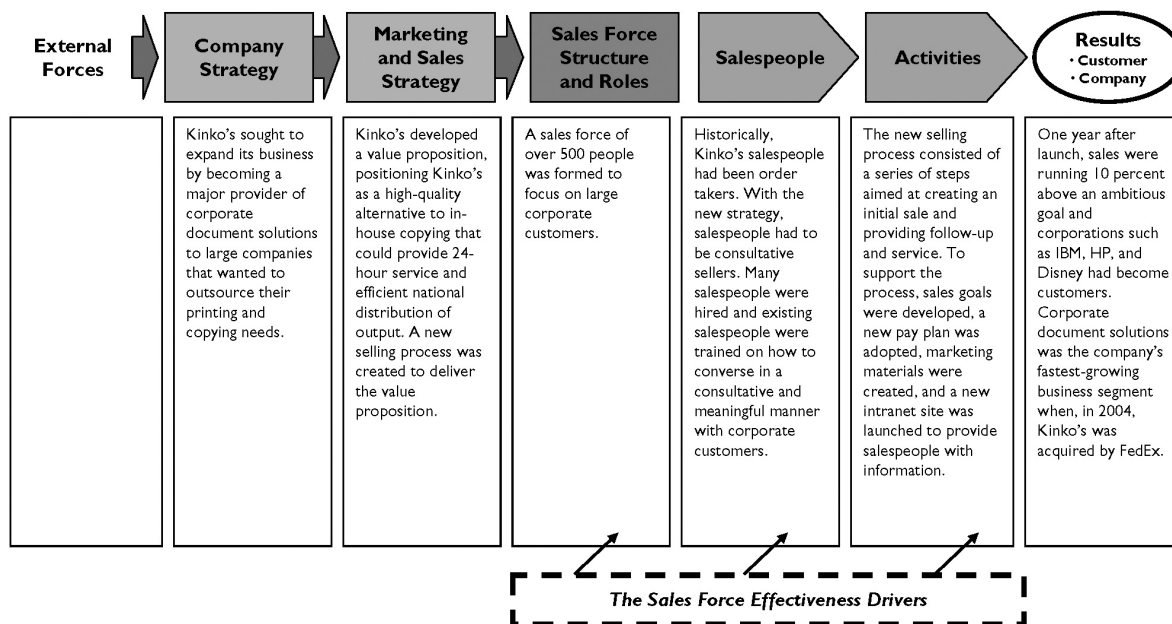


Figure 9  
Kinko's Enters New Markets



corporate sales organization (Greene and Brooks 2001; Perin 1999; Quinn 1999).

#### *Kinko's Enters New Markets*

In the late 1990s, management at Kinko's, the provider of document solutions and business services, made a strategic decision to proactively seek out larger corporate customers (Cohen 2000; Marchetti 1997). Historically, Kinko's customers were mostly business travelers, college students, or employees of small businesses who periodically visited the company's 24-hour copy and business service centers. Through the new strategy, Kinko's hoped to establish longer-term, profitable partnerships with large corporations by providing comprehensive printing and copy services. Figure 9 uses the Sales Force Effectiveness Framework to examine how the Kinko's sales organization responded to this change in corporate strategy.

#### A PROCESS FOR RESPONDING TO EVENTS

The Selling World shown in Figure 10 suggests a process for effective sales force response to events.

An event occurs within the "external forces" or "company strategy" components of the framework. The way in which the sales force should adapt to the event is determined by a series of decisions suggested by moving logically from left to right within the framework. Hence, assessment begins by understanding the impact of the event on marketing and sales strategies, with particular emphasis on how the selling process

may need to change. Once this determination has been made, the impact on the sales force can be assessed, beginning with sales force structure and roles, followed by salespeople's skills and capabilities, and finally, the drivers of sales force activity. Figure 11 suggests a decision-making process consisting of questions to ask while using the framework to develop a plan for successful sales force adaptation.

Occasionally, companies feel pressure to implement change quickly and do not have time to make all decisions in the ideal sequence. This occurs often, for example, when two sales forces merge. If merging companies already have sales forces in place, there are usually redundancies in coverage, the companies seek cost reductions, and downsizing is likely. There is pressure to create a merged sales organization as quickly as possible to minimize negative effects of the merger on customer perceptions, employee morale, and company profits. The need for speed provides little time to reevaluate sales and marketing strategies or to find the best sales force design. Decision making moves quickly from the "sales force structure and roles" component of the Sales System (how much do we downsize?) to the "salespeople" component (who stays and who goes?).

#### Making Constant Improvements

Progressive sales forces establish processes for making constant improvements and enhancing their performance, even when there are no events that necessitate change. In time, a sales force's strength will slowly erode if the sales force effectiveness drivers are not continuously adapted. Selling processes can



Figure 10  
The Selling World and Event Response

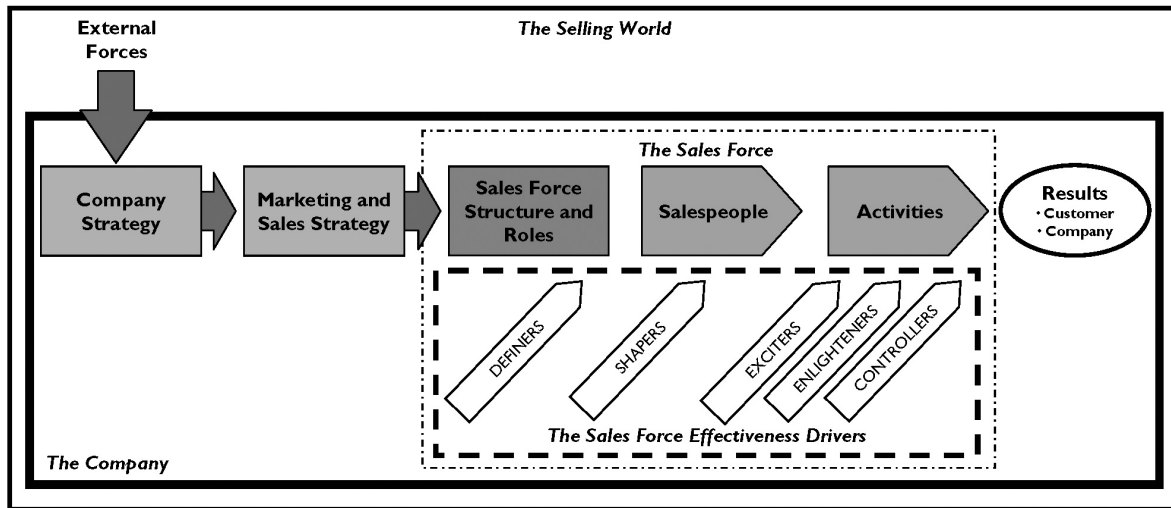


Figure 11  
A Decision-Making Process for Sales Force Adaptation to Major Events

**Decide how the event affects sales and marketing strategy.**

- Will we focus on new or different market segments?
- How will our value proposition change?
- Do we need a new selling process? If so, what does the new selling process look like?
- How is the go-to-market strategy affected?

**Determine what sales force structure and roles are needed.**

- Can the new sales and marketing strategy be executed within the existing sales force structure or will the organization and roles of salespeople need to change?
- If change is needed:
  - What new sales roles are needed?
  - What is the best sales force structure?
  - Will we need more or fewer salespeople?
  - Will we need to realign sales territories?

**Specify the skills and capabilities that salespeople need to be successful.**

- Do the existing salespeople have the skills and capabilities necessary to execute the new selling process effectively?
- If new skills and capabilities are required, how can we upgrade sales force competencies?
  - Can we train existing salespeople on the necessary skills or do we need a new hiring profile?
  - Will we need to change the hiring process or the sales manager selection process?
  - What do we do with people who are unable to adapt?
  - How do we enhance retention of top performers with the change?
  - Is the current culture consistent with success in the new environment? If needed, how do we change the culture?

**Determine how to encourage the sales force to execute the new activities effectively.**

- How do we excite salespeople? Is a new compensation program needed? What about new motivation programs?
- How do we enlighten salespeople? Do we need to provide salespeople with new customer research or targeting information? How are CRM and other systems affected?
- How do we control salespeople? How do we measure success? How do we set goals? Do communication and coordination systems need to change?

become dated. Sales managers' skills can atrophy. Recruitment processes can fail to produce consistently high-quality hires for a new selling environment. The sales compensation plan can become misaligned with company priorities, causing strategic products or valuable customers to receive too little sales effort. Sales force issues that appear minor today, if left alone can escalate into bigger problems in the future.

Most sales force issues, concerns, challenges, and opportunities can be addressed by leveraging one or more sales force effectiveness drivers. This can be accomplished by redesigning an existing driver; initiating a new process, system, or program; or executing a current driver more effectively. The process of constant sales force improvement begins with diagnosis to identify the driver or drivers that are at the root of any issue. Because the list of driver candidates can be quite large, the drivers will need to be prioritized according to their likely impact on sales effectiveness. As the highest priority drivers are revised, a check for compatibility and consistency with company goals and strategies encourages the desired outcome. Most companies make some sales force effectiveness driver improvements intuitively every year. The best companies use a structured approach for continually assessing sales force effectiveness and making driver enhancements.

#### *The Novartis Approach for Constant Improvement*

Novartis, a leading multinational manufacturer of pharmaceutical products, uses a structured process supported by analytic tools and approaches in an ongoing effort to enhance global sales effectiveness. As of year-end 2006, the process had helped drive six consecutive years of double-digit top-line growth in the United States, well ahead of the industry average. The company conducts an annual sales force effectiveness review using a sales force performance scorecard (described in the next section) to identify high-priority sales force effectiveness drivers. An annual improvement plan is built around the highest-priority drivers, the plan is executed, and progress is measured year after year. Several initiatives have produced significant sales force effectiveness enhancements. For example, an analysis of customer targeting revealed that sales force time was scattered across too many physicians. By strategically concentrating sales activity on approximately 35 percent of the highest-valued physicians, the company realized a significant sales increase and a large sales productivity improvement. In another initiative, high-performing salespeople (who were identified through a combination of data analysis and sales manager input) were observed on typical sales calls in order to identify the levers that they used to influence the customer-buying process. Average performers were observed on calls as well, and their behavior was contrasted with that of the high performers. A set of success principles differentiating top-performing salespeople was identified, and these principles were incorporated into a

training program for the sales organization. At a presentation to analysts in September 2003, the company showcased the fact that the company's salespeople who had been trained on the behaviors of top-performing salespeople were chosen by physicians as the best salespeople they see 46 percent of the time, compared to only 22 percent of the time for salespeople who did not complete the training. This preference among physicians was also linked to better sales results.

#### **Prioritizing Drivers Using the Sales Force Performance Scorecard**

Because diagnosis of sales force issues can lead to a large list of driver improvement candidates, companies are typically most successful at enhancing sales effectiveness if they prioritize the drivers and focus their improvement efforts on a small number of the most important ones first. The sales force performance scorecard provides a mechanism for assessing the sales force effectiveness drivers and prioritizing initiatives according to their likely effect.

The sales force performance scorecard profiles each driver in terms of two measures—*performance* and *strategic impact*. A performance score reflects how competent or how capable the selling organization is at each driver. Effective methods of deriving performance scores include

- *Quantitative approaches:* Data analysis is used to measure driver effectiveness. For example, the territory alignment driver is assessed by evaluating territory workloads and comparing them against each salesperson's capacity. Many quantitative approaches to assessing performance have been developed (Zoltners, Sinha, and Zoltners 2001);
- *Qualitative approaches:* Sales leaders provide a thorough and consistent evaluation of each driver's performance using a questionnaire to assess current practices relative to defined context-specific best-practice standards.

Strategic impact reflects the importance the driver has for the organization's ability to succeed. Most companies rely on management judgment or outside experts to derive strategic impact scores for the drivers.

The sales force performance scorecard provides a snapshot of the organization's performance on the various drivers and the strategic impact of the drivers at a particular point in time. An example scorecard is presented in Figure 12.

The position of each driver on the scorecard suggests an action. For example, an effectiveness driver with low strategic impact but high performance, such as sales force size in the example, can be maintained at current levels for the time being. Effectiveness drivers with high strategic impact and high performance, such as motivation programs in the example, need to be monitored closely to ensure that their performance

Figure 12  
A Sales Force Performance Scorecard



stays high. Those with low strategic impact and low performance, such as indirect marketing support in the example, can be monitored in case the impact of the driver increases over time. Top priority for management attention goes to effectiveness drivers with low performance and high strategic impact, such as training, sales manager development, targeting, and sales force tools in the example. These areas present the greatest opportunity for effectiveness gains.

The sales force performance scorecard is very specific to the company and its condition at the time that the assessment is conducted. Drivers move to the right as the sales force's performance increases or to the left as performance decreases when changes in the environment render current practices less effective. Drivers also move up or down as their strategic impact changes due to changes in environmental conditions and company strategy. Insights are gained when assessments are conducted on a regular basis and changes are tracked over time. Figure 13 compares the performance scores in Figure 12 to last year's scores. The company has improved its performance on several drivers, but performance has slipped on some others.

### SUMMARY AND MANAGERIAL IMPLICATIONS

Sales practitioners and researchers alike benefit from a systematic and comprehensive approach to assessing sales force effectiveness. By organizing the complexities of the Selling

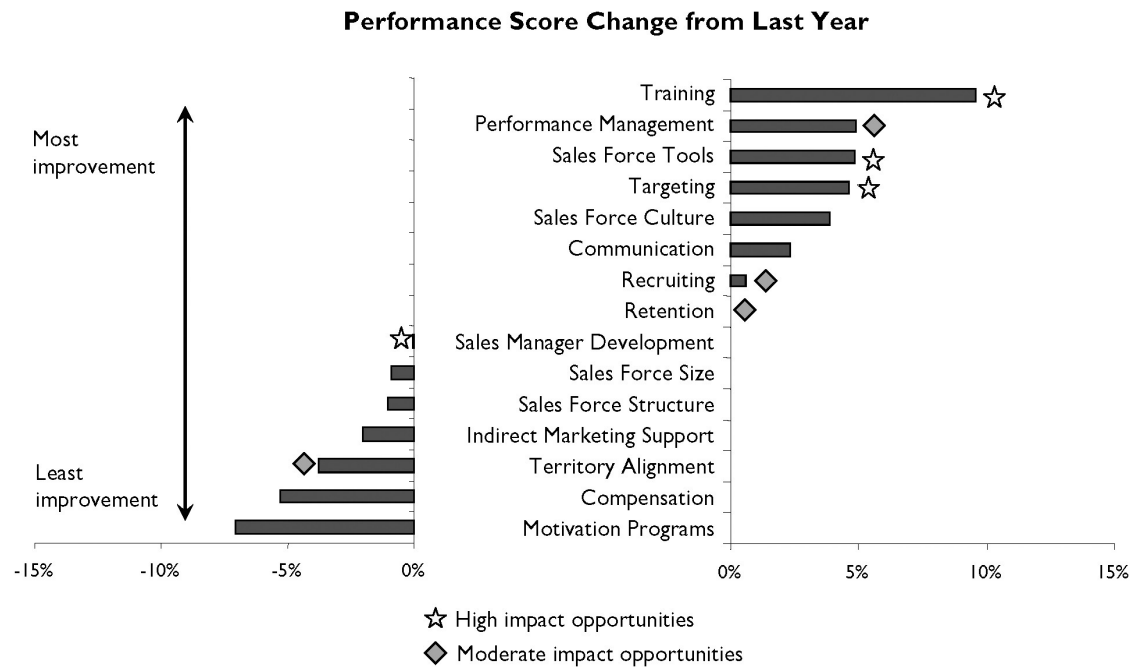
World and the Sales System, the Sales Force Effectiveness Framework provides a holistic and consistent view of sales organizations that sales practitioners and academics can use to assess sales force effectiveness and diagnose and address sales force issues and concerns.

The framework suggests three opportunities for additional research. First, broader, issue-based research is needed to address the issues that practitioners find to be most salient and challenging. Several illustrative examples are

- What is the best way to motivate a sales force that has grown complacent?
- How do you prevent the best salespeople from leaving the company and taking business to competitors?
- How do you get a sales force to allocate time appropriately across products and customer segments? When are structure, incentives, or performance management the most appropriate solutions?
- How do you create a culture of responsibility and accountability?
- How do you overcome a weak sales management team?
- How do you manage poor performers effectively?

Research can help to establish theories and build practical processes for adjusting the sales force effectiveness drivers to address these and other critical sales management concerns. This research can be particularly challenging and also very powerful because addressing these issues requires multidriver solutions.

Figure 13  
Changes in Sales Force Effectiveness Driver Performance from Last Year



Second, research is needed that helps companies better assess and track sales force effectiveness driver performance and measure the return on investment of different drivers. Analytic tools can be improved and extended through research, resulting in more accurate sales force effectiveness assessment.

Finally, more research is needed that focuses on individual sales force effectiveness drivers to define best practices or best processes, to reveal what works and what does not, and to develop driver improvement methods. Interestingly, the biggest effect is likely to come from blending the quantitative and qualitative disciplines. The framework provides a starting point upon which multidisciplinary studies can be built.

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