

# The sales force as an engine of organic growth

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In this article we will summarize key ideas, methodologies and exchanges that occurred in late October at the Kellogg School Summit for Sales Executives on the topic of "the sales force as an engine of organic growth." Organic growth is directly connected to sales force effectiveness. Most importantly we will examine its most important drivers and conclude by zooming in on the applicability of these ideas to the more focused area of strategic account management (SAM).

The main points to cover are key drivers of sales force effectiveness; selected drivers that have the biggest impact; a General Electric Co. business case about implementing a training infrastructure to advance sales capabilities and therefore enhance sales force effectiveness; and finally the relevance of all this to SAM.

## Key sales force effectiveness drivers

Salespeople are human beings. They act within a specific context, with certain processes and tools, and their actions cause customer results,

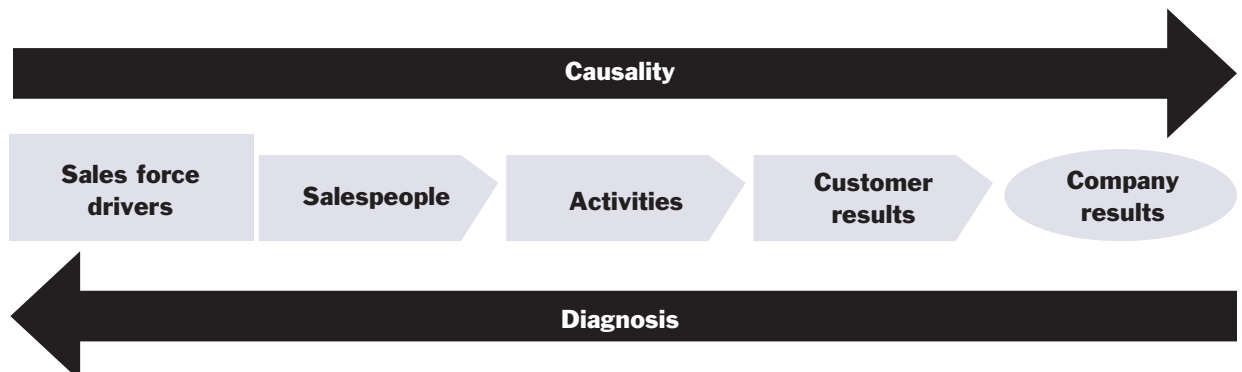
such as loyalty, and company results, such as growth and profitability. Salespeople produce positive results when using what we call sales force effectiveness drivers, which refer to the set of decisions, enablers and processes that create an environment for success. (See Figure 1.)

## The sales force productivity drivers complete the sales force system

Figure 2 on Page 23 shows the drivers that lead to sales force effectiveness. (This topic is described in detail in the new book *Building a Winning Sales Force: Powerful Strategies for Driving High Performance*, written by Andris Zoltners, Prabhakant Sinha and Sally E. Lorimer.) The first set of drivers relates to the sales job. We call them definers. They relate to sales strategy, customer segmentation, customer offering and the sales process. They also relate to the go-to-market strategy and sales force design in terms of structure, roles, size and territorial alignments. Their impact is on the following areas: roles, territories and selling processes.

## RECRUITING THE RIGHT TALENT MAY BE THE MOST IMPORTANT SALES FORCE EFFECTIVENESS DRIVER.

Figure 1



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**Figure 2. The sales force effectiveness drivers are the means for improvement**



The second set of drivers, broken into four groups, relates to the salesperson. We call the first group shapers. These are about recruiting, training, coaching, culture formation and compensation. The second group we call enlighteners. These cover areas such as customer research, targeting, data and tools, and customer relationship management systems. The third group we call exciters. These cover leadership, compensation, motivation programs and meaningful work. And the fourth group we call controllers. These are about performance management, coordination systems, vertical and horizontal communication, and compensation.

The sales effectiveness drivers that relate to the salesperson – shapers, enlighteners, exciters and controllers – have different impact on him/her and

his/her activity. Shapers affect skills, capabilities and values. Enlighteners affect customer insight. Exciters affect inspiration and motivation. Controllers affect expectations and success measures. A high-level executive who wants to enhance the effectiveness of his/her sales force must decide which drivers can have the largest impact at any given time, for their market impact can change from year to year.

**The sales force effectiveness drivers are the means for improvement**

Returning to Figure 1, we show how a framework for sales force effectiveness helps executives evaluate a selling organization and identify opportunities for improvement. From left to right we see how the drivers lead to company results. However, the executive wishing

to diagnose a problem should read from right to left. For example:

- Is growth hindered because specific customers are not loyal?
- Is insufficient loyalty due to the wrong sales activities, such as spending little time with the customer? Or is the problem linked to the salesperson’s effectiveness?
- Is insufficient customer loyalty also linked to the poor implementation and management of some sales force drivers: definers, shapers, enlighteners, exciters or controllers?

**Focus on the selected drivers that have the biggest impact**

For the purposes of this article we will illustrate the ideas with a selected driver and important analytical tool: recruiting

the right talent and the performance “frontier curve,” respectively.

### Recruiting the right talent

Recruiting the right talent may be the most important sales force effectiveness driver. There are often disparities between desire (“I want the job”) and compatibility (“I am a good fit”). Recruiters find it difficult to identify the right attributes and personality traits that make a best-in-class salesperson. Figure 3 displays the talent selection process. The candidate profile is composed of non-trainable attributes such as “motivated,” “adaptive,” “has integrity,” etc. The box on the right side shows correlations between activities (employment interviews, job tryouts, handwriting analysis and so on) and the eventual success of the person selected for the sales role. Work sample tests have the strongest correlation to job performance.

### Frontier analysis: identifying and understanding frontier salespeople

Figure 4 on Page 29 shows the performance frontier curve. For each

salesperson, it plots sales volume achieved versus the sales potential of the corresponding territory. Many salespeople with larger territory potentials exhibit lower sales volume than the most successful salespeople. The most successful salespeople are on the frontier curve, where sales volume is largest for a given potential. The executive must try to explain the behavioral differences between the high-performing salespeople and the average and low-performing salespeople. Analyzing the discrepancies should help executives identify the gaps and organize the appropriate training and/or coaching for the average performers. In many cases the main difference between average and best-in-class performers is the quality of preparation for the customer visit (getting and organizing knowledge) and the quality of executing the sales process.

### General Electric business case: training, infrastructure and advanced sales capabilities/sales effectiveness drivers

Figure 5 on Page 29 shows three coursework modules in the “essentials of

sales management” program run by GE. Most of the elements are quite similar to what we have already described as the key sales effectiveness drivers: tools (sales force effectiveness), processes (implementation skills) and leadership (coaching skills). Within the sales force effectiveness context, GE prioritized the following decisions and processes for 2008:

1. Customer potential and prioritization
2. Territory alignment
3. Target setting with potentialization (the performance frontier curve)
4. Variable incentive compensation

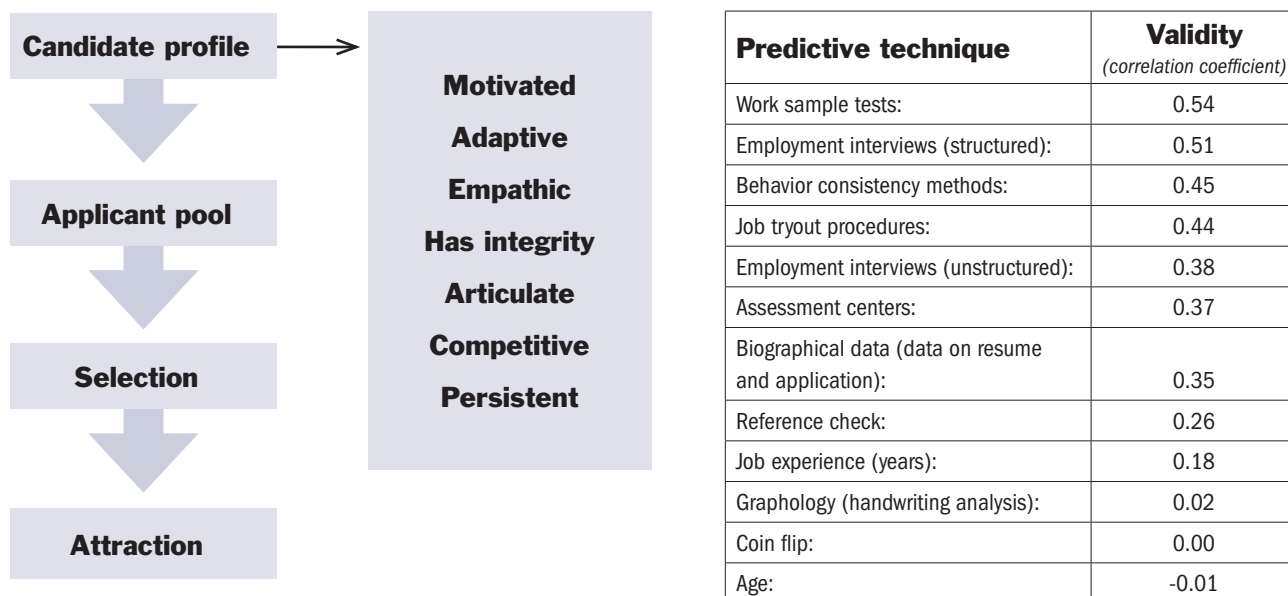
### Applicability to SAM

There is no question that the parallel can be drawn between the sales force productivity drivers and SAM productivity drivers. The definitions of some drivers are specific to SAM, such as:

#### Definers:

- Strategic account segmentation and selection
- Account strategy

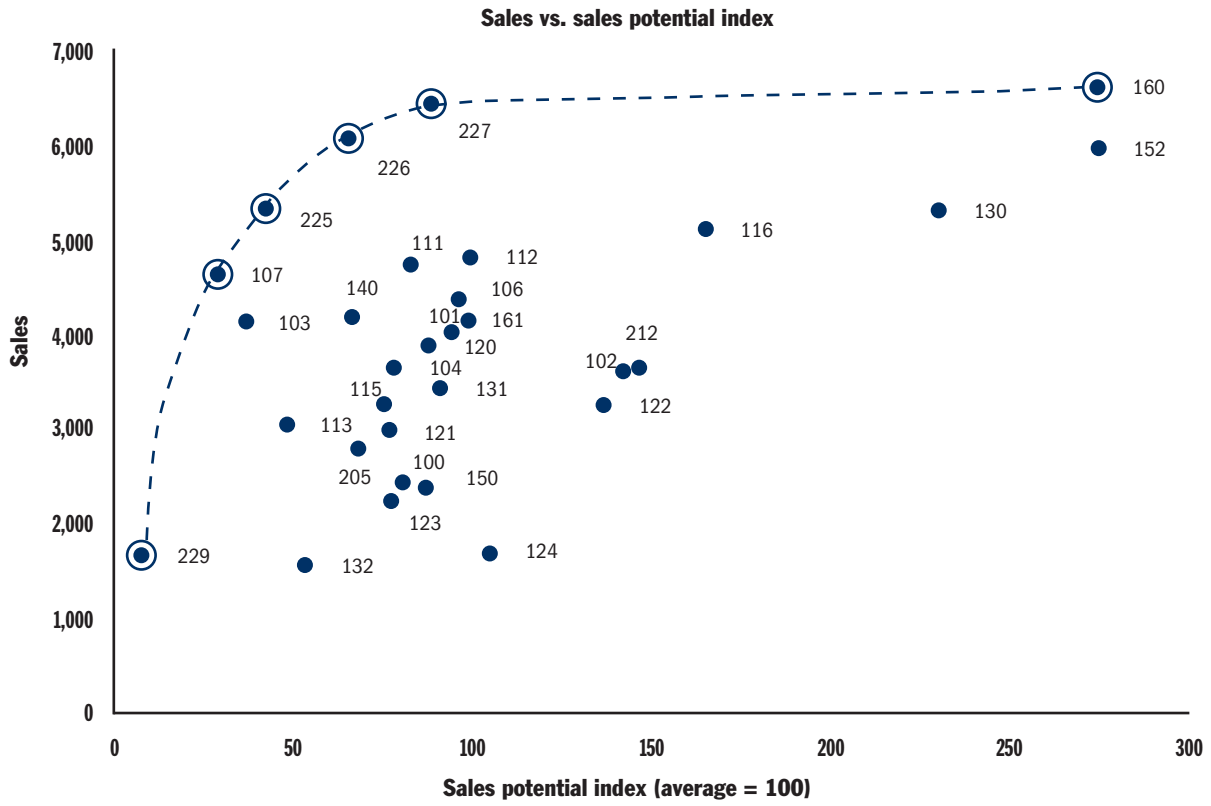
Figure 3



Source: Frank Schmidt and John Hunter, “The validity and utility of selection methods in personnel psychology: practical and theoretical implications of 85 years of research findings,” *Psychological Bulletin*, 1998, 124 (2), pages 262-274.

**Figure 4. The performance frontier curve**

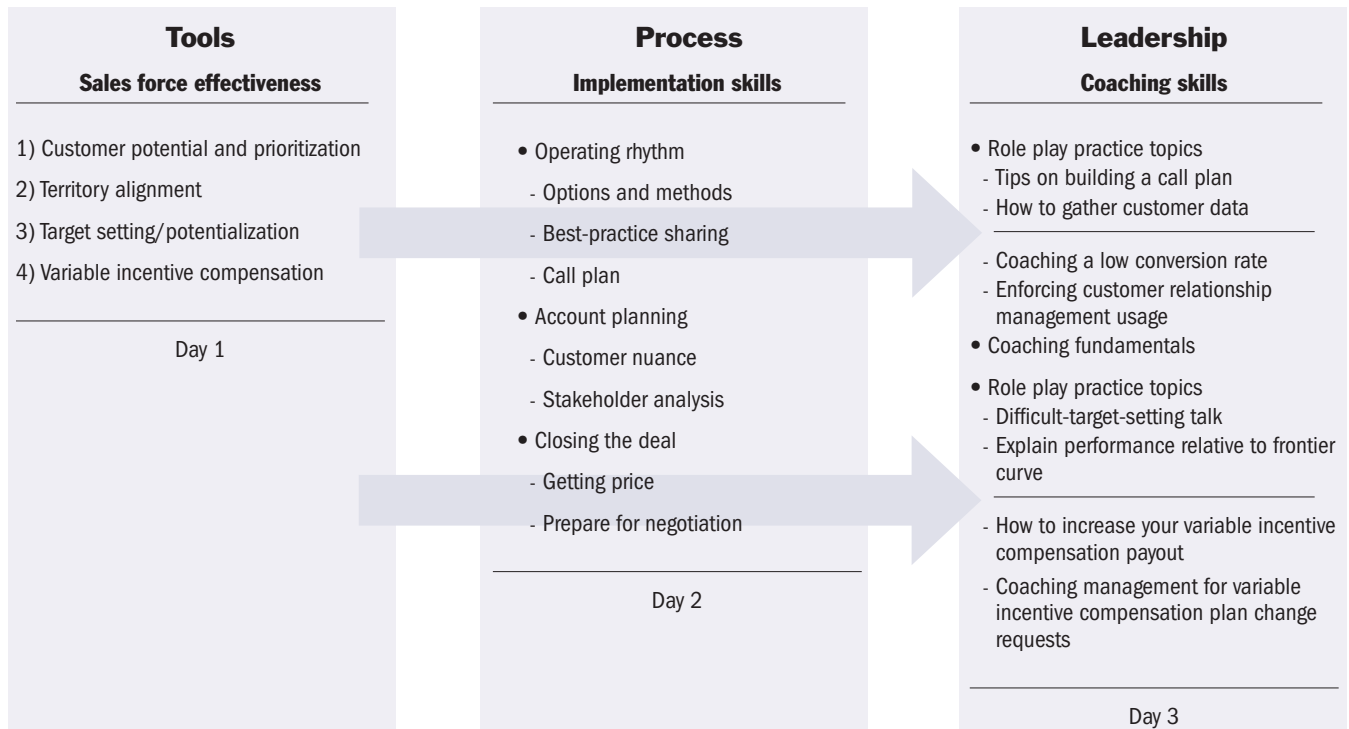
**Frontier analysis: A lot can be learned by identifying and understanding frontier salespeople**



***What are frontier salespeople doing that others are not?***

**Figure 5. Essentials of sales management (ESM)**

**ESM coursework in three modules**



But others are similar, such as:

**Shapers:**

- Talent selection
- Talent development
- Coaching
- Compensation

**Enlighteners:**

- Strategic customer analysis
- Account plans

**Exciters:**

- Leadership
- Compensation

**Controllers:**

- Metrics
- Communication

**Examples of SAM drivers**

In strategic segmentation and account selection, there are a number of concrete criteria – such as size, growth potential, industry leadership, openness to collaborate with one’s strategic suppliers, etc. – that will be used to select strategic and global accounts. For instance, Toyota Motor Corp.’s and General Motors Corp.’s purchasing organizations have behaved very differently toward their strategic suppliers, with Toyota’s approach being much more collaborative.


In talent selection, development and coaching (which are shapers), the head of a SAM program should allocate a substantial amount of his/her time to perform these tasks. As an example, it has been proven and measured that SAM attributes and skills (including strategic vision and the ability to be a trusted adviser) have a large impact on growth, profitability and customer loyalty.

In strategic customer analysis and account planning (enlighteners) we find some of the most critical SAM skills. For instance, a strategic account manager

who understands his/her customer’s business drivers (i.e., “How does my strategic account make money?”), such as the criticality of inventory/asset turnover or value of the brand (e.g., the green effect), will have a significant advantage over competitors who do not understand these drivers as well as they should. The main reason is that the SAM will develop better products/services and solutions that will enhance the customer’s business drivers: substantially reduced delivery cycle time, green image, etc.

customer (customer profit and loss that measures the real cost to serve) will be essential for the SAM to optimize the product/service portfolios delivered to the customer; the necessary price levels; and the services that are or are not possible to provide depending on the cost to serve and the related return.

**Conclusion**

It is reasonable to think that by working on the key SAM drivers, both customer and company results should be improved, especially in terms of growth, innovation, profitability and customer loyalty. SAM is an art as much as a science, and the sales force productivity drivers approach as described in this article – properly adapted and implemented for SAM – should significantly enhance organic growth at all strategic and global customers. 



**IN STRATEGIC CUSTOMER ANALYSIS AND ACCOUNT PLANNING WE FIND SOME OF THE MOST CRITICAL SAM SKILLS.**

In leadership (exciter) we can also conclude that a good manager of SAMs will have the ability to coach them on their necessary critical skills. These include understanding the customer’s business drivers; organizing collaborative processes to develop solutions; creating internal alignment to deliver the committed value to the customer, such as aligning engineering to the committed customer value proposition; etc.

And finally metrics (controller) are also critical for SAMs. Consolidated profitability measured around the

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Bernard Quancard will give a presentation about the elements of strategic account management at the Strategic Account Management Association’s 45th Annual Conference in May in Hollywood, Fla. He is president and chief executive officer of SAMA ([www.strategicaccounts.org](http://www.strategicaccounts.org)) and can be reached at [quancard@strategicaccounts.org](mailto:quancard@strategicaccounts.org) or (312) 251-3131. Andris Zoltners is professor of marketing for the Kellogg School of Management at Northwestern University and founder and co-chairman at the consultancy ZS Associates Inc. ([www.zsassociates.com](http://www.zsassociates.com)). He can be reached at [andy.zoltners@zsassociates.com](mailto:andy.zoltners@zsassociates.com) or (312) 233-4800.

*Additional resources*

For more information on this subject in SAMA’s library, the editors recommend: Bernard Quancard, “On-demand webinar: elements of strategic account management,” Jan. 13, 2009, [www.strategicaccounts.org](http://www.strategicaccounts.org); and Michael Moorman and Joshua Rossman, “On-demand webinar: breaking through to the next level of value-based selling capability,” Dec. 2, 2008, [www.strategicaccounts.org](http://www.strategicaccounts.org)