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SALES & MARKETING INSIGHTS

The Race to Excel at Value-Based Selling: A New and Necessary Approach to Sales Talent Transformation

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The sales profession is entering a new era. The differences in the skill set required to be a successful information provider versus that to be a value-based solution provider are dramatic. Information providers succeed through social relationships, product feature pitches and competitive pricing.

Value-based solution providers succeed through deep understanding of customers' business models and needs, the ability to develop solutions specific to those needs and the ability to communicate and prove greater value than the alternatives. The important point is that value-based selling requires a level of business and financial acumen, knowledge of the customer's business, and sales process skills that go well beyond those required to be an information provider.

The implications of these trends for sales and HR leaders are profound. This paper will explore the implications and how companies can approach the needed transformations in their sales forces.

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Introduction

Sales and HR leaders are facing the need for an unprecedented sales force talent transformation that will affect their companies' performance for years to come. That's because the sales competencies and skills required of a successful sales professional have evolved more during the past 10 years than they did during the prior 50.

Rapid advances in buyer sophistication and technology—combined with increasing competition and commoditization—have changed the sales environment radically. Many B2B buyers now leverage the Internet as their primary source for product information and referrals. Buying committees have replaced individual decision makers in many companies. And individual buyers and committees focus on total economic value as much as on product and service features.

The net effect is that buyers are no longer as interested in meeting with the age-old salesperson whose primary role is information provider. The Internet and social media are making such salespeople obsolete. Buyers today are seeking salespeople who bring new ideas, who can tailor solutions to their specific needs and who can quantify and prove differentiated value.

The sales profession is entering a new era. The differences in the skill set required to succeed as an information provider versus a value-based solution provider are dramatic. Information providers succeed through social relationships, product feature pitches and competitive pricing. Value-based solution providers succeed through deep understanding of customers' business models and needs, the ability to develop solutions specific to those needs and the ability to communicate and prove greater value than the alternatives. The important point is that value-based selling requires a level of business and financial acumen, knowledge of the customer's business, and sales process skills that go well beyond those required of an information provider.

The implications of these trends for sales and HR leaders are profound. Transforming salespeople from information providers to value-based solution providers has proven difficult. Most sales organizations have already taken steps to train their salespeople on value-based selling. And yet, few salespeople are actually good at it.

The customer forces now at play necessitate a breakthrough. The emergence of new B2B buying processes is forcing sales and HR leaders to finally find a way to truly and permanently change their sales force's ability to execute value-based selling strategies.

Limited success with past attempts

Historically, the most common approach to build value-based selling capability has been top-down. A smart team designs a new sales process or buys one off the shelf. The company's training department develops a program to train the sales force or hires an outside firm to do so. Leadership communicates that adoption of the new sales process is critical. The sales force attends training. Everyone enjoys the materials and exercises. And then the sales force returns to the field—only to continue selling much like it did before.

This scenario has played out time and again across many industries and sales organizations. The top-down approach tends to fall short for two major reasons:

1. Leadership mandates and training alone cannot address the change management barriers associated with significantly transforming salesperson behaviors and skills.
2. While training is essential, value-based selling is largely an apprenticed capability. You cannot train your way into it. Value-based selling is complex. Salespeople become effective by seeing it done well and repeatedly applying the new approaches, with their own customers, while receiving expert coaching.

To break through the cycle of failure, practitioners must look more deeply at the psychology of change specific to sales forces.

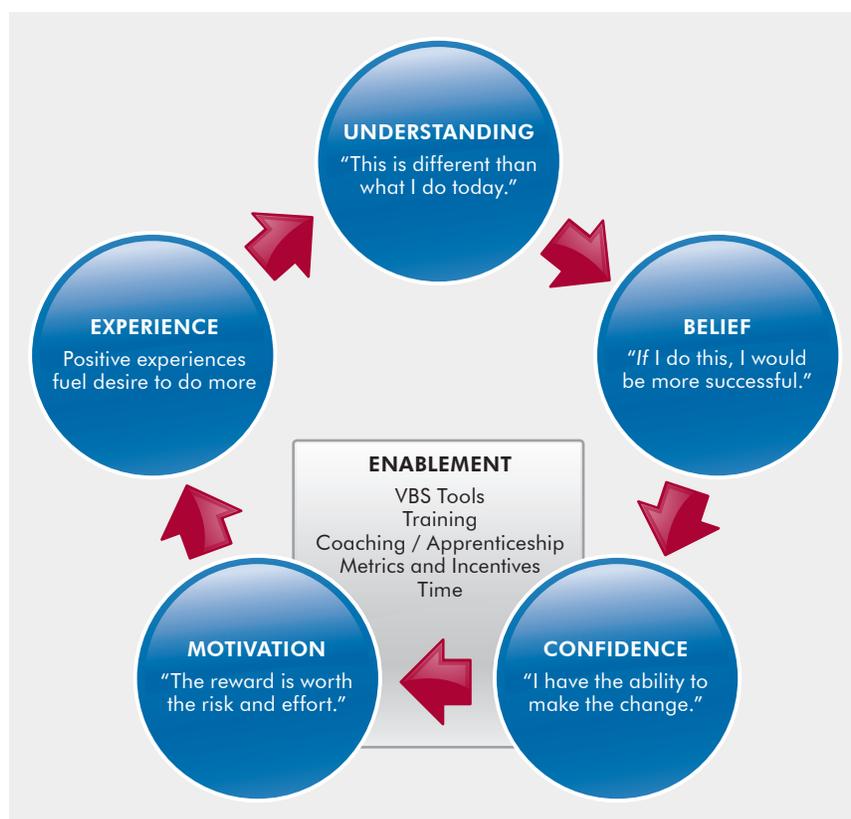
Salespeople operate in a unique environment relative to most company employees. Differences that create meaningful change barriers include the following:

1. **Remote location:** Most field salespeople operate in a remote work environment. They spend a large percentage of their time working alone, and more time with customer contacts than with contacts in their own company. Their managers cannot easily observe and guide their work on a day-to-day basis. Likewise, it is difficult for them to see what colleagues are doing or to receive frequent informal mentoring.
2. **Variable incentives:** Many salespeople are compensated through a variable incentive plan based on outcomes including revenue, profit and share-related objectives. Such plans are powerful motivators and drive focus and effort in a workforce that competes for business on a daily basis and that works remotely. However, because financial well-being is at stake, each salesperson must decide what actions he or she believes will lead to the greatest outcomes, and hence personal financial reward. Salespeople are reluctant to change behaviors if they are not sure that such changes will result in higher performance. And their current behaviors and skills are deeply engrained. It is likely that much of the sales force has been operating in the current way for some time—and many have been quite successful as information providers.
3. **Personal credibility:** Building and sustaining credibility and trust with buyers is absolutely essential to any salesperson's success. Significantly changing the way in which salespeople present themselves and interact with customers with whom they have had long relationships is not easy. Salespeople typically feel awkward and insecure during the transition time required to build new skills. And if they don't manage the transition well, there is real risk to their personal relationships and credibility.

4. **Historical hiring profile:** In many sales organizations, the hiring profile favored individuals with strong communication and personal relationship-building skills. While both are valuable attributes, they do not guarantee that the individual will also be able to develop strong business acumen and associated problem-solving skills, required for value-based solution selling.

To overcome the barriers outlined above, sales and HR leadership must address sequentially the gates to new behavior adoption and sustainment. As depicted in Figure 1, these gates include the following:

Figure 1.



1. **Understanding:** The sales force must understand specifically what the tangible new behaviors and skills are, and how they are different from what it does today. One of the most common salesperson reactions that we observe when introducing value-based selling is, “I already do that” (e.g., “I do ask my customers what they need and I do provide them with a product or service that meets their need—so therefore, I am solution-selling”). Not until these same salespeople actually experience how a value-based seller operates do they realize that “I don’t do that!”.
2. **Belief:** Assuming a tangible understanding of how they are being asked to change, salespeople’s next gate is belief. They must believe that if they make the requested changes, they will be more successful (e.g., sell more).
3. **Confidence:** They must then believe that they have the personal abilities to successfully change if they so choose. Strong and relevant proof-points of impact and feasibility are typically required to achieve belief and confidence in a majority of the sales force.
4. **Motivation:** The next gate to sustained adoption is sufficient motivation to initially try the new behaviors. Transitioning from information provider to value-based seller requires personal sacrifice. On the emotional side, fear and degrees of self-doubt can fuel anxiety. On the effort side, it is hard work and requires significant extra effort for salespeople to successfully learn and apply value-based selling skills.

More than a leadership mandate and encouragement are required to drive initial trial. The incentive and reward systems must be aligned, and enablers must be provided. These enablers include training, but also include apprenticeship-oriented coaching, value-based selling tools and time.

5. **Early experience and sustained adoption:** Early successes improve the odds that a given salesperson will stick with value-based selling long enough to become good at it. Recognizing and fostering these successes is one role of the apprentice-coach. Such early successes fuel understanding, belief and motivation to do more—leading to a virtuous cycle. When early successes are absent, most salespeople quickly revert to their old way of working.

The pivotal role of first-line sales managers in the transformation from information providers to value-based sellers cannot be overstated. More than any factor, the enthusiasm, commitment and skill with which first-line managers approach the transformation will dictate ultimate success. As emphasized, value-based selling is an apprenticed skill, not a trained skill. The first-line sales manager must provide the apprenticeship. This means that they themselves must be expert in value-based selling. The Catch-22 is that many first-line sales managers might not have received apprenticeship themselves. They, too, must commit to personal change while also driving change in those who report to them.

Salespeople take a strong cue from their first-line sales manager. If the first-line sales manager is unsure, they will be unsure. If skeptical, they will be skeptical. If committed, they will tend to be committed. First-line sales managers provide the encouragement and sustained push essential to initial adoption of new behaviors, and later to continuous improvement. Gaining first-line manager buy-in and commitment in advance of rollout is a critical success factor.

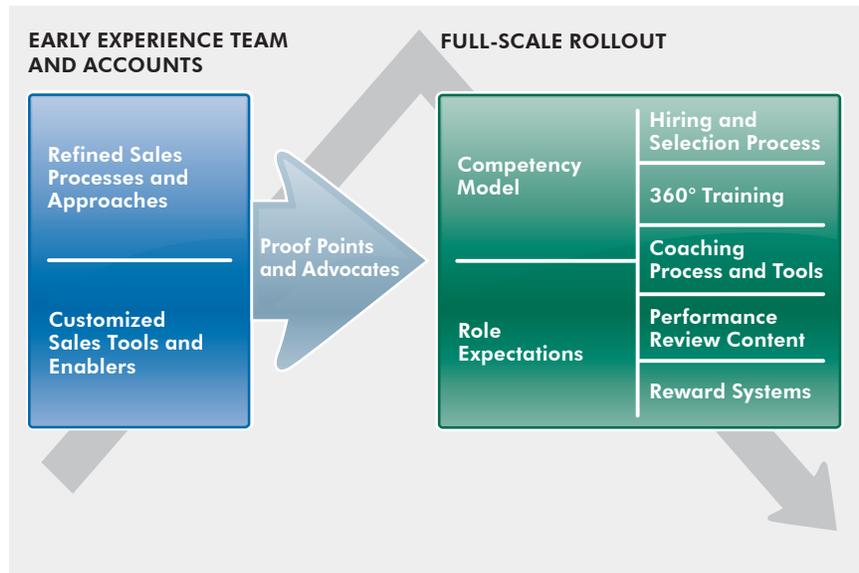
Transformation demands a bottom-up, holistic approach

The transformation to value-based selling is one of the most difficult sales force transitions to achieve. Unlike with structure, sizing and territory changes, management cannot drive this change from headquarters. Ultimately, the degree and quality of change rests on individual decisions that each salesperson makes in the context of his or her own objectives and capabilities.

Past attempts based on top-down approaches have not worked. Success requires an approach that provides the right sales process design, and that also addresses the change barriers.

Our experience is that a bottom-up approach to design and validation with a small and influential “early experience team”—followed by a comprehensive approach to engaging the broader sales organization—can lead to a successful transformation to value-based selling.

Figure 2.



As depicted in Figure 2 above, one strategic investment that companies can make to drive successful transformation to VBS is to launch an early experience team (EET). The role of the EET is to partner with management to codesign the sales process and new value-based selling tools, and to validate and refine both through use with actual customers.

The composition of the EET is critical. Our experience indicates that a small cross-functional team results in the best outcomes. Typical team members include a handful of well-respected salespersons and first-line managers, in combination with point persons from marketing, HR and training. It is also essential to have value-based selling experts on the EET. These individuals not only help guide process and tools design, they also demonstrate the new skills required for value-based selling.

A well-executed EET process has powerful outcomes:

- The company has achieved early wins with the accounts targeted during the EET process.
- The company has a validated sales process and tools that reflect their specific selling environment.
- The company has salespeople who will attest to the new process and tools, and help their peers understand and believe that there are differences relative to the past approaches.
- A group of first-line managers exist who have experienced value-based selling and are far more prepared to coach others.
- HR has a deeper understanding of the actual competencies that will be required under the new selling model.
- Training has a much better understanding of the development needs associated with the new selling model and can leverage case examples and sales manager experience from the EET validation phase.
- Leadership has actual proof to aid investment decisions and their change management communications moving forward.

Organizational effectiveness drivers must be well-aligned to support change

The next step is a systematic alignment of sales effectiveness drivers that collectively motivate and enable sustained value-based selling capability across the broader sales force. Without this alignment, many salespeople will quickly revert to employing the familiar skills and behaviors that worked for them in the past.

As depicted in Figure 2, these drivers include the following:

- A **competency model** that directly aligns with the new sales process. Generalized competencies are no longer sufficient to reinforce desired behaviors for the sales team.
- **New hiring processes** that systematically test for value-based selling capabilities through a combination of case-based and evidence-based interviewing techniques.
- **Training** programs for all key roles and levels in the sales organization, with an emphasis on blended learning programs that provide ample opportunity to practice new skills and reflect on experiences.
- Formalized **coaching** that reinforces expectations and ensures consistent apprenticeship of core value-based selling skills.
- A **performance management process** that measures and recognizes the development and demonstration of critical new skills and competencies.
- **Rewards** and incentives that align with and reinforce the desired behaviors and outcomes.

Once these drivers have been aligned, then—and only then—is the organization ready for a broader rollout. Often, a broader rollout focuses first on those salespersons, such as key account managers (KAMs), for whom having value-based selling capability is especially important for the company's performance. When determining how to sequence the rollout, success depends upon avoiding the temptation to do too much too fast. A cascade rollout that starts with the most important roles (e.g., first-line managers and KAMs) creates the quicker wins that are necessary for sustained momentum.

CASE STUDY

ZS recently partnered with a B2B sales organization that, like many organizations today, was facing increasing pressures due to the evolving buyer sophistication and competitive landscape. Its executives wanted to transform a highly reactive, transactional sales force into a world-class, solutions-focused, value-based selling organization. The organization invested in a holistic initiative to address the issues preventing them from recognizing this vision and an early experience team was key to this initiative.

The EET was engaged over the course of several months to co-design the new sales process, including the critical activities, relevant advances to be sought, measurable milestones, roles of all internal players (not just sales) and key enablers. It also worked with marketing to codevelop new value-based selling strategies and tools critical to effective execution of the new sales process. The EET refined and validated the sales process and new tools by testing them out in their own accounts and sharing challenges and successes.

Through this process, this client built strong advocacy among the EET. Organizational effectiveness drivers were then systematically aligned. During the final implementation, members of the EET played significant leadership roles, both formally and informally, to aid in the adoption of the new value-based selling model.

Customers noticed the difference. Sample testimonials include the following:

"Most professional sales process I've seen."

"Not observed anything like this in the industry before."

"The result was some of the most thorough work we've seen from any company, and was tailored specifically around our needs and priorities."

Successful implementation of value-based selling played a central role in a 17% improvement in revenue growth.

A comprehensive approach: Difficult but achievable

Value-based selling is not a new idea. It has been around for many years. Many sales organizations have invested in building value-based selling capabilities. And while some progress has been made, top-down approaches have been largely unsuccessful.

Significant and rapid change in buyer sophistication and preferences is now forcing the issue. Value-based selling is no longer a nice aspiration. Most sales and HR leaders must rapidly transform their sales forces from information providers to effective value-based sellers in order to remain relevant and competitive.

A bottom-up approach that produces an effective sales process and tools while addressing key change management issues is a strong starting point. When followed by comprehensive alignment of critical drivers prior to broader rollout, success is achievable.

About the authors

Mike Moorman is a Principal in ZS's Chicago office and is Managing Principal for ZS Associates' B2B Sales & Marketing practice. Since joining ZS in 1993, Mike has consulted with more than 40 organizations in the high-tech, transportation, financial services, industrial products, media and publishing, telecommunications, consumer goods, energy and health-care industries. Mike's primary expertise is in B2B value-based sales and marketing, sales organization design, market coverage optimization and sales effectiveness. Mike has led large-scale sales transformations related to mergers, reorganizations, sales effectiveness initiatives and client capabilities building. Mike has a Bachelor of Science in aeronautical engineering from Wichita State University and a Master of Management degree from the Kellogg School of Management.

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About ZS Associates

ZS Associates is a global leader in sales and marketing consulting, outsourcing, technology and software. For almost 30 years, ZS has helped companies across a range of industries get the most out of their sales and marketing organizations. From 20 offices around the world, ZS experts use analytics and deep expertise to help companies make smart decisions quickly and cost-effectively. ZS comprises multiple affiliated legal entities. Learn more at www.zsassociates.com.



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