



ZS ASSOCIATES

SALES & MARKETING INSIGHTS

ZS Interview: Customer Insights— the Building Blocks for Sales Force Transformation

Participant: Erik Long

In today's selling environment, buyers are becoming more sophisticated and demanding while competition continues to escalate. To maximize their sales and marketing investments, forward-thinking companies are transforming their sales forces to address these challenges and drive profitable growth.

At the heart of sales force transformation is a deep understanding of customers and prospects, including their needs and motivations, buying processes and preferences, basis for loyalty and their economic potential.

Customer insights provide the foundation for developing a highly effective sales organization, but too often, companies fail to develop the necessary insights to segment the market in a meaningful way or to create value propositions that will clearly differentiate them from competitors, says ZS Principal Erik Long.

Erik, who has worked extensively with companies on developing and leveraging effective customer insights, talked about why robust customer insight is so important to sales force effectiveness, and the high cost of inaction in an era of market complexity and functional silos.

About the Expert

Erik Long,
Principal

ZS Associates,
Chicago

Erik has
helped clients



improve their sales force effectiveness in many industries, including high tech, consumer packaged goods, retail, financial services, health care, and travel and hospitality. He has worked on developing customer insights, market segmentation and targeting; brand positioning and portfolio strategy; market-driven growth strategy; customer experience management; and integrated performance measurement and tracking.

Why is deep customer insight important to sales force transformation?

ERIK LONG: Sales force transformation isn't simply about training your front line or restructuring incentives, but rather it's a fundamental change in how the sales force operates and responds to market opportunities. Before making such dramatic change, it's critical to uncover and understand customer needs, pain points, buying preferences and economic potential, and to identify and prioritize available growth opportunities—and then segment your customers and prospects so you can align your commercial resources accordingly.

Often, a sales force transformation entails changing the value proposition, sales structure or sales process, or a combination of these, which depend upon truly understanding customer needs and behaviors, and segmenting the market in a meaningful way. You simply can't make sound sales force decisions without a foundation of relevant customer insights.

A robust segmentation includes not only multidimensional understanding and specific profiles for each segment, but also prioritizes the market-driven growth opportunities and tailors your value proposition to resonate with the most attractive customer segments. Deep customer insight is key to communicating and demonstrating the value of your offerings.

How is customer insight key to demonstrating and communicating value?

ERIK: Primary market research on the unmet or under-delivered needs and benefits sought, related to the specific product or service offering, can uncover and help prioritize the most relevant offer elements.

There are specific choice-modeling tools that can be used to force trade-offs among various offer elements that can model the relative importance of these offer elements, and provide a means for comparing various combinations or bundles of offer elements. For example, one airline company has used this methodology successfully to get insights on the most relevant aspects of its frequent-flier program, and design its offerings and how it communicates the value of these offers to specific travel segments.

How might segmentation lead to a broad sales force transformation?

ERIK: Of course, all companies segment their markets; it's a key part of any go-to-market strategy. Sometimes segmentation frameworks are based solely on the customer's size or perhaps its industry. Now, if you can get a richer understanding of your customers' needs, motivations and buying preferences, it may help identify new segments or view existing segments in a different way that changes how the sales force approaches customers in these segments.

For instance, you may need to create a new channel like inside sales, or find a different type of channel partner to serve a unique customer segment. These changes, in turn, typically lead to a number of downstream changes, ranging from sales force size to account assignments to competency requirements to incentives and rewards. The list goes on and on.

Similarly, how can customer insights help a sales force identify and capitalize on growth priorities?

ERIK: When you have a deep understanding of your customer base, you can assess sales potential and the basis for addressing that potential. If, say, the potential for growth in a given segment is based on customer retention, you may need to make a fundamental change to the sales force structure, roles or sales process to ensure appropriate focus on customer delight and retention. Again, changes to the structure or sales process will invariably lead to other downstream sales force changes.

How can companies ensure that their customer insight efforts are incorporated into sales force decisions?

ERIK: How many times have you seen a company go through a segmentation exercise, and the result ends up sitting in a binder on a shelf? Why does it happen? It could be that the exercise was driven by marketing without any collaboration from sales and there is no buy-in for the results. Or it could be that the segments are interesting and statistically sound, but are too theoretical and cannot be mapped to individual customers and accounts.

Whatever the reason, these kinds of issues can be avoided if sales and marketing are aligned from the outset and leadership commits to taking action and making different choices for its commercial organization based on the customer insights.

Another effective way to achieve this is to create different ways to inspire the organization and get the insights into their hearts and heads with a range of action-oriented tools. For example, specific segment profiles, customer journey mapping and prospecting-targeting tools can all be leveraged with frontline stakeholders. In any case, it often requires more planning than a PowerPoint deck with an executive summary.

The most critical element, however, is to bring customer insights to the sales organization in an ongoing manner. Many companies have successfully created methods and processes for providing ongoing feedback about their customer experience to the sales organization.

From processes that close the loop with dissatisfied customers to leveraging social media as an opportunity to engage with customers to Net Promoter* systems that track and monitor the key drivers of your customer experience, these are all ways that companies are building the ongoing feedback mechanisms to keep the sales force in sync with customer insights, and on the path to profitable growth.

How does customer insight and segmentation ultimately play out, in terms of transforming the sales force?

ERIK: The sales force is a complicated organism—when you change the market segmentation, you can see some far-reaching effects across a company’s commercial assets. If you’re looking at your customers in a new light and see that their needs are different than you originally thought, it can change how your sales force is structured, what kind of channels you employ and the process of how you sell to each customer, for instance.

Segmentation could possibly affect other aspects as well: the type of sales skills needed for success with certain segments, the size of the sales force and many others. That in turn affects how you hire, train, coach and manage your sales force. It can be a profound change, but for the better.

*Net Promoter is a registered trademark of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.

About ZS Associates

ZS Associates is a global consulting, outsourcing, technology and software solutions firm focused on commercial strategy and implementation. For almost 30 years, ZS has helped businesses across a range of industries address market challenges and optimize performance. 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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