

# Introduction

*The smart use of sales analytics and decision frameworks helps ensure that the right sales team is in place and is engaged in the right activities for driving success with customers and delivering results.*

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## Today's World of Sales and the Role of Analytics

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Gone are the days when running a sales force followed a three-step recipe:

1. Hire charismatic people and train them.
2. Point them toward customers and prospects.
3. Pay for performance.

Today's world of sales is more complex. Customers are better informed and far more demanding. Competitors are quick to seize an edge or close a gap. Salespeople need to step up with a higher level of knowledge. To be valuable, they need problem-solving and consultative skills; good products and relationships are only table stakes. As sales leaders ponder the challenges of structuring, sizing, deploying, hiring, developing, motivating, informing, and controlling their sales organizations, they are working with a new generation of technology-savvy workers and an explosion of data and technology that has several components:

- Escalating volumes of information on customers, sales transactions, market potential, competitors, sales activity, and salespeople
- Social networks such as Facebook, LinkedIn, and Twitter
- More powerful and fast-changing computer, storage, and mobile communication technologies
- Advanced models and analytic tools

All this creates opportunity, and *that* is the central theme of this book.

The opportunity exists, as never before, to leverage data and judgment with the help of decision frameworks. A decision framework is a structured way to think about an issue so as to minimize bias and enhance decision quality. But there are risks too. It's not easy to see clearly in the fog of too

much information. And information can be used selectively to justify any preconception. *Far too often, we see new sales force technologies hyped before they are proved successful, and in many cases, the results have been disappointing.*

Take, for instance, what we call the *Long Path to CRM Success*. During the late 1980s, companies spent billions of dollars and millions of hours building and operating the first wave of customer relationship management (CRM) systems. As early as 1990, the Conference Board (a global, independent business membership and research association headquartered in New York City) cautioned that half of these companies regretted going down that path. In the second wave of CRM system implementation, led by software company Siebel Systems, companies spent tens of billions of dollars. Yet many surveys conducted around the year 2000 reported that 50 to 70 percent of these implementations failed. People who rolled out CRM systems at that time seemed to like the systems most just before they implemented them. Now in its third wave, recent CRM efforts are more successful; companies have learned from the early failures. Today's industry-tailored solutions are quicker to deploy and lighter to sustain. But it took more than 20 years to get to this point.

## How This Book Can Help Your Sales Force

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We are neither fad chasers with the latest silver bullet nor cheerleaders exhorting you to jump on the latest data and technology bandwagon. For over 30 years, we have been helping companies around the globe leverage the power of analytics to do the blocking and tackling for driving sales force success. We started our consulting firm, ZS Associates, in 1983, and by 2014 the firm had grown to more than 2,500 employees worldwide. Over 60 percent of ZS consultants' time is spent helping companies use data and technology to make and implement better, analytically based sales force decisions. Here are a few examples:

- How can salespeople identify the right customer opportunities? What sales activities best seize those opportunities?
- How can sales activities be organized into effective selling roles? How many people do we need in each role?
- What is the profile of a successful salesperson? Does our recruiting program acquire the best talent? Are we training and developing the right competencies?

- What information and tools does the sales force need to create value for customers?
- Are incentive programs, goals, and performance management processes aligned to motivate high achievement and drive results?

We have seen firsthand the tremendous potential that analytics and decision frameworks have to address these and other questions. We are convinced that sales forces that use analytics to approach sales decision making consistently outperform those that do not.

But we also know that realizing the potential is not easy. There are huge challenges to overcome, including these:

- **Proliferation of data.** It's challenging to sift through all the data that's available today to find the most relevant and accurate information for supporting sales force decisions. Some data sets have become so large and complex that traditional data processing methods won't work. It's also challenging to maintain objectivity and avoid using selected data to justify one's bias.
- **Getting the cooperation of many people.** Often, multiple company functions must collaborate to make sales analytics work, including sales, marketing, human resources, finance, and information technology. This requires people with different mind-sets and motivations to work together. The challenge becomes even greater when outsourcing partners, including offshore resources, are thrown into the mix.
- **Constant change.** Sales analytics must respond to ongoing change in the marketplace, evolving company strategies, and rapidly advancing technology. Change creates opportunity, but it also creates the challenge of keeping sales support programs, systems, and processes flexible enough to adapt. It requires that people who participate in the sales analytics function can learn and adapt.

This book can help you address these and other challenges. It provides dozens of practical insights that we've gained by working with Fortune 500 companies, as well as smaller entrepreneurial businesses, on how to tap into the power of analytics to drive sales success in today's complex world. Here are just a few of the many examples featured in the book:

- **Roche Diagnostics.** Guided by a vision and charter for using analytics to support sales decisions, this global healthcare leader achieved the ambitious goal of increasing the company's market share by 3 points

in just a year and a half. Recognizing the importance of analytics to sales success, the company elevated sales analytics leadership to a vice president–level position (see Chapter 1).

- **Oakwood Worldwide.** An initiative led by the sales operations group at this leading provider of temporary furnished and serviced apartments transformed the company’s sales process to emulate the best practices of top-performing salespeople. The sales operations group supported the new sales process with tools and metrics and proactively diagnosed opportunities and challenges on an ongoing basis. Win rates for deals tripled, sales cycle time dropped by over 50 percent, and salesperson turnover shrank to under 5 percent (see Chapter 3).
- **Novartis.** Annual sales force effectiveness reviews drove six consecutive years of double-digit, top-line growth for this global healthcare leader. The company identified high-priority sales force effectiveness projects each year, executed an improvement plan, and measured progress. One initiative, a performance frontier study for salespeople, was linked to improved customer perceptions of salespeople and better sales results. Based on its initial success in the U.S. market, Novartis replicated the approach globally (see Chapter 6).

## Who Should Read This Book

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*The Power of Sales Analytics* can help *sales leaders* (current and aspiring sales vice presidents and directors) take their sales organizations to the next performance level by using analytics to enable smarter sales force decisions. It can also help *sales analytics leaders* (current and aspiring directors of sales analytics or operations) discover new ways to add value to their sales forces and learn how to implement strategies for delivering that value.

## How This Book Is Organized

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*The Power of Sales Analytics* lays out a practical approach for using analytics and decision frameworks to boost sales force performance. We call the approach, which is described in detail in Chapter 1, the *support-diagnose-design-partner framework*.

- *Support* provides the data and analytics to keep the sales machine operating.
- *Diagnose* puts sensors in place to address concerns and identify improvement opportunities.
- *Design* uses analytics and decision frameworks to create or enhance the decisions and processes that drive sales force effectiveness.
- *Partner* provides advisory capacity to help leaders set priorities and direction and enact strategic and tactical sales force change.

After Chapter 1, the chapters are grouped into two main sections. Each section addresses a core question that you'll need to answer in order to realize the value of sales analytics in your organization.

- **Section 1:** How can analytics improve sales force effectiveness? We'll demonstrate what is possible in eight key sales force decision areas.
- **Section 2:** How do you build the capability to make it possible? We'll show you how to overcome some key implementation challenges and realize opportunities to make sales analytics work.

## **Section 1: How Analytics Improve Sales Force Decision Making**

Section 1 (Chapters 2–9) demonstrates the potential benefits that the smart use of analytics can bring to your sales organization. It lays out a range of opportunities, organized around the support-diagnose-design-partner framework, and shares specific analytic techniques, decision frameworks, and examples. Each chapter in Section 1 demonstrates the power of analytics to improve decision making and enhance performance in one of eight key sales force decision areas:

- Customer potential estimation (Chapter 2)
- Sales process (Chapter 3)
- Sales force size and structure (Chapter 4)
- Territory design (Chapter 5)
- Hiring and training (Chapter 6)
- Incentive compensation (Chapter 7)
- Goal setting (Chapter 8)
- Performance management (Chapter 9)

## Section 2: Building the Capabilities to Make Sales Analytics Work

Section 2 (Chapters 10–13) is for leaders who believe in the value of sales analytics and who want to build or improve capabilities to realize the opportunity. Capabilities include people and competencies, processes, and data and tools. Ultimately, those who are successful can build a partnership in which sales analytics leaders have the respect of top company leaders as key contributors to sales force success. Section 2 starts with an overview of how to build capabilities (Chapter 10). Then it discusses three special challenges and opportunities that can affect implementation success.

- Outsourcing and offshoring (Chapter 11)
- Achieving sales and information technology alignment (Chapter 12)
- Implementing sales analytics when launching a new sales force (Chapter 13)

### The Ultimate Objective

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We hope that *The Power of Sales Analytics* introduces you to several ideas that you can put to work immediately to drive sales force performance and build competitive advantage. The smart use of sales analytics and decision frameworks helps ensure that the right sales team is in place and is engaged in the right activities for driving success with customers and delivering results.