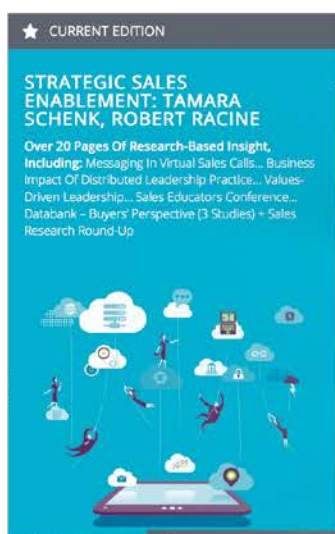


Journal of Sales Transformation

OVER 30 PAGES OF RESEARCH-BASED CONTENT, INCLUDING: VALUE PROPOSITIONS – THE SALES AND MARKETING INTERFACE... KAM FRAMEWORK... INCENTIVES AND MOTIVATION... VALUE CONVERSATIONS: WE VERSUS YOU + SALES RESEARCH ROUND-UP

COUNTDOWN TO JOURNAL 2.0

Sales enablement at your fingertips



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ALIGNING SALES & MARKETING ON VALUE PROPOSITIONS

Dr Simon Kelly

BACK COVER

SPECIAL READER LAUNCH OFFER

“Our sales
have been
transformed

Carl Day, MSc

UK Indirect Sales Director,
Toshiba TEC UK

“In a declining market [0.8% p.a], we took a selection of sales leaders from our UK indirect sales channel, implementing a two-year sales leadership Masters programme with Consalia and Middlesex University.

We saw a 15% decline in revenues reversed, with those leaders on the programme delivering a 45% increase in revenue for Toshiba, contributing to a total growth in market share of 31% in two years.

I would highly recommend this programme to any organisation intent on transforming sales.”

FULFIL THE POTENTIAL OF YOUR SALES LEADERS

Contact academy@consalia.com for more information

Next Open Programme Start : 15.10.2018

Themes

Hot Topics

This year saw the second in our series of Hot Topics events take place. We were delighted to support **Miller Heiman's** recent Sales Enablement Summit in London. You can read a report on the event, which featured topics such as sales enablement and artificial intelligence, as well as a Q&A with an expert panel on [page 20](#). Meanwhile, we quiz **Tim Riesterer**, author of *Three Value Conversations* about the need for a fourth conversation around value; he responds with research around “expanding value” and news of a new research-based book out later next year.

One hot topic that is almost incandescent at the moment is resilience. In this edition we make a brief introduction to the theme of resilience courtesy of a report on the Global Sales Transformation event at the London Stock Exchange organised by sales business school **Consalia** ([page 18](#)). We will explore this topic in greater depth in 2019.

Practitioner-led research

A key aim of the *Journal* is to bridge the gap between academic sales researchers and sales leaders in industry, not least by regularly featuring research content undertaken by business leaders. In this edition we benefit from **Dr Simon Kelly's** PhD thesis which explores the interface between sales and marketing in the context of value propositions ([page 25](#)), as well as two Masters projects from directors in the same SME organisation looking at different aspects of the same subject: motivation. **Mark Bryce** explores whether sales leaders are “addicted” to sales incentives ([page 29](#)), while **Warren Colby** asks whether employee motivation schemes have to be financially focused to improve engagement and output ([page 45](#)).

Joint research between academics and industry are also a regular feature of the *Journal*. In this edition **Professor Nick Lee** of Warwick Business School collaborates with **Corporate Visions** to research the power of “you” versus “we” in sales communications ([page 35](#)). Meanwhile, a group of researchers from Cranfield University continue to provide advice on implementing KAM effectively, while we also have a report of a recent Key Account Management and Strategic Sales Forum at Cranfield from **Richard Vincent** ([page 52](#)).



New Journal platform

For 2019, the *Journal* itself will be transforming as we step up our online offering. *Journal 2.0* will move beyond quarterly publication of the print edition to provide a comprehensive knowledge platform for sales leaders and researchers. It will include all of our existing content curated by the editorial team; this will be fully searchable by topic, content, author and date so you can always find the latest information you need on any sales leadership topic. In addition, we will be adding further content much more frequently and in a variety of formats: text, infographics, audio and video. To celebrate this significant upgrade to the *Journal*, we are delighted to offer individual readers a free one-year subscription to the new platform – [see the back page for details](#).

We would like
to wish all
of our readers,
contributors
and
sponsors the
compliments
of the season
and a very
successful
New Year.

Snapshot



**Tenacity
and
resilience**

54% of initial meetings require more than **5 touch points** – via phone, email, social media, to **book the meeting**.

44% of initial meetings require **6-10 touch points**.

10% require **11+ touch points**.

Over half of sales professionals – **53%** – “**give up too easily when cold calling**”.

48% of B2B salespeople are “**afraid to pick up the phone and make cold calls**”.

From a survey of 160 sales professionals conducted by *Selling Power* on behalf of ValueSelling Associates. Survey completed in the summer of 2018.

In this issue: Q4 2018



On the cover: The Journal transforms into your online resource

2019 will see the Journal undertake its own transformation. As we celebrate our fifth year of publishing you will see the Journal transform into a fully searchable online multimedia resource designed to further support your efforts as a sales leader. We will continue to publish the print version of the Journal – it will remain at the heart of what we do – but the new online format will significantly enhance your experience and expand out offering.

3 Themes – Hot Topics: key areas which sales leaders tell us they need to explore. Practitioner-led research: bridging the gap between academia and the real world. New Journal platform: check out what's coming next from the Journal and why it will help you. **Snapshot – Tenacity and resilience in sales.**

6-7 Thought-Leaders – Dominique Côté argues that pharma needs to transform the way it engages customers if it is to adapt to disruption in the healthcare landscape.



6 Thought-Leaders



18 Hot Topics



20-21 Hot Topics

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25-28 Research

8-9 APS & Global News – News from the Association of Professional Sales and from around the world, including details of a new apprenticeship programme and how advanced analytics can help prevent mis-selling.

10-15 Insight – Nick de Cent kicks off a series on sales methodologies with a review of SPIN. Bob Apollo explores account-based marketing. Mark Davies and colleagues from Cranfield continue their series of articles on KAM with a call to focus on strategy – customer by customer.

16-17 My Journey – Two graduates of the Middlesex University/Consalia Masters programme offer their advice on how best to combine a demanding work and study schedule.



35-40 Research

18-24 Hot Topics – Reports from key events on topics that are front of mind for sales leaders, including resilience, AI, sales enablement, and value conversations.

25-50 Research, including Research Review (45-48) – We open with a focus on practitioner-led research: in his PhD thesis Simon Kelly explores the sales and marketing interface in the context of value propositions; Mark Bryce asks whether incentives are the sales industry's narcotic; and Warren Colby questions whether employee motivation schemes have to be financially focused in order to improve engagement and output. Meanwhile, Tim Riesterer and Professor Nick Lee continue their original research programme with a study that investigates the power of “you” versus “we”



52-53 Conference Report

phrasing in your messaging. Regular contributor Jeremy Noad rounds up the latest sales research that sales leaders need to know about across three broad themes: sales performance, behavioural studies, and systems and tools.

52-53 Conference Report – Richard Vincent presents highlights from Cranfield's latest KAM & Strategic Sales Forum with a focus on the supply chain, purchasing and negotiating.

54 What's On – A full page of APS events, sales-related conferences and sales competitions from around the world to note in your diary.

Editorial board

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Towards a healthier sales model

Dominique Côté

Pharma needs to transform the way it engages customers if it is to adapt to disruption in the healthcare landscape.

For the past 20 years, I have been involved in pharma discussions regarding the need to radically change our sales and engagement model. The pharma industry has shifted from defining its customers as the physicians prescribing to patients to a much more complex environment – one where the customer is defined by a diverse group of players which participate in the decision-making around treatment and access to treatment. From my perspective, the ultimate customer, although indirectly, has always been the patient. This is now becoming increasingly important.

However, in an industry that is being highly disrupted by the current technology explosion and remains under significant regulatory pressure, both the demand and the uncertainty are making it easier said than done to engage in a cohesive fashion with the different customers.

Mega trends

These are a few of the mega trends that are forcing us to change our traditional engagement models:

- **Value-based healthcare** is putting pressure on contracting and pricing as we move away from price-per-unit and volume-based pricing to value outcome and risk sharing; this is resulting in increased sophistication and partnering.
- **Technology – from 3D printing of tissues and organs to machine learning and AI.** The days of being diagnosed using a mix of a scanning app connected to personal health data via a virtual platform—where a doctor can diagnose and prescribe—to delivery of your prescription to your doorstep by drone may not be that far away. The technology will also transform our landscape from drug discovery to commercialization, as well as how patients access our products and solutions. By 2020, chronic conditions like diabetes

will be diagnosed in minutes using cognitive systems.¹

- **Patient empowerment.** Today's patient is becoming increasingly important as a decision-maker. Meanwhile, the definition of health is shifting from being illness free to simply being well. It is also broadening – today the solution to a disease is not simply medication but increasingly about a holistic approach that goes beyond the product to include devices, apps, environment, diet, and so on. Moreover, the overall solution is different for each patient, and getting more individualized.
- **Competition landscape.** Given this backdrop, pharma urgently needs to evolve how it partners around the basic issues and broad healthcare challenges. It is critical to create a more collaborative model aimed at curing illness and to provide holistic solutions to patients. All of this means that our competition is no longer solely the pharma industry, but technology companies and startups as well. To be successful, we need to change our mindset to create partnership with organisations, which we formerly used to view as our competitors, in order to provide more value to the healthcare systems and their patients in a coordinated effort.

Updating our go-to-market model

In order to be able to face these changes and adapt to them, our go-to-market sales and engagement model will need to evolve as well. We will need to really start looking “outside in” and understand the broad view of our customers’ clinical, business, environmental and financial needs.

We will need to look at our patients’ journeys and what is important to them, and then to explore how we can partner both within the organisation and externally to provide that holistic solution in a synergistic way. We will need to listen differently to bring simplicity and insight in a complex environment, understanding the whole customer, while also being proactive in identifying their challenges.

What does this mean for sales?

Our sales approach will have to change in three significant ways:

1. **Integration** – We can expect to see a more integrated sales model aligning with the healthcare environment evolution. These will be based on account teams, where both the customer and the pharma put teams together to resolve issues and co-create solutions that have the most impact. These account teams are no longer the salesperson in a silo anymore, but a full cross-functional team including enabling functions, marketing, procurement, alliances and so on; they bring their own thinking to the table to create innovative value with the external customer with the flexibility of personalization for the patient through a holistic disease view.
 2. **New emerging customers** – We need to embrace new, emerging customers that are becoming critically important in decision making, and continue to evolve in step with the evolution of the healthcare environment, including home management groups, healthcare businesses, and outsourcing businesses to name a few, and engage with multidisciplinary teams.
 3. **Globalisation** – Despite years of looking at accounts defined by countries, we can expect to see more and more emerging accounts in the healthcare system that are regional and global; as with other industries’ strategic account models we will be breaking boundaries. This will require account management individuals who can understand the needs and priorities of these regional/global accounts and connect internally with the sales organization to offer a full account view and accompanying strategic planning. This will also need us to connect the dots between the customer organization and the often-complex internal organization, initiating a shift to mirror key customers in our own organization.
- The business model shift in pharma will require companies not only to build their ability to look beyond the pill/ devices and innovate in terms of the

Engagement model evolution to include:

- Outside-in perspective
- Patient needs
- Build collaborative account teams
- Partnership for holistic and valuable solution

value they can offer, but to embrace a true internal transformation involving the whole organization. The need is for a cultural shift to get closer, more human for our customers and our customer's customers – the patients.

Pharma will need to enable the engagement models through people, technology and processes, and be driven by this. They will need to align their models with their respective healthcare environment, working collaboratively with their partners, competitors and customers to co-create solutions for the real needs of the patients. This will hopefully lead us back to a more human approach to medicine, spending more time focused holistically on the patient and also fulfilling their unmet needs.

We are going through exciting time where organizations that focus on this transformation will thrive. This is a great opportunity to make healthcare better for everyone, especially the patient: a role that we all find ourselves in at one time or another.

¹ Frost & Sullivan's transformational health program via Forbes: Five technologies that will disrupt healthcare by 2020, March 2016



About the author

Dominique Côté has joined the Summit Group after 28 years in the corporate world (in pharma, biotech and devices). As a global executive she had the opportunity to spearhead and be part of KAM cultural shifts, strategies and executions in organizations such as Pfizer and Zoetis. She has been passionate about customer patient-centricity and KAM throughout her career. She has sat on the board of SAMA (Strategic Account Management Association) since 2011, and leads the Life Science Practice and EMEA customer development at the Summit Group.

All the sales content you need in one place

From the New Year the Journal will be more convenient and easier to access.

We are very proud to announce that the *International Journal of Sales Transformation* has now completed four years of publishing. This is a significant landmark for the *Journal* – one that we are marking with a transformation of our own.

As we celebrate our fifth year of publishing you will see the *Journal* transform into a fully searchable online multimedia resource designed to further support your efforts as a sales leader. We will continue to publish the print version of the *Journal*; it will remain at the heart of what we do, but the new online format will significantly expand out offering. It will enable readers to:

- Access the information you need all in one place.
- Search for content by multiple topics.
- Find out what you need to know – fast.
- Discover what the latest research means and discover insights into how it could work for you.
- Bridge the gap between theory and practice.
- Learn how other sales leaders have done it.
- Find the content you need to support your sales qualification.

In the New Year content will be available in a range of formats – audio, video, graphics and text – and we will update content much more frequently. We will also be making content available by topic so that you can easily find out what you need to know on anything from “artificial intelligence” to “zero-sum game”.

It will also be far simpler to subscribe to the *Journal*. We will continue to offer individual subscriptions alongside flat rates for companies (internal use only) and academic institutions (for students and faculty). In general, the *Journal* will be available online via IP address recognition (via proxy server when off-site) – making access for readers extremely quick and easy.

Meanwhile, we will also be expanding our global coverage. We already welcome readers from over 30 countries and we look forward to providing an increasing amount of local content.



Reader offer

See the back cover of this edition for an exciting special offer. To celebrate our upgrade, we are offering free access to the *Journal* 2.0 website for a limited period.

www.journalofsalestransformation.com

Government backs level 4 apprenticeship

Some 10,000 new level-4 apprentices could soon be joining the UK sales profession every year. That's the view of Association of Professional Sales joint CEO, Ben Turner. He told the *Journal*: "There is no reason why not; there's not been an employer of any size that has looked at this and said 'having professionally qualified apprentices in sales is a bad idea.'"

The APS is encouraging companies to make the most of apprenticeship levy money by employing their own apprentices following government approval of a level-4 apprenticeship for frontline sales executives, announced on 8 November 2018.

World leaders

The new programme holds out the promise of making the UK world leaders in producing professional, qualified salespeople. The APS has agreed the qualification's shape, skills and funding with the government, following input

from the wider profession including industry and training providers.

Qualified salespeople

The APS is hailing the initiative as a major boost for the UK sales profession. Turner added: "The overarching success of this is that there will be more qualified salespeople than ever before in the UK. We will have the most engaged, most qualified salesforce to help build British businesses."

Each 18-month apprenticeship programme will cost £6,000, but employers will be able to pay that from the apprenticeship levy which was set up by the government in April 2017. Apprentices will be trained in the fundamental skills of selling to make sure they are business ready. To ensure they receive a rounded, commercial education they will also focus on key topics such as business acumen and digital selling strategies.

Level-4 apprentices who participate



Nick de Cent

▲ Ben Turner: "More qualified salespeople than ever before in the UK."

in courses through training centres recognised by the APS will be admitted as members of the APS and will receive qualifications awarded by the APS.

Lengthy process

The approval process has been a lengthy journey. The first stage – agreeing the qualification standard – was confirmed at the end of 2017, with the funding band for the programme signed off a year later.

APS launches in Manchester and the North West

The Association of Professional Sales launched its North West England branch at an event in Manchester on 14 November.

Hosted by telecoms giant Vodafone at its Wythenshawe offices, the launch saw digital sales strategist and award-winning technology entrepreneur Warren Knight present a keynote address on the theme of social selling in the digital age. He explained a three-step process to turn digital visitors into repeat customers. He said the goal was to allow people to engage with you and your brand on the platform of their choice.

Knight was joined by APS Managing Director, Alison Matthias who discussed

why resilience and grit are important in sales.

Expanding

APS Co-CEO Andrew Hough said: "We already enjoy successful partnerships around the world in Asia, the US and Europe and are now expanding across the UK to give business professionals the same access to our networks and events that are enjoyed by our membership in London and the South East."

The APS says it has plans to launch in Paris, France in 2019.



Nick de Cent

▲ Andy Hough: "Successful partnerships."

Use advanced analytics to identify mis-selling say consultants

Consultancy firm McKinsey is advocating using advanced analytics and machine learning to help institutions combat conduct risk – for example, in sales environments – as part of a more comprehensive and cost-effective solution. The approach would help "connect the dots" across individual and team activities by integrating customer and other data.

The consultants argue that connections are often hidden in data that derive from multiple sources. Using advanced analytics and machine learning to mine rich data sets can identify "incongruous sales or transaction patterns, misaligned incentives, and inappropriate customer interactions". The firm cites various high-profile instances of financial services misconduct in Canada, the UK and the US. These took place in retail and commercial banking, capital markets, and wealth management.

A data model can link sales

data at the level of individuals and departments (or teams and branches) with other sources of insight such as customer feedback and product data, according to McKinsey. Connected data might include transactional and sales-performance data, customer patterns (such as portfolio activity for wealth management), and customer intelligence (such as call records to service centres, surveys, complaints) alongside company location and hierarchy information. The data integrated could also include content from chat rooms and instant messaging. McKinsey also advocates the use of natural language processing, a type of artificial intelligence that enables computers to interpret free-form written or spoken comments.

See: *The advanced-analytics solution for monitoring conduct risk, November 2018*, <https://www.mckinsey.com/business-functions/risk/our-insights/the-advanced-analytics-solution-for-monitoring-conduct-risk>.

Leeds Trinity offers B2B Sales Degree Apprenticeship

Leeds Trinity University recently announced a level 6 Degree Apprenticeship in Business-to-Business (B2B) Sales. The first programme began on 8 October 2018 with 25 apprentices.

Developed in partnership with global sales business school Consalia, the three-year programme combines university study alongside paid work to teach the skills, knowledge and behaviours for individuals to become effective B2B sales professionals.

The programme, which is aimed at people already working in sales as well as organisations looking to employ salespeople, will be delivered through blended learning. This will include group workshops and seminars at Leeds Trinity, virtual e-learning, and one-to-one sessions.

Modules will cover: the B2B Sales Environment; Market Insights; Psychology of Selling and Negotiating; Customer Experience; Professional and Ethical Sales Practice; Strategic Planning; and more.

Apprentices will develop three work-based sales projects to embed their learning into the workplace and undertake industry-relevant assessments



Nick de Cent

▲ Dr Phil Squire: "'Student-centric' approach to work-based learning."

which might include sales pitches, presentations and market research analyses. Apprentices will also benefit from membership of the Association of Professional Sales (APS) while they study.

Consalia CEO Dr Philip Squire commented: "We are enormously excited to partner with Leeds Trinity. They have a uniquely 'student-centric' approach to work-based learning and a wonderful campus environment."

In Brief

Resurgent IT department

Decision-makers now tend to view the IT department as a supportive enabler of technology purchases, rather than the "roadblock" it was seen as previously – that's according to a survey of how technology attitudes are changing in large organisations in the US and UK.

Vanson Bourne, a UK-based market research organisation specialising in enterprise technology trends, unveiled its third annual State of Enterprise IT insight programme on 19 November 2018. Its most recent research finds that strategic power is swinging back to the IT department: in the 2017 research, 28% said the department was not involved in strategic decisions at all, but this had dropped nine percentage points to 19% in 2018. Six in ten respondents said that the IT department is now driving innovation and new technology adoption, up from four in ten last year.

Additionally, the trend for IT spend widening across the organisation continues, as only 34% of respondents said that the IT department is solely responsible for IT spend, down from 40% the previous year. Departments such as marketing, finance, and compliance continue to buy IT products and services, most likely department-specific cloud-based software (44%) and other cloud services (40%).

Vanson Bourne surveyed 200 IT decision-makers in the US and 100 in the UK. Additionally, ten in-depth discussions were performed with business decision makers in UK organisations.

The research also found that less senior members of staff are increasingly likely to be spending IT budget, suggesting that technology vendors and marketers should carefully consider how to adapt their messaging and media activities.

For more information, visit: <https://www.stateofenterpriseit.com>.

Content Hub

Membrain's Content Hub claims to solve the problem of salespeople having difficulty finding the right type of content when they need it, or worse, using outdated content stored on their desktops. It also addresses the issue of marketing not knowing which content is being used, and what is most effective in increasing sales effectiveness. In contrast to most sales enablement software designed to manage content, Membrain's integrated Content Hub makes content easy to access and use directly from inside the salesperson's sales process workflow.

SPIN Selling

 Nick de Cent

In this series of articles we look at some of the most popular sales methodologies.

What's the difference between a methodology and a process? In sales, the methodology is the application of general – possibly universal – principles to the way we approach a component of the sales cycle albeit that it may also be contextual. A process, in contrast, is usually more specific – probably unique to an organisation's market positioning, offerings, and culture.

There has been an abundance of sales methodologies down the years but only a few have stood the test of time. Here we start with the daddy of them all – SPIN Selling – which was developed by renowned researcher and *Journal* editorial board member, Professor Neil Rackham.

Founded on research

SPIN Selling is a proven technique (founded on research) designed to help sell high-value solutions (products and services) in a business-to-business context.

A lot of selling is about asking the right questions. The SPIN Selling methodology was developed following the careful observation of 35,000 sales calls. This research established that the quality of questions asked by a salesperson was the key to whether or not you might advance down the sales cycle. Ask the right questions and you were in a good place; ask the wrong questions and you were out on your ear.

Four key questions

The SPIN acronym is a mnemonic for the four types of questions salespeople should ask customers:

- **Situation** – These questions aim to understand a prospect's current situation, though in today's world salespeople should do appropriate background research before a call or meeting, otherwise they risk antagonising buyers. Situational questions must go beyond the type of information that could easily be gathered online, for instance – so maybe “How do you track your sales pipeline?” versus “What is your company revenue?”
- **Problem** – Such questions seek to get to the heart of a prospect's issue. Again, in today's environment it is vital that you don't antagonise the buyer by identifying obvious problems that they will undoubtedly have addressed; instead the aim is to surface problems they may not even have considered, often based on your deep industry knowledge.
- **Implication** – Here, we probe the prospect to think about the consequences of not solving the problem.
- **Need-payoff** – This stage generates buy-in by prompting the buyer to articulate how the situation would change if their problem were solved. Because Need-payoff questions encourage the buyer to explain the benefits of a solution in their own words, this tends to be far more compelling than listening to a salesperson describe those same benefits. Accordingly, these questions need to evoke positive emotions



▲ Professor Neil Rackham: researched 35,000 sales calls.

in connection with a significant problem being solved. Additionally, while aiming to reduce objections to an eventual purchase, they also encourage the customer to start thinking about committing to the solution you have on offer. However, do be careful: Need-payoff questions can backfire if they're too obvious – you are likely to come across as condescending. Instead, try to reframe the solution in a way the buyer hasn't previously considered.

Progressing through the sales cycle

SPIN likes to group things in bunches of four, so it's no surprise that this methodology describes four stages to a sale:

- Opening
- Investigating
- Demonstrating capability
- Obtaining commitment

However, the value of the sale will inevitably have a bearing on the length of the sales cycle. Transactional sales may progress through all four SPIN stages during a single sales call; larger, more complex deals inevitably take much longer – anything from a few months to a couple of years.

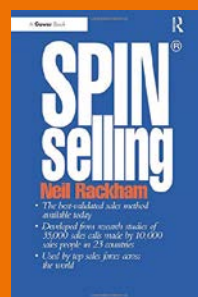
Four outcomes

To measure progress, Professor Rackham also put forward four types of outcome from a sales call. On the positive side is the concept of an **advance**, basically a commitment by the buyer that brings you closer to a deal. Inevitably, this implies *action* on behalf of the buyer rather than a simple request for more information. In contrast, a **continuation** is a conversation that ends without the buyer agreeing to any next steps that will advance the deal.

The most positive outcome from a conversation is an **order**. For large deals, this is usually the last stage in a series. The converse, however, is a **no-sale**, which is obviously the least desirable outcome. Examples might be that you can't meet with the decision-maker, they won't schedule another meeting, or most worryingly, they say there's no possibility you'll work together.

I have a need. Who knew?

In general, note that customers are only motivated to buy something if they identify there's a need. And because there are times when prospects are not even aware there's a problem, the questions you ask are key. Of course, even the best methodology needs updating, whatever its pedigree. A more recent methodology – the Challenger Sales – builds on solution selling to raise issues and suggest problems the buyer might not even have thought of. We will examine Challenger in greater detail in a future edition.



SPIN in the 21st century

When SPIN was devised social media didn't exist. Social media such as LinkedIn, along with business intelligence applications, today provide almost boundless potential for research and understanding buyers' perspectives, as well as the possibility for engagement if done well. See “Social selling – five key concepts” in the September 2018 edition of the *Journal* for more information on engagement.

Bob Apollo on Building Scalable Businesses

ABM: a foundation for partnership

 Bob Apollo

Account-based marketing (ABM), along with its all-embracing cousin “account-based everything”, have been touted by its promoters as a miracle cure capable of halting the precipitate decline in conventional marketing effectiveness – and derided by cynical detractors as just another over-hyped trend. As with most new(ish) trends, the reality is probably somewhere in between.

The essence of the idea, as I have come to understand it, is that rather than pursuing poorly targeted generic campaigns, we should be progressively tailoring and targeting our marketing messages and sales conversations in a way that appeals to the real priorities

chance of reaching its full potential.

Trust

But we also need to make sure that we establish trust between all parties: sales and customer success need to trust marketing to campaign in a way that isn't at odds with their goals for the customers, and marketing needs to trust sales and customer success to play their full part in ensuring that prospect and customer information is as complete and accurate as possible.

Research the facts

If they are to succeed, account-based initiatives depend on in-depth research into and shared intelligence about real organisations and real people, rather than generic, average-based market research or similarly generic (and often risible) buyer personas. They are most effective when based on fact rather than speculation.

But the intimate level of detail needed to conduct truly effective highly targeted account-based initiatives usually does not exist (or is at best patchy)

in most organisations. Any account-based initiative needs to recognise that the initial customer data set will probably have a great deal of room for improvement.

Salespeople and customer success managers have often accumulated information in their heads about prospects and customers that they haven't recorded in the CRM – because they weren't asked, because the fields don't exist, or because they see it as yet another unproductive administrative burden.

Mindset change

For as long as these mindsets exist, they will prevent account-based initiatives from ever reaching their potential. We need to make it easy for everyone to share what they have learned, to recognise what we need to know but don't yet know, and to establish metrics

and put programmes in place to fill the gaps in our customer intelligence.

I've seen highly visible (and often highly expensive) account-based initiatives fail because they focused too much on the glossy deliverables and not enough on the underlying intelligence needed to target them. And I've seen far less expensive, pragmatic campaigns that start small and learn as they go make a huge difference to revenue growth and lifetime customer value.

Investing in ABM technology can facilitate progress but is never by itself a miracle cure. Account-based initiatives succeed in the real world where everybody pulls together to capture, share and apply real customer intelligence in an effective and intelligent way.

And they succeed when marketing, sales and customer success all buy into the concept, see how it can benefit both them and their colleagues, and work together in a collaborative partnership to achieve their shared goals.



About the author

Bob Apollo is the founder of UK-based Inflexion-Point Strategy Partners, the sales process improvement specialists. Following a successful career spanning start-ups to corporates, Apollo now works with a growing client base of B2B-focused scale-up tech-based businesses, helping them to systematically establish their uniquely relevant value to their customers.

Implementing KAM 2: the KAM Framework

✍ Javier Marcos, Mark Davies, Rodrigo Guesalaga & Sue Holt

As we explore how to build a KAM programme, we need to consider strategy – customer by customer.

In the first article of this series inspired and adapted from our book *Implementing KAM*, we explored the reasons why KAM is becoming critical for selling organisations and the customers they serve, why a shift towards a customer-centric approach is critical, and how a greater focus on understanding and communicating value to a much greater depth than may have been considered previously is necessary.

This article provides more context to this initial premise and describes guidance for companies that want to shift and develop their organisation so that it can consistently deliver growth by providing quantifiable value to more complex key customers. This is a challenge, and one that we have found many organisations struggle with. There is often an underestimation of the challenges that a shift towards a KAM business model presents.

A robust and effective way to develop these new organisational constructs is to think of your KAM programme in three main parts. These are *strategy, standards, and transformation*. If this sounds like a heady “leadership challenge” that is beyond the role of a key account manager, you would be right. The bigger bosses in your business need to recognize that KAM is critical for your

success and commit resources, time and effort. KAM at the organizational level needs the following:

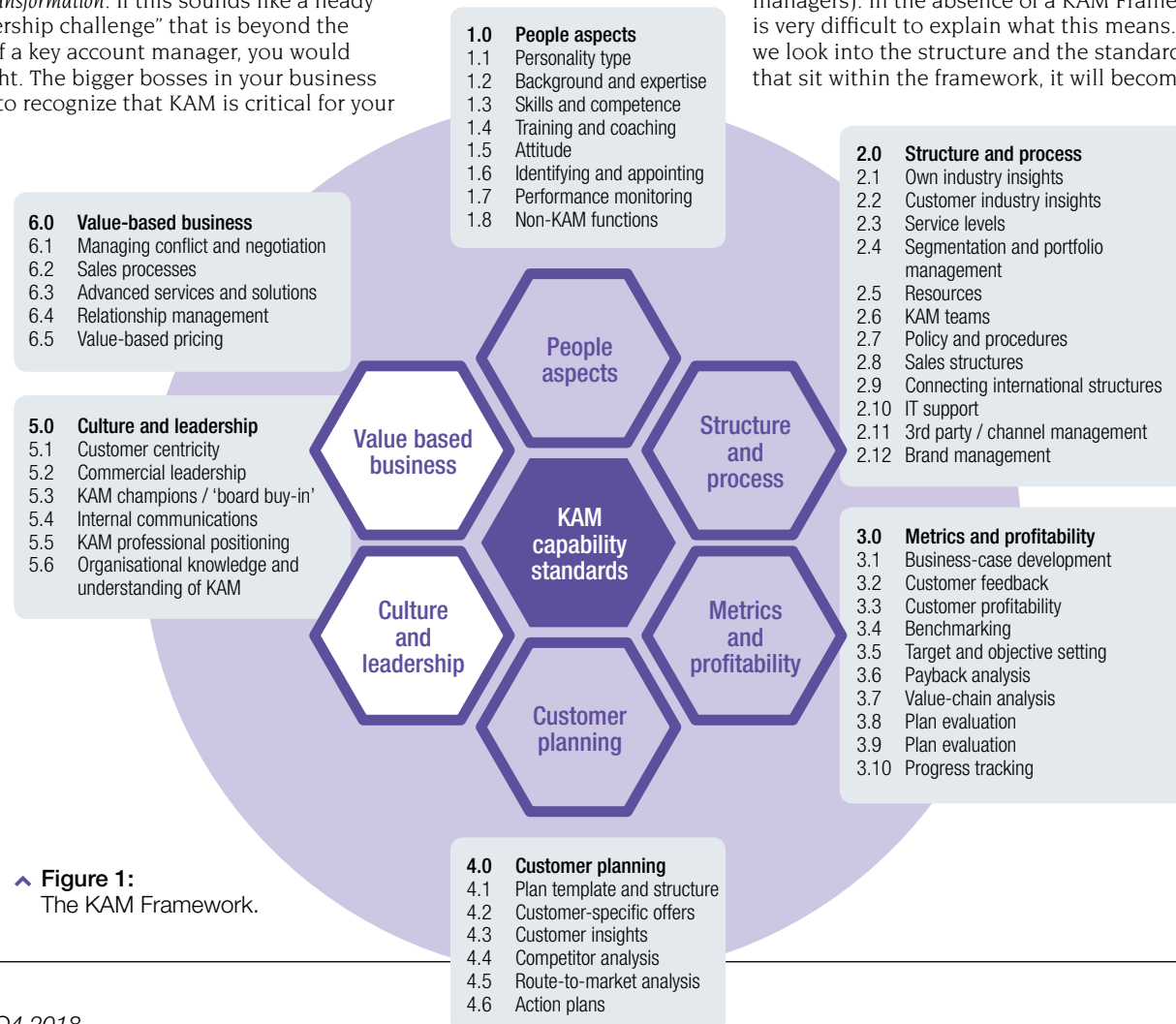
- **Strategy** – a blueprint that shows where the organisation needs to be and how it will get there
- **Standards** – descriptions of what the organisation needs to be good at
- **Transformation** – a recognition by leadership that KAM is a new way of working

Effective KAM programmes should be “organization-wide” initiatives that are high on the agenda of the leadership.

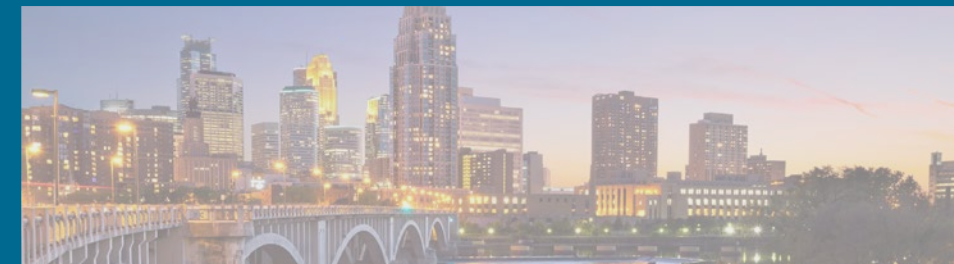
If KAM is different, what are the collective standards that describe its capability?

To provide a model that describes the standards for a KAM organisation, the KAM Framework is offered here (see **Figure 1**). It provides a structure and a set of definitions that can be used to carry out a series of activities across a KAM initiative: It can be used to:

Help explain the breadth and depth of KAM – KAM is a capability (and a set of competencies for key account managers). In the absence of a KAM Framework it is very difficult to explain what this means. When we look into the structure and the standards that sit within the framework, it will become



▲ **Figure 1:**
The KAM Framework.



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apparent just how broad and involved KAM can be. In a visual and condensed manner, the KAM Framework overcomes this issue.

Provide a terminology for strategy – When leadership starts to develop a strategy (and resulting vision) for the next two to three years, without a framework to help start navigating the various elements of KAM it is really tricky to be certain that all aspects have been covered. The framework is a comprehensive model that examines and explores the full expanse of KAM. It can be adopted to explain, define and describe KAM strategy.

Figure 1 illustrates the construct and sub-elements of the KAM Framework, a model that describes the organisational components of KAM and provides a navigator for all discussions. An important point to note here is the distinction between capability (the organisation-wide construct) and competence (the individual/key account manager construct). Key account management is more than just the key account manager.

Here we explore further the six organisational aspects of the KAM Framework:

- 1. People aspects** – The key account manager, their leaders and the people that work for them (as KAM team members) are vital talent that need to be of the correct calibre. They need to be selected, recruited, trained, developed, coached and motivated to become the driving force of your KAM business.
- 2. Structure & processes** – Having great talent is futile if you do not have the correct number of them working in the right locations doing the right things (with the rest of the organisation having a good understanding of their role helping the key account managers.) This becomes more critical as organisations become more complex, and especially if they operate on a global, cross-regional basis.
- 3. Metrics & profitability** – KAM business models require an extra level of process and thinking when considering what and how to measure critical parameters. This occurs because of the “bespoke” nature of KAM, since a unique customer value proposition will be developed and sold, and its performance subsequently has to be tracked (for both the supplier and the customer). With the additional investment

and attention that the customer receives, there can be a problem tracking the profit/loss against the customer, since many organisations set up their systems to measure business performance by product/brand or country (but seldom by customer).

- 4. Customer planning** – Planning systems are common in any organisation. Planning “customer by customer” is far less common, however, and is an absolute bedrock aspect of any KAM programme. It is the innovative and thorough generation of KAM plans (and the resulting customer value propositions that they enable) that any KAM organisation should strive towards.
- 5. Culture & leadership** – KAM initiatives often fail through reasons such as a lack of understanding, belief in the need to change and underestimating investment requirements, so it is not difficult to understand why “culture & leadership” is included in the framework. In many ways, this is the most critical of all the standards: if your leadership team believes and wants something to happen, you have a fighting chance of it happening. If they don’t, you will struggle!
- 6. Value-based business** – This element captures the shift that organisations are making as they shift from the traditional “sales” model which might be transactionally focused towards a KAM model. KAM should focus on stronger, bespoke customer value propositions, but should also interface with the other sales and channel management systems used across the business.

How can these new standards describe the organisation construct?

The KAM Framework becomes very useful when it is used to describe how the organisation should manage, resource and develop business around different customer types. At the heart of any KAM programme is its segmentation model – how it classifies and describes every customer in its portfolio.

Figure 2 shows a suggested segmentation model (there are several available – we suggest this one because it is fairly simple and offers several practical descriptions for KAM customers that organisations like). There are two parts to this

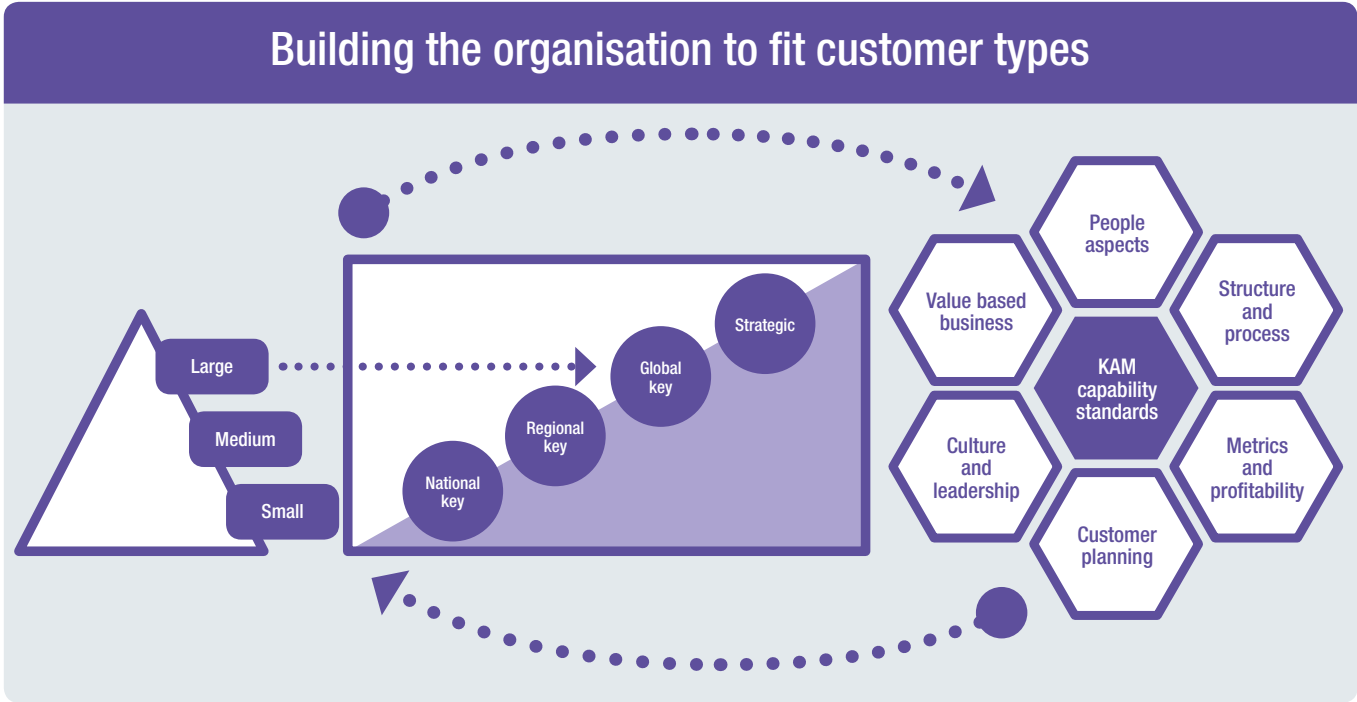


Figure 2: Building the organisation to fit customer types.

Useful tips to build an effective KAM programme

Strategy & change	Organisational capability	The complex nature of KAM
<ol style="list-style-type: none">1. Get a board-level sponsor2. Form a guiding coalition (The KAM strategy team)3. Bringing in the “voice of the customer”4. Spend time analysing the environment you operate within5. Spend time “honestly” analysing your own organisation6. Think “longer-term”7. Consider the internal communications / change implications	<ol style="list-style-type: none">1. Use this model! (or a similar one) – the devil is in the detail... and there is a lot of it!2. Have a cross-functional and cross-geographical team. There must be great people that want to make a difference!3. Build around YOUR bespoke customer segmentation model4. Build your KAM programme around YOUR bespoke KAM Plan – pilot on one or two customers and learn	<ol style="list-style-type: none">1. Build on foundations: generate your own pilots and case studies2. Set out measures for each stage. If you fail, stop and get it right3. Spend time planning and setting out Performance measures4. Remember, changing hearts and minds is difficult, so take your time and bring PEOPLE along

Figure 3: Useful tips to build an effective KAM programme.

segmentation model. A primary stage “shuffles” the customers in the portfolio into three levels. Then a secondary stage takes the higher value “key customers” and classifies them into four types:

- 1. National key** – customers that operate at a local “in country” locations
- 2. Regional key** – customers that operate and need to be managed across countries within one region
- 3. Global key** – customers that operate and need to be served across multiple regions
- 4. Strategic** – the highest-value, most complex customers that need global, cross-divisional solutions

By building a simple customer segmentation model, and then linking this to the KAM Framework, a really effective strategy can be described and implemented. The model shown in Figure 2 when implemented as a navigator to describe a KAM strategy is very effective.

What are the leadership and transformation challenges with KAM programmes?

Warren Buffett nails the observation that we often see with leaders looking to implement KAM programmes. They want results today, and fail to grasp that KAM is challenging, complex and takes time to implement.

“No matter how great the talent or effort, some things just take time. You can’t produce a baby in one month by getting nine women pregnant.” Warren Buffett.

KAM programmes take years to implement – even a full-term nine months is too ambitious!

Figure 3 provides a set of tips around strategy, change, capability and the complex nature of KAM. These are sound tips and things that will ensure you achieve a high-performing KAM programme. Sometimes, however, things have to be done *under the radar*. The big bosses are just not engaged, but the managers that interact with key customers on a daily basis see the need for a different way. We offer the following activities to start your KAM initiative (and start a revolution):

1. Form a steering group, consisting of like-minded individuals from across the business. Get them discussing KAM and forming basic ways of working.
2. Select one or two key customers (they may be initial customers that come out of a basic segmentation exercise).
3. Conduct pilots with these one or two key customers. Take 12 months to develop really effective KAM strategies for each customer. Track the growth and profit potential that emerges as a result of the KAM planning “deep dive”.
4. Gather your results and present your findings to your board/leadership team.

And our final tip: get the big bosses from the key accounts that your piloted to speak to the big bosses in your organisation. There is no stronger and more compelling reason to change than the “voice of the customer” – especially if it is the boss of a high-value key account.



About the authors

Javier Marcos is the Director of Learning for Performance, a boutique sales training firm. He is a Visiting Fellow of Cranfield School of Management and a member of the board of Trustees of the Association of Professional Sales (APS).

Mark Davies is the Managing Director of Segment Pulse Limited and a Cranfield University Visiting Fellow, where he has co-directed the KAM Best Practice Club for ten years.

Rodrigo Guesalaga is a Senior Lecturer at the School of Management at Cranfield University, and leads the Key Account Management and Strategic Sales Forum.

Sue Holt is an independent educator and consultant, a Visiting Fellow at Cranfield School of Management, and a Visiting Professor at IESEG School of Management.

Achieving mastery

Participating in a Masters programme is a significant commitment. We asked two leaders about their journey.

“Not all readers are leaders, but all leaders are readers”

Stephen Gaskell is Director E-Commerce, Retail & Distribution at SONY Mobile. A member of SONY's leadership programme, he has been on a journey of transformation in establishing his business unit within SONY Mobile. He completed his MSc in Sales Transformation at the end 2016.

From *The Challenger Sale* to Machiavelli, participants in the sales transformation Masters programmes have the opportunity to explore a wide range of reading material specific not only to sales but also honing their broader leadership skills. For Steve Gaskell this fits neatly with the philosophy espoused by US President Harry S Truman: “Not all readers are leaders, but all leaders are readers.”

With experience as a buyer and also in sales leadership – seeing two sides of the same coin – he has a privileged insight into how deals are struck. “This gives you a real understanding of mindset, I suppose, as to how to approach what the expectations are and what the agenda is likely to be. And clearly, people have got different agendas, depending on which role you're in, so you become very trusted in understanding that you know people's pressure points and how to work with that and how to provide added value.”

What then can the Masters programme add to this favoured position? “I undertook this programme with great consideration. It's very demanding but extremely rewarding, so you're seeing the results in a greater depth and breadth of strategic thinking, business problems, sales, customers – all of which have surpassed my expectations.”

Take the leap

Gaskell's recommendation is to take the leap understanding that there will be a heavy workload, but as soon you embrace the Masters, there is a built-in support network, with face-to-face meetings as a group, every two to three months. Then there's the distance learning, following up with telephone conversations. Importantly, the progression of the modules starts to settle you into the work stream as the tempo picks up. “It's a nice rhythm to get you used to the workload and build you to the crescendo of a dissertation and a project.”



Moreover, the actual course content provides coping mechanism for participants along the way. Gaskell highlights *The 7 Habits of Highly Effective People* by Stephen Covey. “This is about ruthless prioritisation. And when you're reading about ruthless prioritisation, it's obviously refining your own time and critical path management in how you deliver. So, all the books are very informative of how to manage your personal toolkit as well as develop your strategic toolkit.”

Prioritising time for thinking and reflection

So you need to prioritise time for thinking and reflection? “Yes, and it's the quality of the time. When you read books like this, you figure, actually, we're all very busy – I've got ten projects in my in-tray. You know what? I need to drop nine of them if I'm really going to make something impactful to this business, I need to be much more focused and what does that mean? That means I've got to say no to a lot more projects than I currently am.”

Opportunities for employers and participants

What are the opportunities for employers? Gaskell stresses the importance of the Masters qualification as a recognition and development scheme for employers – “to understand that if you want the world's best sales team, getting the accreditation for it, you clearly have that opportunity now which you didn't have before.” So you would be looking for some kind of formal accreditation for salespeople these days? “Yes, 100%.”

Gaskell positions the Masters as being suitable for senior managers, heads of departments, directors, and senior commercial roles looking for the next step. Importantly, the programme carries the same academic weight as an MBA. “I would argue that both are as important as each other; it depends on the individual,” he concludes.

Top tip: Handling the workload

“I was very ruthless in knowing that, if there is this big workload, I'm going to create a project that's going to be the basis of my personal development – it's going to be part of my job role. So my Masters project was called ‘Navigating leadership within Sony Mobile to create a global distribution and retail business unit’. That is my team, that is my vision, that is, effectively, my personal development internally within Sony Mobile for the next 18 months to two years. The Masters, therefore, becomes a document to support that, so a) it gives me a qualification, but b) supports my personal development within Sony and supports me getting to the next level.”

“

A major benefit has been the validation that the degree has provided.



Masters provides validation and enhances career choices

Simon Dale is Head of Sales at MapR, a pre-IPO fast-growth software company in the big data space, running the APAC region and a sales team in seven countries. He completed his Masters in January 2016 while at SAP, where he spent 16 years setting up multiple new businesses in the APAC region as part of the regional management team.

For Simon Dale, the decision to accept the challenge of completing a Masters degree with Middlesex University and Consalia has had a significant impact on his life and career but “all very positive outcomes”.

“Overall, it was totally positive, beneficial – I'm very glad I did it,” he enthuses. Nevertheless, there were choices to be made including how to fit the course into the busy schedule of a senior exec. He found the balance by putting family and career first. “Myself, my hobbies, my friendships, and other distractions came secondary to all of that. So I designed my timing and my schedule around that as an anchor point. And I negotiated with my family to say, ‘Look, some weekends, I'm going to have to study or work, as there'll be deadlines to meet.’”

It sounds tough, so why did he do it? “I was actually looking for a higher level of education, because when I started the Masters it had been 25 years since I graduated with my Bachelor's degree – so I thought it was about time I did something. So I was engaged with learning and I was just looking for the right thing.”

And what has the balance been in the end? “I would say definitely it's positive return.” A major benefit has been the validation that the degree has provided for all the experience

and expertise he has accumulated down the years. “It certainly gave me a lot more confidence in my ability to know that some of the knowledge or practice that I had was actually good.

“Then, of course, there's the new knowledge that I acquired which complemented that and then gave me more confidence to express an opinion, or apply things knowing that they should have the right kind of impact. So I think what it did overall was to lift my game.

Top tips: How to manage your time

1. Budget for at least a full day spread across a week in terms of reading, studying, writing and reflection.
2. Also make sure you absolutely schedule and participate in the action-learning sets and not just log on and do your email.
3. You need to be able to create those quiet zones away from work, away from family, where you can spend two or three hours consolidating desk-bound research, writing about it, and getting ahead of the deadlines.

“Because I studied stakeholder engagement on my Masters, and particularly in my final project, that's had a big impact on the way that I engaged upwards in my business. It taught me the importance of an upwards dimension whereas I'd been concentrating on making sure that I was managing things well and not disturbing management, which meant that I had a blind spot when it came to people recognising the impact of what I did. So I learned that on that stakeholder and engagement area, I should improve in that and I did, and then it made a big impact on the future career prospects.”

In conclusion, Dale summarises: The whole transformation element of the core content on the Masters is very relevant in the kind of role I have now, because most businesses are being disrupted and change is being imposed, so you have to be able to manage transformation.”

GST focuses on disruption and resilience

 Nick de Cent

Consalia graduates and keynote speakers came together to discuss strategies to thrive in today's disruptive business environment.

As the business environment becomes ever more uncertain, with constantly accelerating change and increasing market disruption, both organisations and individuals need to become more resilient.

But what kind of toll does this disruption take and how can we become more resilient? These were some of the themes explored during this year's Global Sales Transformation event at the London Stock Exchange on 4 October. "Where Resilience Meets Disruption" saw an eclectic mix of speakers explore the topic from a variety of different angles.

Resilient role models

Two Paralympic skiers, Menna Fitzpatrick, who has only 5% vision, and her sighted guide Royal Engineers Captain Jennifer Kehoe, provided an inspiring foundation with their early keynote session "Our story – Collaboration, resilience and deliberate practice". The pair, who won gold, two silvers and a bronze medal at the PyeongChang 2018 Winter Olympics plus a host of others at the World Cup and World Championships outlined what it takes to compete at this level, the resilience required (from both of them) to overcome setbacks, and the team work and communication needed to succeed.

A further keynote session saw Dr Mobasher Butt, Chief Medical Officer of online consultation service Babylon discuss how AI can be used to anticipate and manage physical and mental wellbeing. He offered invaluable insight as a senior leader of an organisation disrupting the healthcare sector while also being deeply concerned with individuals' health. Later, Dr Simon Harrison from global engineering

consultancy Mott MacDonald described how his company was able to transform its sales outcomes without the benefit of a traditional sales organisation.

Masters programme graduates

Past, current and future Consalia Masters students, along with B2B Sales Degree Apprentices, were well represented as audience participants and on the main stage. Sarah Edge, who graduated in 2017 and is now General Manager UK of HMD Global, spoke about the challenges and successes in her new role relaunching Nokia-branded phones. Mick Fowler, Group Sales Manager of the Arena Group, discussed creating a sales control system to align the interests of the individual salesperson with the company. Meanwhile, Carl Day, Sales Director AP/MFP Products, Toshiba TEC and Monic Van Aarle, Sales Director, SAP, joined the discussion panel on mental wellbeing, alongside Dr Butt and Andy Hough from the Association of Professional Sales.

The future of sales

The audience was treated to a view of the future of sales when apprentices Stacey Fim and Catherine Arnold joined National Sales Director Mike Gibson in answering questions about how the Royal Mail's pioneering sales apprenticeship programme is progressing. Both were enthusiastic about the possibilities that have opened up, not least that they are able to pursue their qualification while they are being paid to be on the job. Moreover, the apprenticeship programme is offering participants enhanced credibility within the organisation: apprentices even attend board meetings to bring a fresh perspective.

Gibson sees major benefits for Royal Mail in terms of changing mindsets and disrupting the thinking and processes in a positive way. He told the *Journal*: "The energy is incredibly positive."



Multiple medal winners: Royal Engineers Captain Jennifer Kehoe (left) and Menna Fitzpatrick.



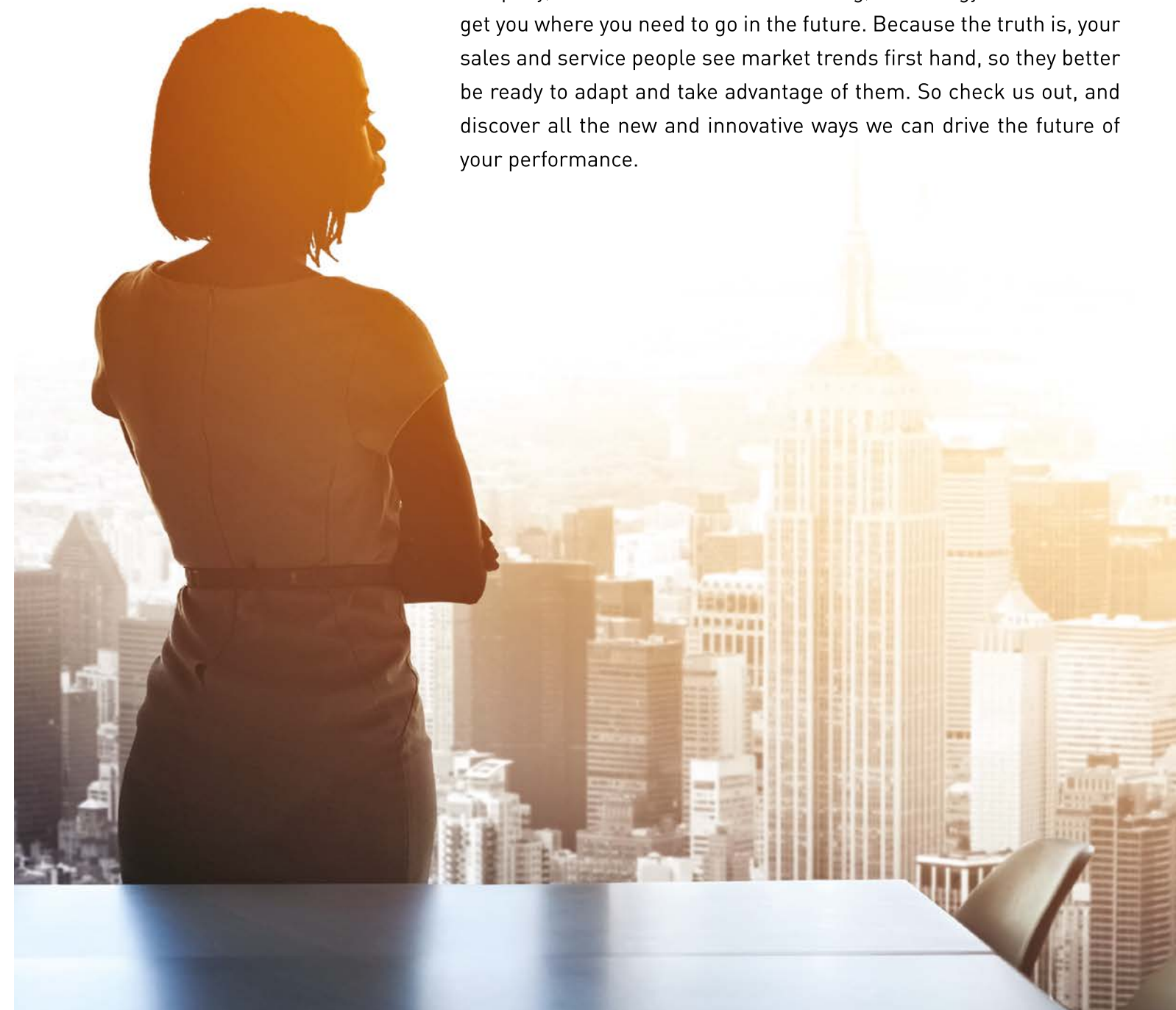
Babylon CMO Dr Mobasher Butt: how to anticipate and manage physical and mental wellbeing.



Royal Mail apprentices Stacey Fim and Catherine Arnold with National Sales Director Mike Gibson.

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Sales enablement, AI and other hot topics

Nick de Cent

As the business world is increasingly disrupted by digital, sales enablement is coming of age. Is this relatively new discipline the key to competitive success for sales organisations?

A variety of sales enablement hot topics were on the agenda at Miller Heiman's 2018 Sales Enablement Summit at the Nobu Hotel in London on 8 November. Not least was the fact that, although sales enablement has been growing at the staggering rate of 69% over the past few years, about two-thirds of companies have failed to achieve success. According to Miller Heiman this is due in part to a lack of a clear sales enablement definition, strategy and focus, but also the result of failing to follow best practice.

Welcomed by Richard Hilton, Managing Director EMEA, Miller Heiman Group, some 100 delegates first heard from Tamara Schenk, Research Director, CSO Insights and joint author of the definitive book on the subject. In her presentation she explored "The State of Sales Enablement 2018" based around the latest CSO Insights research.

Sales enablement is the key to effective sales transformation; however, while the discipline is growing up, it's not growing up fast enough, she told delegates. "It's a work in progress, a diamond in the rough."

Amid all the confusion about what sales enablement is – training, content or tools – Schenk proposed a sales enablement clarity model to help sales enablement leaders foster collaboration, and also offered a formal definition for delegates: "Sales force enablement is a strategic, collaborative discipline designed to increase predictable sales results by providing consistent, scalable enablement services that allow customer-facing professionals and their managers to add value in every customer interaction."

Her advice is to align all enablement to the customer's path and also to develop a formal enablement strategy captured in a charter. More details of Schenk's thinking on sales enablement can be found in "Strategic enablement gets results", *International Journal of Sales Transformation*, September 2018, pages 25-28 as well as in her book *Sales Enablement*.¹



Richard Hilton: event host.



Tamara Schenk: Sales enablement a strategic discipline.



Thierry van Herwijnen: Sales enablement at EY and Wipro.



Dana Hammerschlag: AI will enhance what salespeople do.

Schenk was followed by Thierry van Herwijnen, Global Head Business Development CoE at consultancy EY, who discussed "The World of Sales Has Dramatically Changed". Until recently he worked alongside the late, great Robert Racine in sales enablement at Wipro.

He offered a window into how to develop and progress a sales enablement strategy within a massively complex \$245 billion organisation as well as the benefit of his experience across multiple corporations. In addition, he gave some practical advice in terms of obtaining sponsorship for a sales enablement strategy and moving closer to the sales organisation.

AI and digital

Miller Heiman's Chief Product Officer, Dana Hammerschlag delivered an interesting juxtaposition between the state of the



Hot Topics Q&A: (left to right) Nick de Cent, Thierry van Herwijnen, Tamara Schenk, Jan Kerstens, and Richard Hilton.

Journal hosts hot topics panel

Artificial intelligence

Journal editor Nick de Cent hosted a Q&A panel session featuring Tamara Schenk, Research Director, CSO Insights; Thierry van Herwijnen, Global Head Business Development CoE, EY; Jan Kerstens of Belgium-based construction and industrial components specialist Etex; and Richard Hilton, Managing Director EMEA, Miller Heiman Group.

Asked about AI, van Herwijnen cited the power of artificial intelligence in the context of business development "pursuits". It has the potential to simplify the proposal production process for teams, leaving them more time to spend on customisation. Qualification is another area where AI can help in terms of which opportunities to go for, offering an additional "voice at the table" in terms of decision-making.

Schenk endorsed this view, adding that hiring is another area with significant potential to increase the success rate. Nevertheless, she reiterated Hammerschlag's warning about the quality of the data and the algorithm, saying: "What makes or breaks this piece is the quality of the algorithm."

Hilton saw the main benefit of AI as currently in terms of reducing the time salespeople spend on administrative and other tasks that don't add direct value.

art – artificial intelligence – and old-school technology in her presentation "AI and Checklists: How a Combination of High and Low Tech Drives Change for Sales Organizations."

Exploring the dominant themes in connection with digital, Hammerschlag discussed how business leaders need to be aware that AI can completely transform their core business. However, while technology is disruptive and there have been understandable concern around AI's exact role in a sales context, she emphasised that artificial intelligence will likely enhance rather than replace what salespeople do.

The best example of businesses obtaining return on investment (RoI) have been achieved through supervised

Future skill sets

Kerstens outlined how his organisation had transformed implementation of its go-to-market strategy by aligning sales process around Europe via a series of sales playbooks. This was facilitated at local level by appointing senior sales reps as sales excellence ambassadors. A vital part of this effort was to implement a series of forward-looking, leading KPIs in addition to the traditional lagging indicators around results.

Describing how skill sets had changed during his time in sales, van Herwijnen noted that this could be dependent on the sector you operate in: the primary approach at EY is now solution selling. The key, however, is: "Are you able to have a business conversation understanding the business problem your client is trying to solve?"

Building on the theme of trusted adviser and the ability to hold a business-level conversation, Schenk emphasised skills such as problem-solving, strategic thinking and critical thinking – all kinds of adaptive skills. Meanwhile, Kerstens viewed the advent of social selling as one of the key changes over past decades.

Asked about the development of modern-day skills, van Herwijnen suggested crossing over to the client side for a while. Hilton remarked how the internet and the focus on value had changed everything. Today, salespeople are more like value engineers. At the same time, it is becoming increasingly important to have the data to back up your position. In general, he advocated that salespeople should be curious, always asking questions and continuously learning.

learning. She warned of the potential bias that can be inherently built into AI systems if the data set is restricted or the quality deficient. A current example exists in the context of mortgage lending where one AI system picked up gender bias based on the data set from which it had to learn.

Overall, AI has the ability to provide mountains of additional information but the sheer volume threatens our ability to act on it effectively. Thus, the power of the technology will be in providing new insights and information, Hammerschlag argued. "Investment should be used to empower our people with enhanced information," she told the audience.

¹ Byron Matthews, Tamara Schenk, *Sales Enablement*, Wiley, 2018.

The “Fourth Value Conversation”



What is the “Fourth Value Conversation”? We asked Tim Riesterer, author of The Three Value Conversations.

Q: What is the “Fourth Value Conversation” and why is there a need for it now?

We’re calling it “Expand Value”. It’s that part of the customer conversation lifecycle where you’re looking to ensure more renewals, communicate price increases and generate upsells and cross-sells – in other words, when you are trying to “expand” the value of the customer relationship to your organization. Analysts estimate that 70-90% of revenue and profits each year result from these activities.

However, most business development and sales methodologies are based on and built for prospecting and new logo acquisition. Our research shows that the psychology of prospects and existing customers is completely different. And, that you need a different approach in your stories and your skills to engage them most effectively.

Q: What is the central difference in how new customers respond to your messaging versus how existing customers respond to your messaging – and how do you need to adapt your messaging to engage each group appropriately?

Simply put, with prospects and new logo acquisition you must focus on disrupting their status quo bias. When you are the outsider and your competitor is the incumbent, your stories and skills must focus on showing the prospect what they are missing, and the risks of staying the same. You must answer the question “Why Change?” And, you must show clear, contrasting differentiation between your approach and the one they are currently taking.

However, with existing customers you must do the exact opposite. When you are the status quo, you should not seek to disrupt their status quo bias. You should defend and reinforce their status quo bias. It sounds obvious, but it turns out that many sellers use the same approaches to selling new logos as they do with existing customers. Or at

Three’s good, bit four’s better...

There’s something so neat, clean, and economical about clustering things in threes. See? I just did it there. Three of something, whether adjectives or bullet points, seem like the perfect amount of information—detailed enough to have substance, consumable enough to recall.

In fact, for these reasons, the “Rule of Threes” is a long-established speechwriting technique that many great orators have learned and mastered. Now, whether you need to place a comma between the second and third item may be up for debate. But the rhetorical power of the Rule of Threes is not.

But sometimes even the most sacred rules are meant to be broken. That’s my rationale for the story about I’m about to tell...

A few years ago, when a team of co-authors and I published the *Three Value Conversations*, we turned our focus (naturally) to three inflection points in the deal cycle that we thought – and still think – are fundamental to creating sales opportunities, bringing those opportunities through your pipeline, and negotiating a profitable close. The book was really about three moments of truth that occur in every deal cycle – three moments in which reps must:

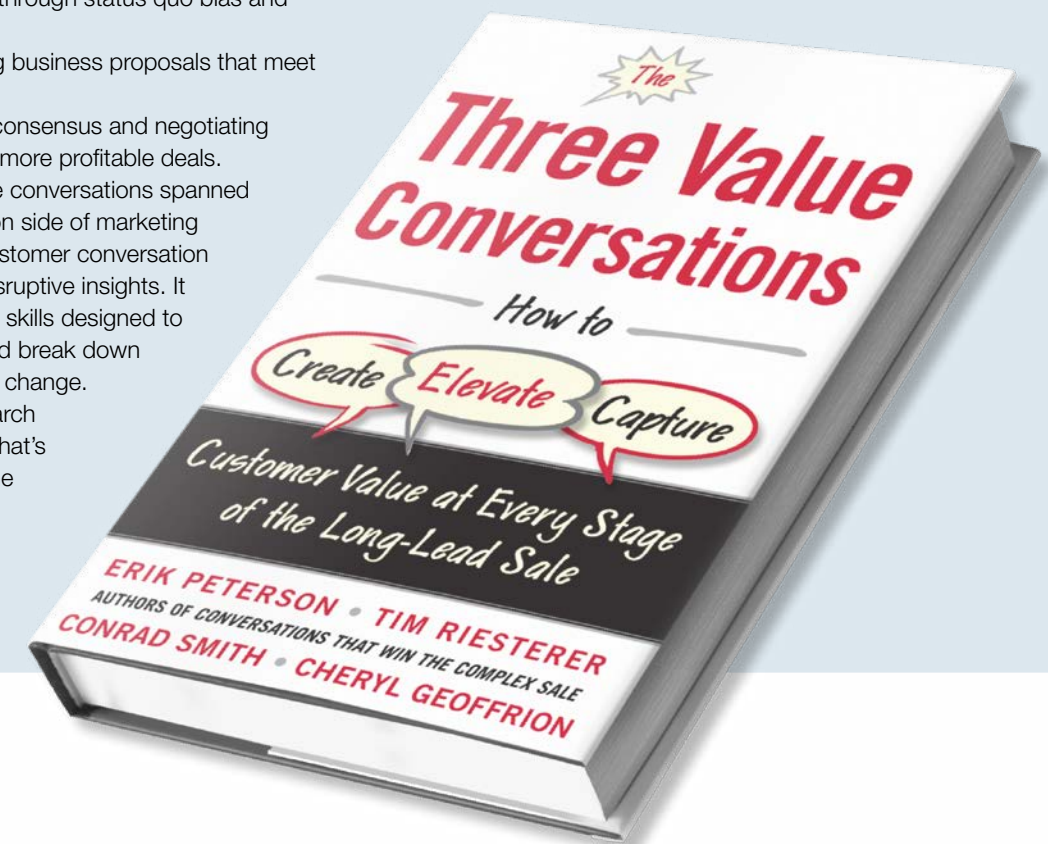
1. Create value by breaking through status quo bias and creating differentiation.
2. Elevate value by delivering business proposals that meet executive standards.
3. Capture value by driving consensus and negotiating effectively to close larger, more profitable deals.

Together, the three value conversations spanned the entire customer acquisition side of marketing and sales. This side of the customer conversation demands provocation and disruptive insights. It calls for edgy messaging and skills designed to overcome status quo bias and break down your prospects’ resistance to change. After all, that’s what our research revealed to be the message that’s most effective when you’re the outsider trying to displace an incumbent and to

convince a prospect to change and choose you. But once you’ve closed the deal, that’s kind of where it stopped. We assumed that what worked for new customer acquisition would translate to the key moments after the deal closed, when you need to retain and expand with existing customers. Nevertheless, we started hearing a certain question from some of our customers: the “Why Change/Why You” story (and the research supporting it) is great for when you’re trying to defeat the status quo, they would say. But what about when you are the status quo? What about when you need to protect your accounts and even expand with them?

It turns out the key customer retention and expansion scenarios you need to succeed in have a dramatically different buyer psychology than that of new customer acquisition. Thus, they demand different – in some cases, opposite – messaging and skills approaches. Where you need to disrupt the causes of status quo bias as the outsider, you need to reinforce them when you’re on the inside.

Cumulatively, the research reveals that the customer conversation isn’t a one-size-fits-all effort. Different moments require different messaging and skills. The interview below covers why the time was ripe for breaking the rule of threes and adding some strategy and structure to a fourth value conversation, dealing with customer retention and expansion.



“

Our research shows there are differences in the message and resulting skills needed between customer acquisition and customer expansion.

least, they don't take full advantage of the inertia that is on your side with existing customers.

Q: What are the critical customer expansion situations that salespeople need to be fluent in today?

There are three “expansion” opportunities we have researched and been able to prove a specific messaging framework for: renewals, price increases, and upsells.

Renewals are the lifeblood of the rapidly expanding subscription business model. So much money is spent on the initial sale that many customers don't become profitable until after the first renewal. Part of that reason is the initial acquisition was under-priced to win the business, so not only do you need to renew the customer, you often have to pass along a price increase as part of that sales motion in order to reclaim the margins you need.

Then, you typically see companies taking a “land and expand” approach to selling on the acquisition side. It becomes imperative for growth that once you land the small starter project, you up-sell and cross-sell additional products and services to maximize the revenue potential of every account.

Q: Is there a difference in approach you might need to take between, say, a customer retention dialogue versus an upsell conversation? If so, describe the difference.

There's a slightly different approach to each of the “Expand Value” conversations. Fundamentally, they all reinforce the existing relationship and positive momentum and results you have generated for the client. In the case of straight-up renewals, this is almost exclusively the emphasis of your message, but in price increases and upsells additional science and messaging components are required.

For price increases, we discovered that you must reinforce status quo bias followed by a price increase that is anchored high, and then discounted for a justifiable reason such as customer loyalty. For upsell, you still emphasise the existing relationship throughout the message, but you must interject some emotional language and elements of the Why Change story to get them to move to the upgrade. We describe it as a hybrid between our Why Change and Why Stay frameworks and call it Why Evolve.

Q: Should a fourth value conversation be the domain of a different part of the sales force –the “farmers” rather than the “hunters” – ie, segment the salesforce along with the customers? Would that work as a strategy?

What our research shows is that there are differences in the message and resulting skills needed between customer acquisition and customer expansion. In the first case, sellers must be disruptors. They must have the messages, skills and confidence to challenge the status quo bias. In other words, sellers must be defenders and expanders. They must have the messages, skills and confidence to reinforce status quo bias.

We have a client where the same sales team is selling a product with 10% market share and they must aggressively disrupt the incumbent. However, those same salespeople also represent a product in a different category where they have 80 percent share and must fend off competitors daily, protect share, and communicate price increases. So, either you must prepare and teach your reps to be situationally fluent enough to win in both cases, or you may want to consider dedicated sales teams that focus their energies and skills on either the acquisition or the expansion side.

Q: Will there be an updated version of the *Three Value Conversations* book coming out soon to incorporate this research?

We have created an eBook called To Challenge or Not to Challenge that shares the science and frameworks around each of the messaging situations we've researched. Both on the acquisition side and expansion side. The good news is it's free and you can get it here: <https://corporatevisions.com/content-library/ebook-to-challenge-or-not-to-challenge/>.

It takes a long time to write books and get them published, and we wanted to make these findings available as soon as we discovered them. But, yes, we are working on our next book based on the last three years of research projects focused on customer conversations. We've got 12 studies that will make for a nice book with each study representing one counterintuitive, research-backed idea that will give sellers a competitive advantage. Look for it later in 2019.



▲ **Tim Riesterer:**
New book on value conversations coming in 2019.

Value propositions: the sales and marketing interface

Simon Kelly

In original research for his Doctor of Business Administration qualification Simon Kelly asked: How do sales and marketing produce business-to-business value propositions?

Background

I became interested in how sales and marketing work together (or not!) to produce value propositions at the turn of the millennium in my role as Marketing Director for BT's Major Business Division (BTMB). In an increasingly competitive market, in tough economic times, growth was stagnating. The BTMB board felt that marketing and sales were finding it difficult to articulate value that differentiated BT in the eyes of customers in the context of having a product portfolio of over 1,000 products and services.

Salespeople had to cope with product literature coming at them from legions of product managers who were only interested in pushing product features, not customer benefits. Communicating to customers one product at a time confused the customers and got in the way of understanding the customer issues and providing solutions to their business problem. Here we developed an approach to value propositions centred around the customer theme of “business agility”, which enabled the bundling of products and services as agility solutions, delivering excellent results, in both revenue and customer satisfaction.

I left BT in 2002 to pursue a career as a “pracademic” blending a role at Sheffield Business School while developing a consulting business to help B2B marketing and sales teams develop value propositions that resonated with customers and drove growth.

During a spell back in a full-time commercial role between 2010 and 2012 I worked for one of the largest telecommunications companies in the USA with a mandate to move them towards a more customer value-based approach. Here I observed something that I had also witnessed when working with other large organisations through my consultancy: *that the product push approach was back masquerading in the clothes of value propositions.*

Often “value-propositions” were generated by marketers sitting in rooms remote from customer trying to articulate how their products added value. They were not creating authentic value propositions as they were constructed without any customer or sales team input. At best, they were communicating product advantages (or assumed benefits), not customer benefits as Neil Rackham describes in SPIN. At the same time, researchers Anderson, Narus and Van Rossum (2006) observed that many value propositions were being created as generic all benefits statements that lacked resonance and relevance to customer needs.

I returned to the UK in August 2012 to resume my old combination of Sheffield Business School marketing lecturer and consultancy owner, with a determination to get a better understanding of how sales and marketing worked to produce value propositions.

I reviewed two areas of literature before doing the research which covered sales-marketing interface (SMI) and value propositions.

Sales-marketing interface

SMI literature primarily focused on “The extent to which activities carried out by the two are supportive of each other” (Rouzies, et al. 2005). SMI research has tended to focus on sales and marketing relations as an end in itself. Although no clear definition was provided in the literature, the word *interface* is used in line with a dictionary definition as: “A point where two systems, subjects, organisations, etc. meet and interact” (Oxford English Dictionary 2015).

Almost all the SMI literature recognised that there was

conflict between marketing and sales, most authors portray the two organisations at worst as being “at war” (Kotler et al. 2006), or at best dysfunctional or problematic (Dewsnap & Jobber 2000; Malshe et al. 2016). Differences between marketing and sales have been classified as economic and cultural in nature – here cultural encapsulates cognitive differences (Beverland et al. 2006; Kotler et al. 2006; Snyder et al. 2016). Responses to economic differences are better developed than cultural differences resulting in recommendations such as goal and role alignment (Keszey & Biemans 2016; Strahle et al. 1996). Little work has taken place to develop cultural and cognitive differences identified a decade ago (Beverland et al. 2006; Homburg & Jensen 2007). There has been little conceptual model development to integrate the economic, cultural and cognitive aspects or to speculate how they may interrelate and have the potential to influence sales and marketing

interworking. Overall, the volume and level of debate seems to be in its infancy in relation to academic studies into how the SMI works. There is not yet any apparent level of insight into effective SMI working.

Sales and marketing were treated as holistic organisations, paying no attention to individual sales and marketing people. The lack of concern for value proposition production in the SMI literature left several questions unanswered, for example: how are value propositions created? What are the respective roles of marketing and sales in developing these? How is the customer engaged in value proposition production?

Value proposition literature

After a rigorous review of value proposition literature Christian Kowalkowski observed:

“The general conclusion is that the ability to communicate a firm’s value propositions strategically and effectively is a new area for the development of competence at the heart of competitive advantage” (Kowalkowski 2011, p.277).

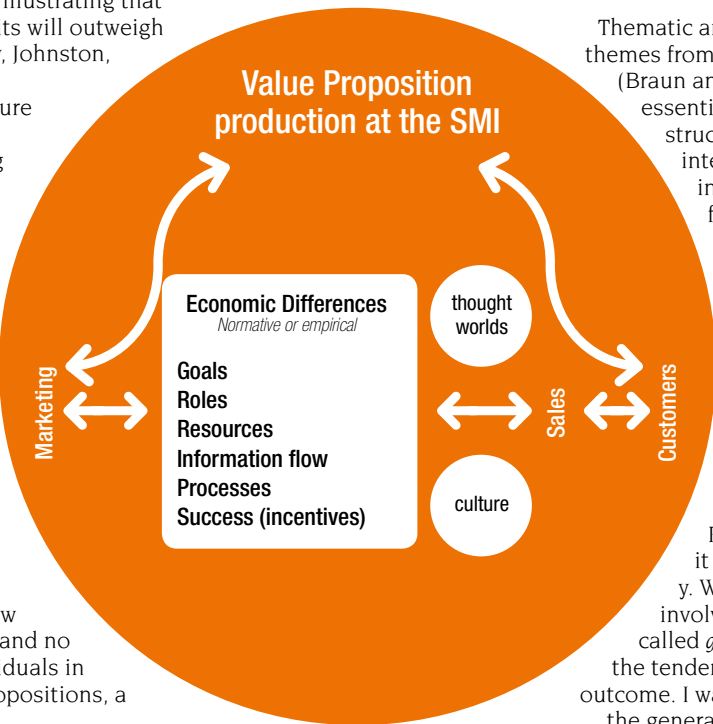
Barnes et al. (2009) describe the evolution of the term “value proposition” as rooted in the 1950s with the notion of the unique selling proposition (USP). This led to the movement in benefit-led selling (Rackham 1988) where sales and marketing teams were coached to move from product features through to describing customer benefits. Only then did it dawn on organisations that a benefit can only be so if it solves a customer problem, a solution to a need. This is when the term value proposition was conceived.

The origination of the term value proposition is credited to McKinsey consultants Bower and Garda (1985) where they discuss the making of promises of satisfaction as part of a marketing-oriented value strategy for business. Since that time the definition of value propositions has remained highly contestable. My preferred definition is: “A value proposition is a promise of expected future value, illustrating that future relevant and distinct benefits will outweigh the total cost of ownership” (Kelly, Johnston, Danheiser 2017 p.30).

The value proposition literature does not pay much regard to the interaction of sales and marketing people working together, and with customers, to create value propositions. The major concern of the VP literature is focused on classifying value propositions into types or in terms of effectiveness (Anderson et al. 2006; Ballatyne et al. 2011), or in relation to marketing theory development (Kowalkowski 2011).

Both bodies of literature look to examine the thing which concerns them, SMI or value propositions, as an “end in itself”. Little consideration is given to how value propositions are produced, and no attention is paid to how the individuals in the SMI work to produce value propositions, a major concern of my thesis.

Figure 1 shows the “spaces in between sales and marketing” as it relates to value proposition



▲ **Figure 1:** Spaces between sales and marketing for value proposition production.

production. Economic factors relating to role and goal alignment were seen as barriers or facilitators for effective alignment as were different measures of success. Thought worlds and cultures are touched upon in the literature in an *ad hoc* manner with little insight developed into how these influence value proposition production.

Research methodology

I conducted 21 interviews between September 2015 and May 2016 by telephone, Skype or face-to-face. The Interviewees were senior sales and marketing people in B2B organisations chosen because of their experience and tenure, many of them at VP level and above. The interviews, typically lasting an hour, were semi-structured and contained questions to salespeople that mirrored those asked of marketing respondents – some example questions are in **Table 1**.

MARKETING	SALES
To what extent are you involved with marketing in value proposition creation, maintenance and development?	How are front-line salespeople engaged in value proposition creation, maintenance and development?
To what extent are you asked to provide customer feedback to value propositions?	Do salespeople regularly provide customer feedback to value propositions?
How useful is content that marketing provides you in supporting customer value proposition discussions?	To what extent is sales engaged in content creation for customer value propositions?

▲ **Table 1:** Sample interview questions.

Thematic analysis was used to draw out themes from the interview transcripts (Braun and Clarke 2006). This is essentially a more formalised and structured way of interpreting interviews than practitioners intuitively use, which looks for patterns coming out of the interviews. I operated a research philosophy called Critical Realism (Bhaskar 2008) which encourages researchers to look below the surface of what’s being said by interviewees, again something many senior practitioners do naturally. What’s important to say here is that Critical Realism does not accept that it can be proven that x causes y. When human beings are involved, we can look for things, called *generative mechanisms*, that have the tendency to produce a particular outcome. I was looking to discover what the generative mechanisms were that could help sales and marketing work to produce value propositions more effectively.

Findings

There were three main themes that came out of the interview data: the professional *identity* of sales and marketing practitioners, the issue of customer contextualisation, and practitioner *thought worlds*.

Identity

Lots of attention was paid by the interviewees to how they identified themselves in the SMI, and in relation to value proposition development. Five clear aspects of identity stood out:

Aspect 1 – Not a single entity
Practitioners did not regard themselves as being in a function known as marketing or sales. In particular, marketers were at pains to describe themselves in a professional role, for example, Brand and Communications, and rarely spoke of being in the marketing function.

Aspect 2 – Distant versus adjacent
Sales’ view of marketing was heavily influenced by how close or “proximate” they felt marketing were to them. These judgments were based on: whether marketing produced “generic” or “specific” marketing, whether marketing was a central function or “local” to the sales organisation, whether marketing produced work that was customer-centric “outside-in” or product-push “inside-out”. Marketing and sales practitioners viewed product marketers, in a generally derogatory sense, as producing marketing that was all about the product. This was unfavourably compared to industry marketers who produced more “outside-in” marketing where the customer was present and at the forefront of marketing.

Aspect 3 – Customer exposure
How much exposure to customers’ marketers were seen to have was regarded as an important consideration relating to how they were seen by sales.

Aspect 4 – Multi-faceted nature
Marketing and sales practitioners recognised the multi-faceted role of the marketing function where their role in producing value propositions could be influenced by complementary or conflicting activities.

Aspect 5 – Valet to value-add
Marketing practitioners talked about how their identities had evolved over time from the “Golf ball and umbrella marketing” more meaningful roles working closely with sales, for example, Industry Marketing or Account Based Marketing (ABM).

Contextualisation

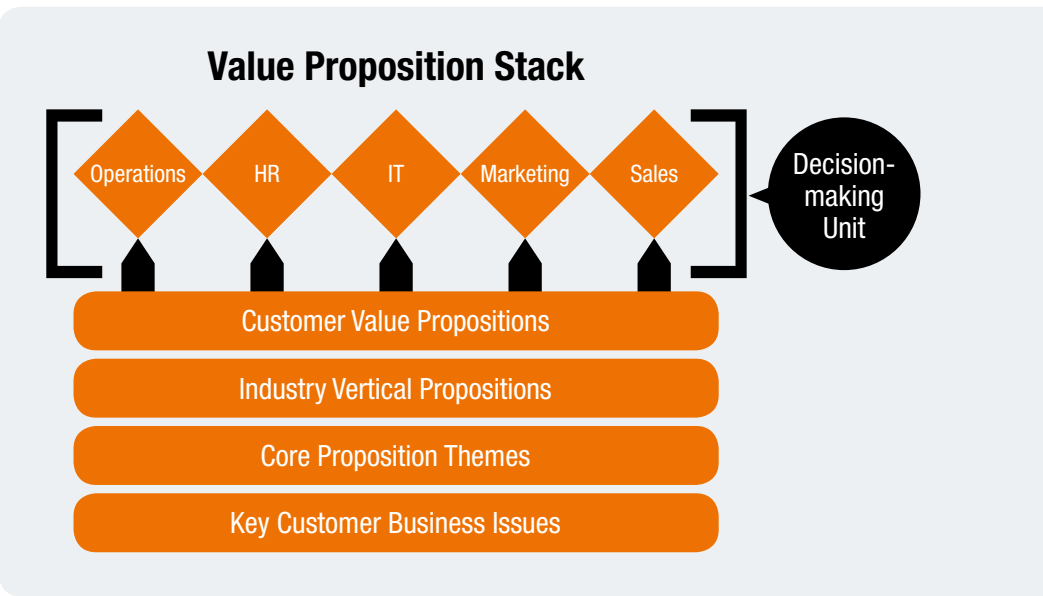
The ability to be able to develop value propositions at several different layers of context was a major theme running through the research. Salespeople were critical of marketers who could not get beyond talking at the “general” – they were looking for help to develop value propositions that resonate at the industry, customer, and individual level.

All the interviewees worked in organisations that split their customers into industry sectors. While it was

acknowledged that marketers must come up with “general level” value themes, such as *agility*, the handover point – typically at the industry value proposition layer between marketing and sales – was problematic. Now the salesperson must develop value propositions relevant for her customer that should align to the themes to help develop the overall company brand. There is often a chasm at this marketing-sales handover point that an SVP of sales insightfully called the “sophistication gap” as often the material that comes from marketing is too generic.

“I think generally speaking there is a sophistication gap and certainly you’ll hear from sales that I need use cases, I need references, I need a translation of your insights into actionable discussions. I think it’s a joint responsibility.”

The Value Proposition Stack was developed, in response to this contextualisation finding (**Figure 2**), which shows the



▲ **Figure 2:** Value Proposition Stack.

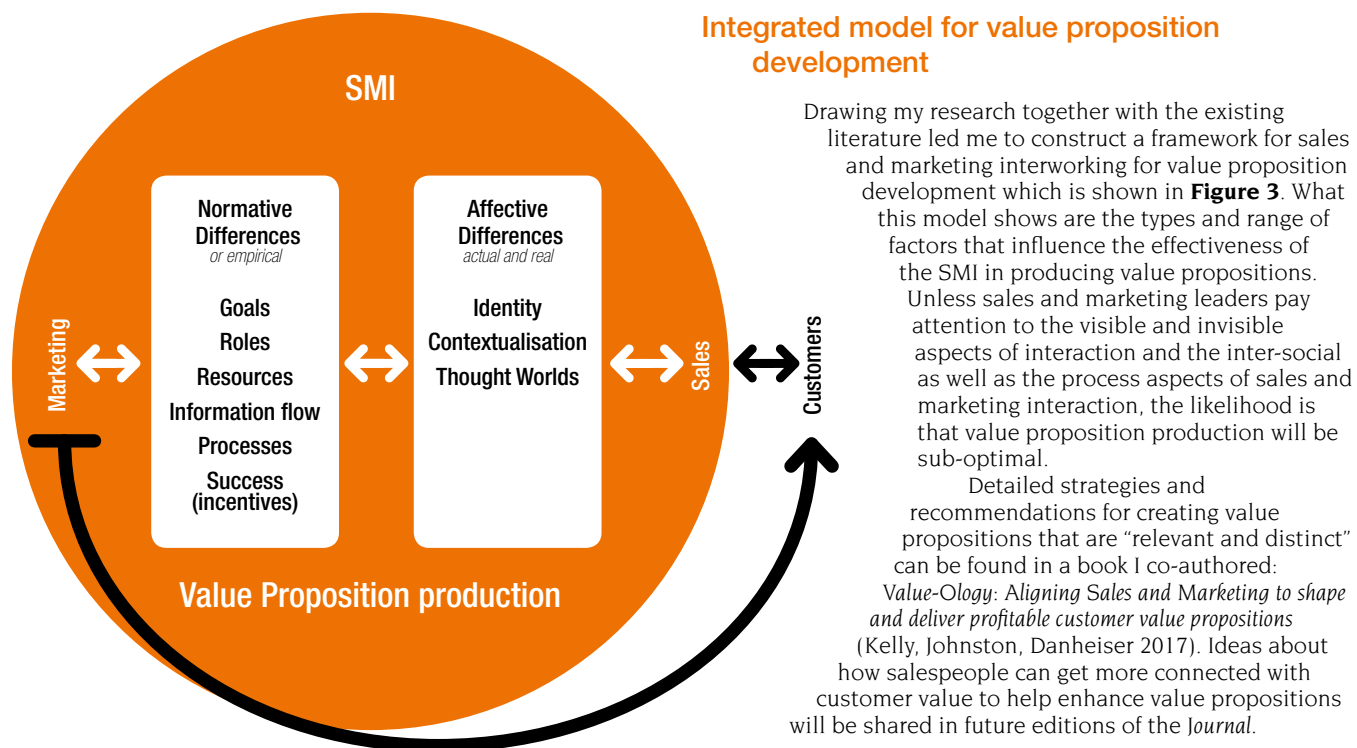
different layers of context for VPs.

While the Value Proposition Stack provides a framework for value propositions, it does place emphasis on the ability of both sales and marketing to contextualise at each layer of the stack. Dennis, a marketing manager responsible for ABM at a technology company, who was praising the benefits of ABM for alignment around value proposition production when asked “what sets your company apart”, answered: “Nothing, we are in a commodity industry.” A marketer needs to be able to provide context for what sets the company apart at a 5,000-foot level and give sales the tools to develop numeric value propositions at a customer level – “From stratospheric to numeric”, is how I would describe it.

Thought worlds

Finally, what clearly came out of the research was that sales and marketing people think differently; “thought worlds” were made up of five dimensions:

Customer versus product. Salespeople and marketers in roles close to sales, such as Industry marketing, observed that product marketers were driven to get the next product out the door and led with the product.



▲ **Figure 3:** Integrated model of SMI interworking for Value Proposition Development.

Respondents also refer to living inside a larger corporate thought world, which could be product-centric. Cailla, Vice President of Sales, Global Telco, makes this point: “We go, we’ve got to sell voice, we’ve got to sell data, we’ve got to sell this, and that.... It just might as well have a grocery shop.”

Inside-out versus outside-in. When asked to define what a value proposition is, there was a broad variance with product marketers at one end of the continuum and sales leaders at the other. Here are two contrasting views: Althea, Vice President of Marketing at a cable company saw a VP as: “The compelling reason that a customer would be interested in your product; it’s your differentiator.” Cailla, provided a much more outside-in view: “Where you really get customers’ attention is completely about understanding what concerns a business or what the next challenges are.... A value proposition is where you can come in, really show you understand that.... It’s a little bit like detective work. You have to find out what’s been going on and then you have to solve for it.”

Short term versus long term. This reflects the tension between sales winning a deal in the short term and marketing’s broader responsibility for longer-term development.

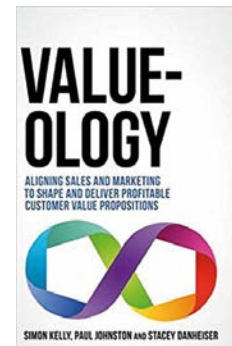
Deal versus market. Even the marketers with roles close to sales had to take a whole Industry or market view which could put them at odds with a sales focus to win an individual deal.

Holistic versus atomistic. Here marketers in roles closer to the customer are much more aligned with sales than other parts of the marketing organisation. Often product marketers get called into deals when the customer is comparing one product with another; their feedback to the organisation can be coloured by this view, as summed up by Saskia, who has had marketing director roles in several industries: “So, value propositions were created mostly by the product team who have had a tiny sliver of interaction with potential customers. So, what they thought the customer cared about was not holistic.”



About the author

Simon Kelly has 35 years’ experience in the ICT industry in customer service, sales and marketing. He was Marketing Director for BT Major Business where he pioneered the move from “product push” to “value-based” selling and marketing. He led a canon of knowledge for the CIM on best practice B2B marketing. Now a “pracademic”, he has developed innovative marketing and sales skills modules for Sheffield Business School where he is a Senior Lecturer. He is President of SHAKE Marketing Group, based in London.



Are incentives the sales industry’s narcotic?

✍ Mark Bryce

This 2016 research conducted in the context of a programme of study leading to the MSc Professional Practice in Sales Leadership qualification seeks to understand the effects of sales force incentives and how to balance pay plans with company objectives (B2B).

Background

As a sales director of a successful office equipment business for over 20 years, I could be forgiven for being one of many in our industry who have used incentive schemes as a tool or motivator to directly impact on sales results, without actually standing back and examining their real effects in any depth and how they play a role in delivering the desired results. I may have noticed from time to time that certain incentives have had undesired consequences and corrected them, but did I really understand what forces were at play and how incentives align with business strategy, values and sales behaviours? Are we as sales leaders “addicted” to sales incentives and are they the “narcotic” of the whole sales industry? Are we in danger of falling foul to them and is there a better way to deliver sales pay plans?

Segalla et al (2006; 419) point out that B2B salespeople are often the direct link between a firm and its customers, they usually know the client better than any other employee and often work in the field away from direct supervision. Increasingly, good team work is a determining factor in winning sales and building long-term relationships. This also creates important compensation design issues for managers in charge of their motivation and how to deliver the reward. One fundamental concern for sales leaders looking at how to motivate their whole team, is understanding how to distribute their financial compensation (Ramaswami & Singh, 2003).

During my Masters course I gained new insight into intrinsic motivation, through coaching and my reading, and understanding how this can complement extrinsic motivation. From my own experience there are more forces at play when

considering sales motivation other than incentives alone, emotions of the salesperson being one of them along with their values. Sales compensation indeed plays a part in sales motivation but, in order to understand incentives deeper and their effects, we must also consider all of a salesperson’s triggers when it comes to motivation, behaviour and performance.

Mallin and Pullins (2009) posit that motivating and directing the salesperson to increase productive customer relationships, whilst rewarding performance is a hot topic and one of the most pressing issues that sales leaders face today. They go on to say that separately, motivation, customer relationship building, compensation and sales controls have a vast academic literature and theory established, so we should be able to understand how all of these topics triangulate, shouldn’t we? There are also lots of different types of incentives, so how do we know which ones are the most effective and how should this all be balanced to create the “perfect storm” for a sales pay plan, can we create a “utopian” model?

A “spiffy” world

In the sales world we have come to accept there is often support from our suppliers in the form of incentives too. Generally they have become accepted as it means less emphasis on the employer to make up all of the sales rewards and compensation. These incentives are known as “spiffs” (Sales Promotional Incentive Funds) or “push money” (PM). These types of incentives have been used for decades and manufacturers use them to motivate salespeople to promote

certain models they want to shift out of their stockpiles quicker or to incentivise the salesperson to promote their goods ahead of their competitors’ products.

These types of incentives can come in the form of money or merchandise paid directly to the salesperson from the supplier or sometimes they can accrue points to draw down prizes or cash rewards (Radin and Predmore, 2002). They also point out that there is concern that these type of incentives can cause negative consequences to all the stakeholders including the manufacturers, retailers, sales staff and especially customers. They are often seen as “bribes” which encourage the salesperson to recommend one product over another which may ultimately be less suited to the customer. This clearly introduces bias and borders on being unethical. As an insider researcher, I aimed to investigate all types of sales incentives and examine their effects on motivation, behaviours and performance.

What else is at play here?

Miao (2007; 417), drawing on Amabile et al (1994), points out that research into social psychology has demonstrated that intrinsic/extrinsic motivation is composed of cognitive and affective dimensions that have distinct antecedents and consequences. Therefore, relying on I/E motivation without incorporating other dimensions and catalysts may compromise research into the field of sales motivation, so we can’t just look at incentives alone for our answers. For instance, a company may have various sales control systems in place: **behavioural controls** (such as training, monitoring, evaluation and compensating for good behaviours) and **outcome controls** (such as rewards for proportion of sales volume or revenues). However, we must also consider how intrinsic motivators such as pride and personal values can help deliver sound customer relationship building.

The aim of this project was to deepen my understanding of the effects of sales incentives, how salespeople are motivated by them and what behavioural traits are caused by them. My project examined how sales processes are influenced by different types of sales incentives. This research also looked at how they can influence team cohesion, sales outcomes, company values, performance and the overall customer experience. I explored intrinsic and extrinsic motivators behind different types of sales plans and incentives programmes, and which ones elicit the best outcomes and performance.

The ultimate aim/objective of this research project was to produce a new “utopian” model that would point to the best way to formulate incentives and create ideal conditions, to produce the best sales performance results and behaviours. I aimed to compare my research with how we currently deliver incentives and also compared this to how other companies operate their schemes to explore if I could make improvements for overall company performance and sales “team” engagement.

I identified key areas of consideration for my research:

- Motivation – extrinsic and intrinsic
- Structures of sales remuneration and packages
- Leadership – good and bad leadership traits and how they can influence sales behaviour
- Cognitive psychology

As I set out to gather my data, I used mixed methods. I decided that, due to my lack of experience as an insider researcher and how important this topic was to us all (to me and the business in particular), it was too risky for me to treat it as an action research project. I was concerned that my sales

Miao et al (2007), building on Ryan and Deci (2000), explain how the “Self-Determination Theory” contends that the increased cognitive capacity (eg challenge seeking) and elevated task enjoyment can accelerate the internalisation of extrinsic rewards (compensation or recognition). There are arguments that focussing on a salesperson’s activity as a control, negatively impacts upon how a salesperson feels (Jaworski and Kohli, 1991; Ryan and Deci, 1985, 2000.) Capability controls such as developing and rewarding salespeople’s selling skills, however, seems to impact intrinsic motivation (Miao et al 2007). Arguably there’s a balance that needs to be found that blends incentive packages and how they are delivered.

The final piece of my query was to look at how sales managers’ own practice can impact upon a salesperson’s motivation. In my early years in sales, I remember working under a sales manager who was too focussed on KPIs, spent little time on developing his team, very rarely patted anyone on the back but enjoyed dishing out criticism and was very authoritarian. He didn’t really trust anyone, rarely listened and only cared about one thing, how much override he was making – ultimately all he cared about was himself. Arguably, no matter what compensation plan or control system is in place, this will only work if it’s backed up by good leadership.

The project

My aim with this project was to research all areas of sales motivators, concentrating particularly on incentives and sales control systems, studying their effects on sales performance and also behaviours. The ultimate goal was to come up with a new hypothesis, a new hybrid model that could create the perfect conditions. This would be a model which could deliver the desired results and help build valued customer relationships, as well as good sales performances and help create intrinsically motivated staff.

team would be concerned as to why I was investigating the effects of incentives internally and I was certain this would influence their answers to any questions around their incentives and pay plans. I wanted to consider the potential impacts my research would have before selecting my methodology.

I know my team well and some individuals would tell me what I wanted to hear or what they thought would elicit a positive prescribed response to them or their incentive programmes and pay plans, known as the Hawthorne effect, Holden (2001). Others would be concerned that I was thinking about changing the way they were paid. I felt that there was enough qualitative and quantitative data available on my chosen subject, such that I could avoid an insider company-based research project.

Field-based research

I met with five other sales leaders from different types of organisations (see **Figure 1**), paying particular attention to choosing ones who had enough experience and a relatively decent-sized sales team in order for the data to hold more credence. I held five face-to-face one-hour semi-structured interviews in which I had a prepared some open-ended questions, in order to draw out some good material around topics; these were followed up by more structured questions. The setting of each interview was at the place of work of the individual concerned and at an agreed time slot. This was pre-qualified on the day so that we were in agreement that they had enough time, without distractions, to engage.

I felt that having my own, up-to-date research would allow

me to qualify/test some of my own beliefs as well as to add to the other qualitative data I was collecting. I only did this field research in my locale, so I could not rule out that this data was only significant to this region or indeed the UK. The questions were aligned to how their own sales incentives were structured: what incentives were more effective than others? What were their own thoughts on sales behaviours that were born from incentives? Did they have any team incentives in place? How did suppliers’ specific product incentives (or spiffs) play a part? What pros and cons the incentives produced and behaviours? And also discussions around the structures of pay plans and how heavily they were weighted by incentives, what worked and what did not.

The interviews and questionnaires uncovered some new material I wouldn’t have otherwise asked for by questionnaires alone and, on reflection, this was a very fruitful and fulfilling exercise. As the interviews progressed, I did modify the questions as new thought process developed and I became more experienced with this particular research path.

I have also witnessed a few instances of impacts of sales incentives and behaviours associated with them, which I recorded in my learning journal. In addition I have had opportune and often impromptu moments to discuss the topic around incentives with other salespeople from different companies and sales leaders alike. During the Masters course I have used my journal to record observations, reflections and ideas.

Quantitative analysis

Although the majority of my research was qualitative, I also utilised a select amount of data relating to pay structures, as this would form part of my theory. I examined a selected amount of information relating to what percentage of a salesperson’s remuneration is incentive variable pay versus fixed basic wage (across different industries) in order to understand if there is a pattern or if there is broad evidence that a large proportion of commission versus fixed pay leads to different types of behaviours and motivation. As I had only a limited time to carry out my field research, I also looked to “pre-coded” quantitative data to provide more evidence in order to construct my new model. Some of the questions in the interviews I held related to numbers and salary structures but clearly interviewing five leaders only provided me with very limited information, so I needed to expand upon this.

Candidate	Position	Experience	Number of sales staff	Industry sector
A	Managing Director	16 Yrs	45	IT
B	Head of division	10 Yrs	14	Motor
C	Sales Director	15 Yrs	12	Office Equipment
D	Managing Director	20 Yrs	30	Motor
E	Sales Director	7 Yrs	20	Financial services

▲ **Figure 1:** Interviewee profiles.

The topic of incentives seemed to draw intrinsic human resourcefulness out of these sales leaders. This allowed me to sit back and listen to open dialogue with a subject that was close to their hearts, as well as my own. The main downfall I discovered with semi-structured interviews, was that the candidates could tangent onto related subjects, so convergence

of the data from each interview was more complicated. However, this allowed me to explore ambiguity and in-depth clarification, (Costley et al, 2010), that arguably you couldn’t yield from a structured questionnaire.

Project findings

During the interviews a pattern emerged: we all agreed that sales incentives were essential; however, the structure, implementation and delivery of them were vitally important. They all had previous instances, as had I, where some incentives had delivered undesired results, consequences or bad behaviours.

Example 1. A salesman selling fleet cars was put onto an incentive package whereby, instead of being paid on profitability of each car sold, he was paid a bonus for selling each car, no matter how much profit was in each vehicle. Now usually the cars in this sector would shift in bulk numbers with low margins to car leasing firms looking to offload large quantities at a time. The margins in this sector were usually small and even low adjustments in this margin could make the difference between selling a handful of cars or hundreds of them.

Once the salesman realised he could drop margin and shift lots more cars, (reducing the company’s profits in the process) he began to “dump” hundreds of cheaper cars onto the market (the lease firms were lapping this up). He earned nearly three times as much as he previously made and didn’t seem to care that there was no margin left in the cars he was selling: a clear example of selfish behaviour catalysed by the incentive. The company later moved these low-margin sales to a telesales team that were used to relatively lower rewards for making sales but were more intrinsically motivated as a team to achieve the companies objectives, again confirming that misuse of extrinsic rewards can promote bad behaviours, especially if there’s no balance or other sales controls involved to prevent it.

Example 2. In one of the interviewee’s car dealerships there was a “spiff” scheme from the manufacturer to promote the sale of a certain model of 4 x 4 vehicle. This incentive was so lucrative that some of the sales team tried to promote the car to just about every potential customer who walked through the door, even if they didn’t really need or want this particular car. There was a high risk that the customers would be persuaded to buy cars that they didn’t really need and the clients’ overall satisfaction with their experience would be overlooked. This particular dealer principal, had like most of us, fallen into the trap of allowing the supplier to dictate what the sales guys were selling, albeit producing sales but perhaps not with company or client objectives/values in mind.

We were all in agreement that spiffs should complement a sales salary package and not be so appetising as to act as a control and allow the suppliers to dictate company sales, which could be against the firm’s own sales objectives. In short, they should align with the company’s overall objectives and controlled, if indeed used at all.

Three of the people I interviewed confirmed that they had introduced “team incentives” quite successfully and that incentives spread across a whole team instilled good team spirit and behaviours.

The following common themes were drawn from the five interviews:

1. Incentives were necessary but needed to be controlled.
2. Incentives (outside of commissionable pay) that were in place for a long periods became a concession or expected, rather than an incentive. They were taken for granted or lost their desired effect. Withdrawing long-term incentives

- can also be seen as a pay cut and arguably a cause of negative effects including employment law issues such as “constructive dismissal”.
3. “Spiffs” can be dangerous if they are not controlled or align to company objectives, their effects need to be considered before implementing them. On the positive side, this is a way of a supplier making up some of a salesperson’s remuneration and lowers the financial burden for incentives from the company.
 4. If a sale is elongated, complex or of high value and the salesperson’s contribution to it substantial, then the reward should reflect this. Subsequently, If there is relatively low involvement or influence, the sale is less complex and of lower value, then the commission should be proportionately lower.
 5. They all agreed that sales training and development was essential for good behaviours, intrinsic motivation and staff retention.
 6. Sales leadership and motivation of the sales team plays a huge role in their success or failure.
 7. Percentage of sales remuneration of fixed pay versus variable – This seems to vary throughout different industries and even within the same companies. From the limited information that I had here, it was inconclusive. Some salespeople are better than others and are on the same basic/fixed pay to colleagues around them but earn, relative to their sales, much more commission than the lower-performing sales staff. As long as the commissions linked with profits/revenues, then there was no need for there to be a ceiling on the amount a salesperson can earn. This also resonates with my own belief that ,if a salesperson is earning a larger amount of commission, so should the company in terms of profits. Where a salesperson’s salary becomes an impact on profits, is usually when the fixed basic salary is altered.
 8. Team incentives can bring about more team cohesion, act as good team motivators and complement individual incentives.

Encounters recorded in the learning journal

An interesting day out at Google London UK headquarters brought about an impromptu discussion with a senior figure within their business, who gave me some valuable insights into how they treat incentives. An interesting incentive that they had introduced, and arguably one that does bring about intrinsic motivation, is that they allow each employee to give out a £100 reward to a member of staff who they think has really made a great effort or has done something out of the ordinary, to help them, the company or indeed a customer. They allow donations of up to £500 per employee in each financial year, so the rewards are more limited and “special”. This lifts team spirit and is an interesting concept – for a company of this size it must have required some thought.

Another encounter I had was with a car salesperson (working in a dealership of a well- known brand) who openly admitted that a “spiff” incentive from the manufacturer to promote a specific model caused her to sell that particular model over any other. Arguably the customer may have purchased a car they may not have otherwise bought but again would the customer have purchased the car if they didn’t want to? Aren’t there other factors at play? Some customers are indecisive and others the opposite and know what they want, no matter how good the salesperson is at influencing their decision.

Conclusions

Throughout this paper I have expressed some of my own views

- alongside those I’ve researched. Drawing from all of the above research and my own experiences, a thematic analysis of the data concludes the following. In order for a sales pay/incentive system to function properly and create the desired behaviours and performance that align with company objectives, then there must be:
1. A good balance of intrinsic and extrinsic motivators at play.
 2. A well-thought-out sales control system (SCS) involving both activity control and capability control.
 3. A sales training and development programme should be in place, enhancing things such as product knowledge, client centricity, sales mindsets, sales techniques and time management, and discussing career paths.
 4. Good leadership should be in place, knowing and understanding motivation and how to implement intrinsic motivation, deliver the correct balance of sales controls and reward structures. Coaching should play a part in sales team guidance whether it be from the leader or an outside source.
 5. Measures should be in place to control “spiffs” from suppliers – as long as they align with the company’s objectives and don’t compromise sales, they are usually fine.

Things to consider:

6. Make sure short-term incentives are communicated as short-term incentives – there is a danger that some incentives, if withdrawn, can be construed as pay cuts if they have been in place too long.
7. Put in place a team incentive that compliments ongoing individual schemes, not replacing one with the other, to bring about more team ethic, effort and camaraderie.
8. Don’t over-deliver incentives and fall foul that they are the only catalyst to produce great productivity from your sales teams. Don’t be addicted to incentives and use them wisely taking time to think about their effects before implementing. Make sure incentives are aligned with the salesperson’s interests as well as those of the firm.
9. Commissions paid, should (in general) be proportionate to a salesperson’s time, effort and involvement, as well as the influence they make towards their sale. Some salespeople are involved all the way through from the prospecting to the final sale and then beyond with account management, so it should be commensurate. Ergo, the reward should also be proportionate to the value of the sale to the business.

New model

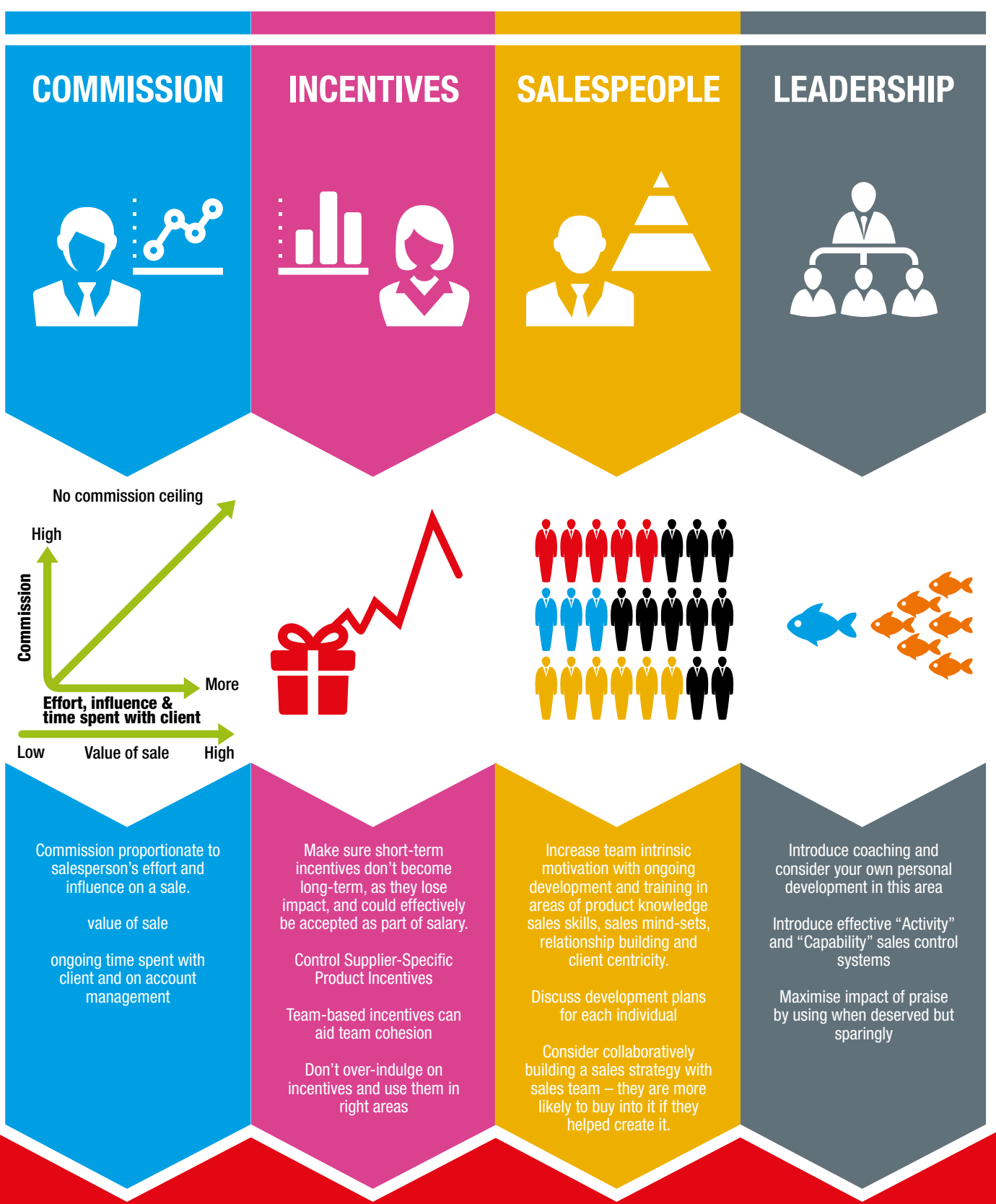
The new model is called the Bryce Sales Incentive Control System (BaSICS) – see sidebar. Its design takes into account all the motivating factors involved in a successful sales system and is an indicator of how all B2B sales reward and sales control systems should be structured to produce the best performance, motivation and behaviours.



About the author

Mark Bryce is a director at United Carlton where his responsibilities include mentoring the sales team and running the business with his fellow directors.

BRYCE SALES INCENTIVE CONTROL SYSTEM (BaSICS)



COMMISSION

Most sales organisations pay commission to incentivise sales people to sell more products and services. The commission is often linked to unit sales or company revenues from the sales of goods or services but how much should you pay?

If your sales person expends a large amount of effort or influence to close a sales and/or the sales cycle is longer and more complex, then the reward should be commensurate with this. If the order has high value to the business, then the commission rewarded should also reflect this. The higher the value of the sale or profits generated, then the reward should be increased if there is ongoing account management post sale, then this should be reflected in the in the reward or basic salary, either or.

Conversely, when the sales person has a smaller influence on the sale (due to perhaps advertising or demand of the product or service) or when the revenue to the business of this sale is low and the effort expended is perhaps less. Then the commission paid should be relatively lower.

INCENTIVES

Make sure short term incentives don't become long term incentives or they will lose their effects and arguably become accepted as part of the sales salary.

Control supplier specific product incentive schemes, or "Spiffs" as they are widely known and consider their effects before implementing them. Could there be any undesired consequences or misuse and do they align with your own sales objectives or company values?

Consider implementing team incentives as well as ongoing individual incentive schemes, to enhance team cohesion. Don't fall into the trap of becoming "addicted" to sales incentives as an only tool to drive results and performance. Incentives are extrinsic motivators by nature and they can be misused in wrong areas, often where there is already an intrinsic motivation or drive to carry out the work in the first place.

SALESPeOPLE

There is abundance of evidence that ongoing training and development of staff increases intrinsic motivation, promotes good behaviours and performance, as well as job satisfaction.

Areas to concentrate training and development of your sales team: Product knowledge, selling skills and techniques, sales mind-sets, client relationship building and client-centricity.

LEADERSHIP

The importance of motivation in sales management has long been acknowledged. Delivery of your incentive schemes should be well considered, and balancing rewards with good Sales Control System (SCS) is essential.

Sales control systems (SCS) are introduced by sales management worldwide to ensure company objectives are delivered.

Sales control systems should be divided into two areas.

Activity controls: sales activity leading up to a sale (e.g. making appointments, cold calls, doing client demonstrations, delivering proposals).

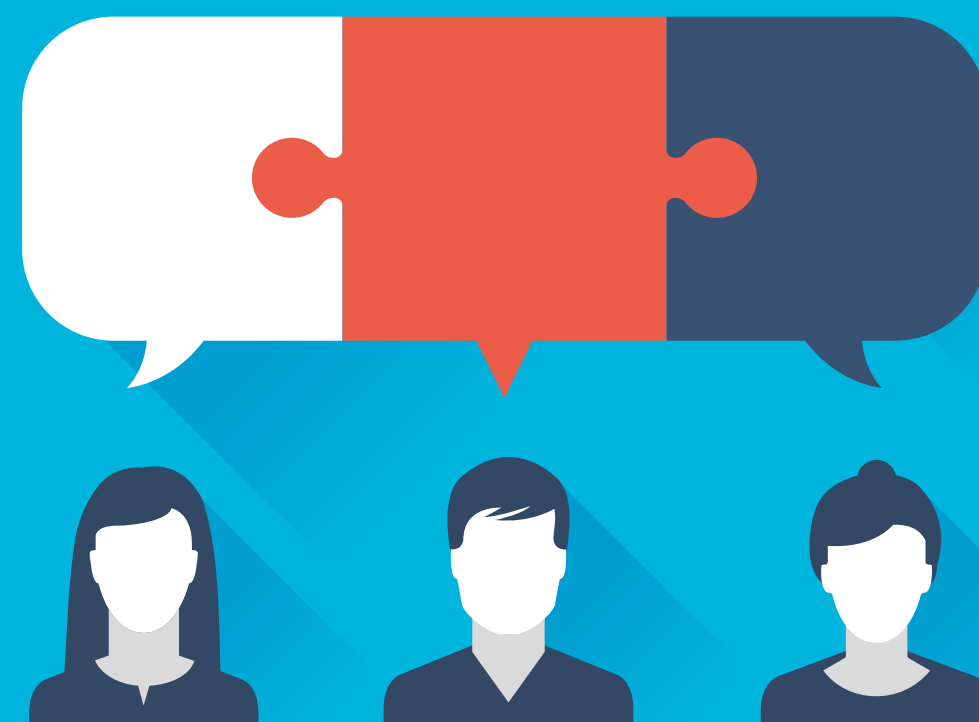
Capability controls: This focuses on the sales persons overall development to improve their longer term behaviours and performance.

Where capability can be an intrinsic motivator, activity control has to be delivered with more thought, as it can be negatively received and perceived as more controlling by the sales person.

Coaching: Assists with staff development and brings out the natural resourcefulness of you and your team, delivering intrinsic motivation along the way. You should consider your own personal development as a coach or even sourcing an external coach to work alongside you and your team.

Can one little word change marketing and sales success?

✍ Tim Riesterer



A new study highlights the power of “you” versus “we” phrasing in your messaging.

When sending out prospecting messages or presenting solutions to prospects and customers, most marketing and salespeople tend to “we, we, we” all over themselves. No, this article isn’t about losing control of bodily function. It’s about word choice and whether a single word or pronoun-based reference point can materially change the reaction of your audience. Specifically, should you use the word “we” or “you” when prospecting and presenting to customers?

To be clear, this article is **not** referring to the obviously self-centered form of “we” such as: *We’ve* been in business for more than 50 years. *We* have locations all over the world. *We’ve* developed these inventions and innovations. *We’ve* worked with these great companies. *We* provide these products and services. And, *we* make this brand promise.

In it together?

Instead, this article and related research refers to a different, more subtle form of we-phrasing – the seemingly defensible

approach where the word “we” focuses on inclusion and partnering. Fans of this form of phrasing say they are trying to demonstrate a collaborative, shared experience where the word “we” refers to both the supplier and the buyer being “in it together”.

It seems well-intentioned and inherently logical. After all, who doesn’t want to be viewed as a trusted, valuable partner? And, what buyer doesn’t want to hear their vendor claiming

to share the experience and provide assurance of collective success?

But, is that really how customers hear the word “we” when used in communications and conversations? Even more importantly, is that how they actually react to it? Does it inspire them to take more interest or action leading to purchase? Will you create more opportunities, or increase the possibility of a sale by we-phrasing? Or is there a better way?

The concept of you-phrasing as a replacement for we-phrasing, while slightly obscure, has been around for decades in the academic

realms of social psychology and behavioral economics. The premise is that you-phrasing does a better job of unconsciously grabbing attention and transferring ownership to your listener, getting your would-be buyer to personally “try on” the concepts you are sharing – both the problem and the solution.

“
You-phrasing was considerably more effective than we-phrasing in the majority of questions we asked, especially those linked to interest and intent.

“
Based on this research, it appears one improvement you can confidently and easily make tomorrow is to replace all of your we-phrasing with you-phrasing.

Previous research findings

Before detailing the results of our most recent study, it is worth quickly reviewing the existing science on we-phrasing versus you-phrasing. The scientific concepts are often referred to as “self-relevance” and “invoking imagination”.

The **self-relevance effect** is the tendency for people to recall information at a much higher rate when it is related to themselves. But just being able to better remember something by itself doesn’t assure greater interest or purchase intent. And, because no self-relevance studies examined these more business-related consequences, we don’t have any such proof.

The **invoking imagination effect** has been studied more commonly in business-relevant situations. Perhaps the best-known study of you-phrasing and invoking imagination was conducted by persuasion expert Robert Cialdini back in 1982. Researchers went door-to-door testing people’s attitudes toward cable television – back when cable TV was still a new thing.

In one script, the prospect was told what the new service would do, using a traditional feature/benefit approach. In the second script, they inserted the word “you” as participants were asked to imagine what it would be like to use the service. For example: “When you use it properly, *you* will be able to plan which of the events offered you wish to enjoy.”

The result: people who heard the you-phrasing description of the service agreed to subscribe 47% of the time, whereas the traditional group agreed only 20% of the time. The simple use of one small word, **you**, had doubled the number of sales in this experiment.

New industry survey: what pronouns are you using?

That was more than 35 years ago. And, yet a lot of marketing and sales best practices still proclaim we-phrasing to be the better approach – defending it with all the seemingly rational explanations about collaboration and teamwork and so on that we described earlier.

According to a recent industry survey, conducted by my company Corporate Visions and our partner Vengreso (a digital selling company), most marketers and sellers identify themselves as we-phrasers.

More than **47% said they use we-phrasing** to deliberately position themselves as a trusted partner which brings expertise and insights to customers. Meanwhile, **40% said they use you-phrasing** to focus on customers and encourage them to take ownership of their challenges and possible solutions. (The next largest group – just 7% – said they didn’t know, or they hadn’t given any consideration to using a specific pronoun approach.)

However, things got interesting when we asked the next question: “Regardless of which approach you currently use, which of these personalization approaches **do you think would be most impactful in terms of generating interest, response or buying intent?**”

It turns out most we-phrasers are not too confident in

their approach because **more than 52%** said they should actually be using you-phrasing to get better results. And, **only 37%** held onto the belief that they should continue to use we-phrasing to get the desired outcomes.

That’s a big shift in response between what people do versus what they think works better. We don’t know for sure whether those who gave different answers between questions 1 and 2 had never really thought of you-phrasing as an option before this survey, or if their company really has a policy that forces them to use we-phrasing. But, in either case, it appears a large number are now rather conflicted.

Studying we-phrasing versus you-phrasing

These are exactly the kind of conflicted survey results that get us excited to run a more rigorous, simulation-based study using would-be buyer responses versus just asking marketing and salespeople their opinions. And, since it has been over 35 years since an academic study focused on

you-phrasing, it seemed a good time to do another one.

Working with Professor Nick Lee of Warwick Business School, we created two different studies to examine the impact of changing pronouns (“we” versus “you”) in two marketing and sales environments:

Study 1 – A “cold” email sent to an unsuspecting prospect who has no knowledge or notion that they need the products or services from the company sending the email. The goal was to measure the interest level and urgency to solve the problem being presented.

Study 2 – A “warm” communication provided to a prospect who has expressed interest in a particular solution, and now wants to learn more in order to possibly make a decision. The goal was to measure interest and intention in buying.

Study 1 – Prospecting email

The scenario featured a business coaching and consulting service called *Business Impact*. It included a formal training event, ongoing consulting calls and a virtual library of support materials. They were told that often entrepreneurs and business executives choose consulting, coaching and mentoring services to help them improve their company performance.

Four messaging approaches were created and tested with more than 400 participants, who were randomly assigned to one ➤



▲ **Professor Nick Lee:**
Professor of Marketing,
Warwick Business School.

“

Like many business owners, you could be working harder than ever to get to your desired destination.

But, what made you a winner when you first began your business can lead to failure as you attempt to grow. For example, you may have had a solid initial vision, but not necessarily the skills to help your business thrive long term. Sheer willpower and work ethic to push forward isn't enough. You can end up overworked and in an endless professional and personal spin cycle.

Working with the Business Impact Program, you'll take your business to the next level by breaking through the chokeholds and limitations that are holding you back today.

Starting with a business assessment, you'll understand your key strengths and weaknesses, so you can apply them for your benefit, or shore them up as needed to avoid pitfalls and mistakes.

The Business Impact promise is that you will receive at least double your investment back in benefit to your business in the first 90 days or your money back. And, you'll be able to put best practices in place that allow you to personally leave your business for an extended period and come back to find growth instead of chaos.

”

Figure 1: You-you-phrased email.

Figure 2: We-we-phrased email.

“

“As business owners, we could be working harder than ever to get to our desired destination.

But, what made us winners when we first began our business can lead to failure as we attempt to grow. For example, we may have had a solid initial vision, but not necessarily the skills to help our business thrive long term. Sheer willpower and work ethic to push forward aren't enough. We can end up overworked and in an endless professional and personal spin cycle.

The Business Impact Program takes businesses to the next level by breaking through the chokeholds and limitations

that are holding them back. Starting with a business assessment, we show companies their key strengths and weaknesses and how to apply them for the greatest benefit or shore them up as needed to avoid pitfalls and mistakes.

And, we promise the Business Impact Program will provide at least double the investment back in benefits to your business or we give the money back. And, we will show how to put best practices in place that allow leaders to personally leave the business for an extended period and come back to find growth instead of chaos.”

”

of the four conditions (approximately 100 each):

1. **You-you-phrasing** – in this email the problem set-up and the solution were presented as you-phrased messaging.
2. **We-we-phrasing** – in this email the problem set-up and the solution were presented as we-phrased messaging.
3. **You-we-phrasing** – this email split the problem set-up (you-phrased) and solution presentation (we-phrased).
4. **We-you-phrasing** – this email split the problem set-up (we-phrased) and solution presentation (you-phrased).

To give you an idea for the subtle content and message change, see the sample emails for you-you (Figure 1) and we-we-phrasing (Figure 2). (The additional hybrid emails – you-we and we-you – simply cut and pasted the respective sections).

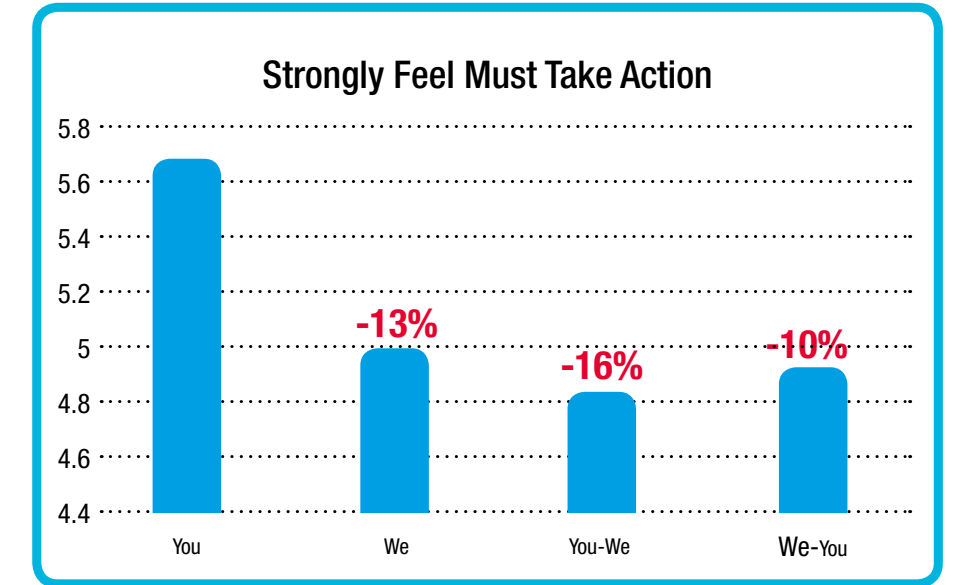


Figure 4: Measure of strength of feeling to take action for you-phrasing versus other conditions.

Results – study 1

You-phrasing was considerably more effective than we-phrasing in the majority of questions we asked, especially those linked to interest and intent. For example, participants felt 21% more responsible for solving the expressed problem in the you-phrasing condition than the we-phrasing condition (Figure 3). This is critical because you want your audience to take ownership of the issue and be willing to champion the opportunity.

While creating a slightly lower effect size, you-phrasing beat we-phrasing in several more areas important to demand-generation communications:

- Important to future success and growth +9%
- Think deeply about the problem +8%
- Feel confident to take steps to solve the problem +6%
- Unusual or unexpected message +5%
- Compelling message +4%

Getting your prospect to see the situation as “important to their future success and growth” helps raise the issue to the top of their strategic agenda, which is critical to creating a qualified opportunity. In this case, you-phrasing gives you a nearly double-digit advantage over we-phrasing. Likewise, the rest of the examples on the list are all reactions you want to win with your prospecting message, and again, you-phrasing consistently outperforms the collaborative form of we-phrasing.

Study 2 – Solution story

The scenario again featured a business coaching and consulting service called Business Impact. It included a formal training event, ongoing consulting calls and a virtual library of support materials. They were told that often entrepreneurs and business executives choose consulting, coaching and mentoring services to help them improve their company performance.

The test conditions were expanded versions of the email. They contained

considerable elaboration on the problem and the solution to represent a communication similar in length to a website landing page or a typical two-page promotional flyer. (The examples are too long to publish here, but each maintained the same type of phrasing presented in the email examples.)

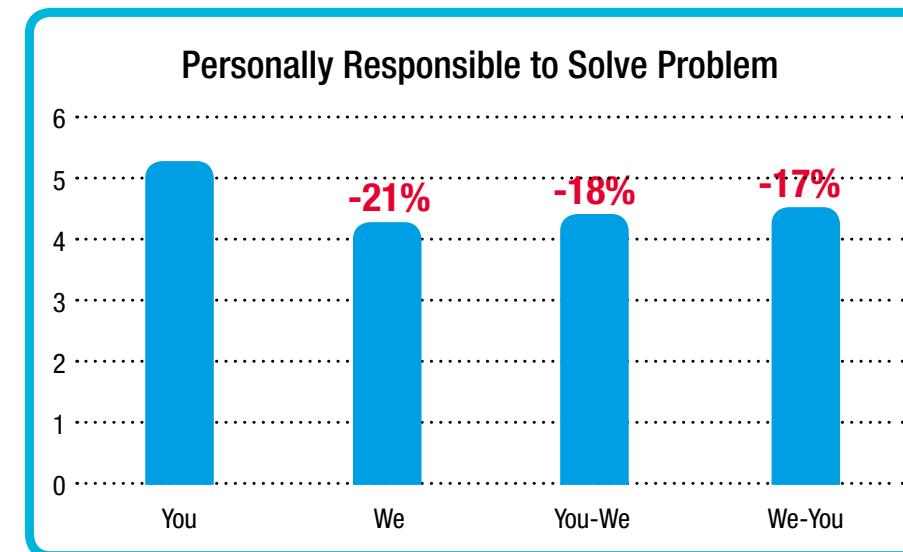


Figure 3: Measure of personal responsibility to solve problem for you-phrasing versus other conditions.

Similarly, the audience felt much more strongly (13%) that they “must take action” in the you-phrasing condition than we-phrasing. It goes without saying that increasing urgency to do something about the problem is a key outcome for your demand-creation messaging.

The four messaging approaches were tested with more than 400 different participants from the previous study, who were randomly assigned to one of the four conditions (approximately 100 each):

1. **You-you-phrasing** – in this example the problem set-up and the solution were presented as you-phrased messaging.
2. **We-we-phrasing** – in this example the problem set-up and the solution were presented as we-phrased messaging.
3. **You-we-phrasing** – this example split the problem set-up (you-phrased) and solution presentation (we-phrased).
4. **We-you-phrasing** – this example split the problem set-up (we-phrased) and solution presentation (you-phrased).

Results – study 2

Again, you-phrasing was considerably more powerful than we-phrasing in two of the most important outcomes of a solution

presentation: “Convincing Case to Purchase” (+11%) and “Likely Intention to Purchase” (+10%). Thought of another way, if you decide to stick with we-phrasing in your solution stories, you will present an 11% less convincing case, and your buyer will be 10% less likely to make a purchase.

While creating a slightly lower effect size, you-phrasing also beat we-phrasing in several more important decision-related questions:

- Think deeply about the problem and solution +7%
- Compelling message +6%
- Important to future success and growth +5%
- Credible message +2%

Getting your prospect to think more deeply or put effort into processing the problem they are facing and the solution you are providing is foundational to getting to a decision. In this study, you-phrasing drives considerably more processing than the collaborative form of we-phrasing. In all these cases, you-phrasing outperforms the collaborative form of we-phrasing.

Research conclusions

Given how hard it is to create pipeline and close deals, marketers and salespeople should be looking for any advantage you can give yourself. Based on this research, it appears one improvement you can confidently and easily make tomorrow is to replace all of your we-phrasing with you-phrasing.

Often, winning is about finding that small edge or incremental advantage. Regardless of the effect size, these results demonstrate consistent, data-backed support that *you-phrasing* will provide an unconscious competitive advantage over *we-phrasing* for hitting your marketing and sales goals.



About the author

Tim Riesterer is Chief Strategy and Research Officer, Corporate Visions.

Research review – edited by Jeremy Noad

These pages aim to keep readers informed of recently published research on sales-related topics, by including abstracts of peer-reviewed academic research published in a range of journals. In this edition, we have grouped them into three broad themes: sales performance, behavioural studies, and systems and tools.

Sales performance

An account manager's relationship with their customer service team is more effective than strong ties to the marketing team

This article draws on the growing body of research in sales intrafirm networks and sales management literature to develop and test a model of sales-marketing and sales-customer service cross-functional collaboration with actual sales performance.

We posit that the effectiveness of specific structural feature of sales intrafirm networks (ie, the number and strength of salesperson intrafirm ties) depends on whether cross-functional collaboration occurs with marketing or customer service. These differences exist because each function has distinct goals and competencies.

Using network data from salespeople working for a chemical manufacturer, we found that having few sales-marketing total ties increases salesperson performance while having many ties with customer service results in better sales results. We also found that strong ties with marketing colleagues lead to high sales growth while sales-customer

service collaboration benefits more when ties are weak. Moderating effects show that the combination of a few strong ties with marketing and many weak ties with customer service boosts salesperson performance.

While we found that total ties with marketing have a U-shaped effect on salesperson performance, there is an inverted U-shaped effect for sales-customer service collaborations and thus an optimal number of ties. This study advances our understanding of cross-functional collaboration in sales intrafirm network research. From a managerial

perspective, our findings suggest that salespeople benefit from network steering capabilities when managing cross-functional contacts. Also, sales managers benefit from a set of intrafirm network interventions that improve sales force effectiveness.

Claro, Danny P, and Carla Ramos, “Sales intrafirm networks and the performance impact of sales cross-functional collaboration with marketing and customer service”, *Journal of Personal Selling & Sales Management* 38, no. 2 (2018): 172-190.

A solution salesperson's role is one of reducing

uncertainties and encouraging the adaptive behaviour of the parties involved

Suppliers in B2B markets are increasingly seeking growth by providing end-to-end solutions to customers. Customers, for their part, see solutions and accompanying performance-based vendor contracts as ways to assure themselves of the performance outcomes they need. This article draws on extant literature in organisational buying behaviour, industrial marketing and project marketing, as well as the distinctive nature of customer solutions, to delineate three overarching types of uncertainties among customers and suppliers: (1)

Overall Mean Convincing Case to Purchase

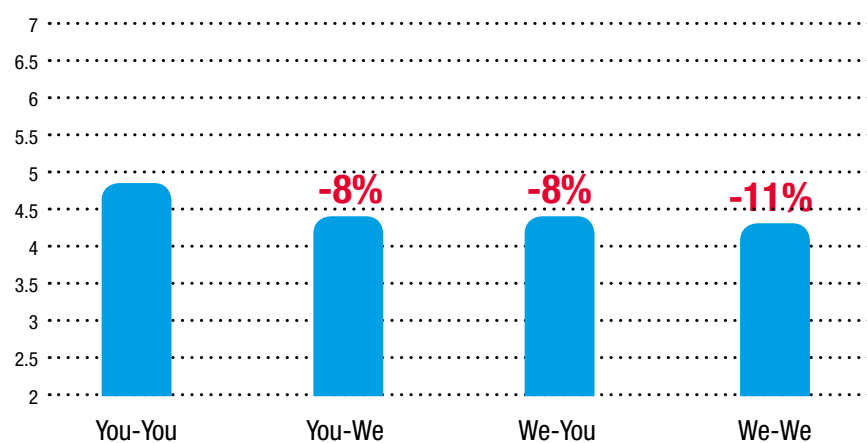


Figure 5: You-phrasing performance in making a convincing case to purchase versus other conditions.

Overall Mean Likely to Purchase

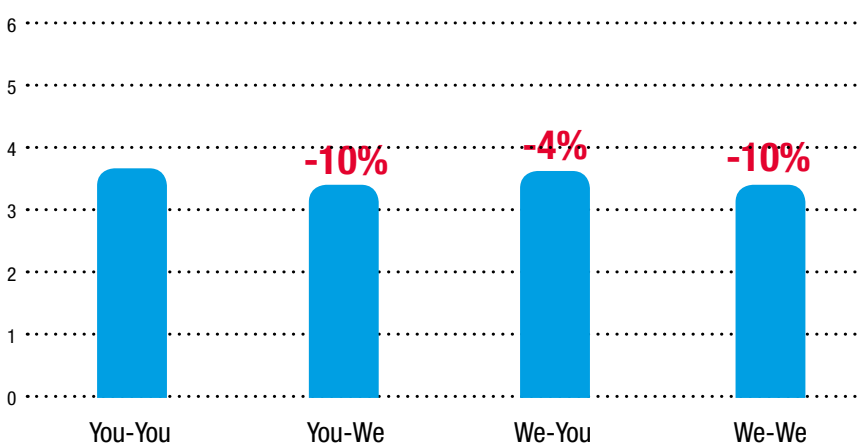


Figure 6: You-phrasing performance in intention to purchase versus other conditions.

need uncertainty, (2) process uncertainty, and (3) outcome uncertainty. Each of these types of uncertainty is present across the four stages of a solution process (requirements definition, customisation and integration, deployment, and post-deployment support). However, the nature of these uncertainties changes as a solution evolves from one stage to the next.

Based on this, we delineate a solution salesperson’s role as one of reducing specific uncertainties across the solution process by providing pertinent information to key stakeholders within the customer and supplier organisations, and encouraging the adaptive behaviour of the parties involved. We discuss implications for practice and suggest directions for further research.

Ulagu, Wolfgang, and Ajay K Kohli, “The role of a solutions salesperson: Reducing uncertainty and fostering adaptiveness”, *Industrial Marketing Management* 69 (2018): 161-168.

Cost-based pricing is more effective than a value-based price approach

While the gap between economic theory and companies’ practice, regarding the pricing setting, has been extensively explored and explained, the new gap between the normative marketing view and companies’ practice needs further clarification. In this way, the paper aims to investigate whether marketing researchers’ claim that the use of cost-based price approach prevails over the use of value-based price approach is pertinent. The arguments, propositions and the case study findings provide the logical sequence and the support required to conclude that price-setting based on cost plus margin does not always conflict with the value-based price approach.

As a result, it may be claimed that the general proposition established is theoretically valid, ie using a price formula that contains the elements cost and margin does not necessarily mean that the company sets prices based on cost. The key contribution is demonstrating that in certain business environments – such as B2B – using the price formation mechanics based on cost plus margin is the way found by companies to enable the approach adopted. The approach may be cost-based or value-based price.

Guerreiro, Reinaldo, and Juliana Ventura Amaral, “Cost-based price and value-based price: are they conflicting approaches?”, *Journal of Business & Industrial Marketing* 33, no. 3 (2018): 390-404.

Salesperson performance affected by internal politics

Politics in the workplace is a reality of organisational life. Several studies have investigated the negative implications

of perceived organisational politics on various work attitudes and performance measures but not on proactive performance. However, proactive performance is important in a sales context because salespeople operate in an uncertain environment, and some task aspects cannot be formalized. Moreover, there is still a need for research to analyse the psychological mechanisms that lead perceived organizational politics to cause negative reactions from employees as well as to provide new insights on the boundary conditions of this process.

Therefore, we examine the effect of perceived organizational politics on proactive performance through a salesperson’s trust in the sales manager, as well as the moderating role of the salesperson’s experience. This study used data from 192 salespeople and their sales managers from a range of industries. The model entails a moderated mediation process. The findings contribute to the salesforce management literature by suggesting the need to consider the importance of perceived organizational politics and by aiding in the understanding of how and when it hinders proactive performance.

Varela-Neira, Concepción, Marisa del Río Araujo, and Emilio Ruza Sanmartín, “How and when a salesperson’s perception of organizational politics relates to proactive performance”, *European Management Journal* (2018).

Behavioural studies

Confidence in the company’s brand results in confident salespeople

The purpose of the study is to address the gap in understanding how the brand influences sales outcomes by focusing one’s attention on the salesperson perceptions of the brand and the salesperson brand selling confidence. The study’s results indicate that salespeople who believe in the strength of the brands they represent are more likely to identify with the brand, are more

confident in selling the brand and, overall, tend to perform better, have higher job satisfaction and are more committed to their companies. This paper contributes to the sales literature by further exploring the relationship between the brand and sales function in the firm. This area has recently received academic attention but has not yet considered the mediating processes that connect the two areas. This study identifies perceptions of brand strength and brand selling confidence as mechanisms that mediate the impact of the brand on sales outcomes.

Gammoh, Bashar S, Michael L Mallin, Ellen Bolman Pullins, and Catherine M Johnson, “The role of salesperson brand selling confidence in enhancing important sales management outcomes: a social identity approach”, *Journal of Business & Industrial Marketing* 33, no. 3 (2018): 277-290.

Buyers are not always rational; sometimes they are emotive

Key account sales can have a profound impact on firm success. Our research investigates the decision process of members of key account buying teams during the buying decision process of awarding multi-million-dollar sales contracts. Much extant key account literature examines what the salesperson and selling organization should do to win these major accounts, studied from the perspective of the selling organization. We examine the decision process of the members of the key account buying team as they determine which of the companies vying to be awarded these large sales proposals should be awarded the contract.

We argue that key account buying team decisions are not merely straightforward, objective, and rational judgements, but instead also incorporate a wide range of strong emotions elicited during the sales process that impact the decisions of the buying team and that therefore impact the decision of which company should be awarded these multi-million-dollar contracts. We argue that members of these key account buying teams experience a broad range of emotions that have a definite role in key account proposal selection.

Curasi, Carolyn F, James Boles, and Rick Reynolds, “Key account buying team members’ emotional responses awarding multi-million dollar sales contracts”, *Industrial Marketing Management* (2018).

Political skill is an essential individual salesperson ability that shapes the effectiveness of persistence.

While the importance of persistence to sales success is seemingly unquestioned, anecdotal evidence suggests that the incremental business generated through salesperson persistence may be tempered by its accompanying costs (eg, time spent pursuing noncommittal prospects). Considering this possibility, this research uses a grounded theory approach to explore the nature of salesperson persistence, its behavioural manifestations, and its impact on salesperson job performance.

Consistent with social influence theory precepts, this study finds that: (1) persistence manifests as a combination of influence tactics salespeople deploy to shape the responses of resistant prospects, and (2) the mix of persistence tactics salespeople employ can be nurture-focused (ie, aimed at building the foundation for future exchange) and/or closure-focused (ie, aimed at uncovering prospects’ true intent), with each persistence approach having desirable and undesirable performance consequences. Additionally, the data reveal that political skill is an important boundary condition which determines the effectiveness of persistence attempts as it enables salespeople to identify tactics likely to be most effective in a given situation. The study’s findings thus suggest that the effect of persistence on salesperson performance may not be universally positive, but somewhat depends on the type of tactics salespeople deploy as well as on their level of political skill.

Chaker, Nawar N, Alex R. Zablah, and Charles H

Noble, “More than one way to persist: Unpacking the nature of salesperson persistence to understand its effects on performance”, *Industrial Marketing Management* 71 (2018): 171-188.

Sales managers and recruiters should use assessment tools to evaluate sales recruits’ emotional intelligence to find high performers

The purpose of this paper is to investigate how the salesperson’s emotional intelligence (EI) influences salesperson behaviours (ie emotional labour strategies) and the influence of these behavioural strategies have on customer’s outcomes.

Results reveal the importance of conceptualizing the dimensionality of a salesperson’s EI ability, as different dimensions impact customer outcomes differently. Additionally, the importance of the salesperson’s authentic emotional labour strategies is highlighted. EI is a foundation for successful

selling in a business-to-business environment, but it is not a silver bullet. Sales managers and recruiters should use assessment tools to evaluate sales recruits’ EI, but it is also critical to train salespeople to engage in deep acting, creating authentic emotions in the buyer-seller relationship. This study suggests that the dimensions of EI and emotional labour strategies influence customers’ perception of salespersons’ trustworthiness and propensity to continue the relationship with the salesperson differently. Specifically, not all dimensions of the salespersons’ EI are found to be positive, and only salespersons’ authentic (deep) emotional strategies are found to influence customer outcomes positively.

Delpeschitre, Duleep, and Lisa Beeler, “Faking it: salesperson emotional intelligence’s influence on emotional labor strategies and customer outcomes”, *Journal of Business & Industrial Marketing* 33, no. 1 (2018): 53-71.

Why salespeople’s roles are insecure

The purpose of this paper is to examine the impacts of job resources, as manifested by selective staffing, training (TR), and career opportunities, on job insecurity and the influence of job insecurity on hope, job satisfaction, and creative performance. By investigating these relationships, the present study also aims to provide managers with the ways by which they can foster job resources, reduce job insecurity, and activate hope and job outcomes of their salespeople. Job insecurity and hope act as mediators of the impacts of job resources on job satisfaction. Job satisfaction mediates the impacts of job insecurity and hope on creative performance. Contrary to what has been hypothesized, job insecurity positively influences salespeople’s hope. Such salespeople in turn exhibit higher job satisfaction. In addition, job resources do not significantly influence hope via job insecurity.

Management should invest in job resources to reduce job insecurity. Management should also try to hire individuals high on hope since hope is treated as a malleable variable and can be developed via TR interventions. Workshops can be organized to enable junior salespeople to learn senior salespeople's practices regarding the solutions to new customer requests and problems.

Bouzari, Mona, and Osman M Karatepe, "Antecedents and outcomes of job insecurity among salespeople", *Marketing Intelligence & Planning* 36, no. 2 (2018): 290-302.

Systems and tools

CRM enables process standardisation across regions increasing sales efficiency

The diffusion of customer relationship management (CRM) systems across the globe, over the last decade, has created a need to improve the understanding of the impact of technology on the sales process from a global perspective. The authors examine how CRM technology impacts the sales process (creating opportunity, managing opportunity, and managing relationships) in three regions of the world (US, Europe, and Asia). The study revealed a significant influence of CRM effectiveness; these results suggest that CRM effectiveness leads to significant differences in sales processes; significant influence of CRM effectiveness is on creating opportunity, managing opportunity, and managing relationships. This study identified that CRM use and the process could be more standardized across regions and cultures. CRM's ultimate measure of success is for the buyer-seller relationship process to positively impact the level of business conducted.

Rodriguez, Michael, Robert M Peterson, and Vijaykumar Krishnan, "Impact of CRM technology on sales process behaviors: empirical results from US, Europe, and Asia", *Journal of Business-to-Business Marketing* 25, no. 1 (2018): 1-10.

"Not all dimensions of the salespersons' EI are found to be positive, and only salespersons' authentic (deep) emotional strategies are found to influence customer outcomes positively.

"We argue that key account buying team decisions are not merely straightforward, objective, and rational judgements, but instead also incorporate a wide range of strong emotions elicited during the sales process that impact the decisions of the buying team and that therefore impact the decision of which company should be awarded these multi-million-dollar contracts.

Active managerial support increases adoption of new sales technologies

Prior literature has shown that the acceptance of new technologies can improve the long-term performance of sales forces and firms. However, new technologies are likely to introduce obstacles to acceptance, especially for those technologies that represent a massive change for the user. Salesforce members who drastically change their work processes to integrate a technology sacrifice both time and effort and may be distracted from their primary goals (eg hitting deadlines or sales goals).

Thus, we investigate how perceived technological change can negatively moderate individual motives to accept new technology. Furthermore, we analyse how managerial support can help overcome the acceptance issues caused by perceived technological change. We find that perceived technological change negatively moderates the influence of individual goal orientation onto acceptance of new technology.

We also find that managerial support, as opposed to team goal commitment, will positively moderate an individual's goal orientation onto acceptance of new technology.

This suggests that managerial support is necessary to encourage acceptance of technologies that present drastic change for the end user. This analysis reveals that the negative influence of perceived technological change affects explicitly the acceptance of behavioural-based technologies, as opposed to outcome-based technologies, thus necessitating the moderating influence of managerial support. This article identifies and suggests how to more appropriately enhance acceptance of technologies that introduce drastic changes by sales force employees, thus enhancing potential long-term organizational performance.

Michael Obal & Todd Morgan, "Investigating the Moderating Effects of Perceived Technological Change on Sales Force Acceptance", *Journal of Business-to-Business Marketing*, 2018.

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What motivates our employees?

Warren Colby

This 2016 Masters project asks: Do employee motivation schemes have to be financially focused to improve engagement and output?



Study background

Do employee motivation schemes have to be financially focused to improve engagement and output? During previous employee appraisal meetings within my organisation, a number of our employees asked if the company would consider introducing a financially focused bonus scheme; a majority of the employees who made this request were key individuals within the organisation and appreciated by management. I therefore felt it was important to investigate various employee bonus schemes and feed back my findings.

My research project initially was to investigate the types of bonus scheme that businesses were introducing to employees as a means of improving employee engagement and output. However, my findings after surveying and interviewing employees led me to investigate whether engaging with employees using reward and recognition methods was more effective to improve employee motivation and output. I wanted to explore if using reward and recognition could be a more effective motivator than the traditional financially focused bonus schemes which many of the UK's businesses have been using for a number of years.

The project aim is to understand what motivates employees and establish if introducing a reward scheme would improve employee engagement and output within an organisation. The purpose of my research project is to understand within my organisation what motivates some employees to go beyond the call of duty and why others simply do enough to just get by.

I hope that by understanding what motivates employees I am able to introduce changes that will increase motivation in those employees who just do enough to get by and, at the same time maintain and if possible, increase the motivation in those employees who already go that extra yard.

I hope that by engaging with employees in this manner it will encourage employees to accept more responsibility. This acceptance of more responsibility will assist the business in developing employees, challenging them to produce greater output and produce stars who could in the future become employees with middle management potential. The development of a middle management structure will assist the business with our company growth plans.

I investigated the link between incentive schemes and improvements in staff motivation, engagement and output. I also investigated the types of reward scheme that are commonly used by businesses and the impact that these schemes have on businesses and their employees.

Research suggests that fewer than 30% of employees are actively engaged in their jobs (Seijts, 2006). Research also suggests that, when employees are motivated, they are prepared to put in extra effort to accomplish tasks that are central to the goals of the organisation (Wiley, 2012). It therefore could be argued that increasing staff engagement will provide businesses with better results.

My initial observations, including evidence from my own business practice, have suggested this to be the case as intrinsic motivation is now more evident within my organisation after introducing a few simple schemes to improve staff engagement. Simple changes included regular meetings with employees, improving communication and simply listening to their suggestions.

I was aware that introducing a reward scheme isn't as simple as it sounds: research has found that reward schemes have some drawbacks, such as, increases in pay and training

We feel it is an essential element to our growth that we can motivate and develop our own employees by introducing a scheme or mechanism which will assist us to improve employee engagement and employee output throughout the organisation.

Personal and company background

I am a director and shareholder in a company that specialises in the sales and service of office machinery to end-user businesses. The company has been established for over 30 years and I have been in my current position as a company director and shareholder since 1996. My role has developed over time from a sales-driven individual to now a strategic operations director; however, due to my knowledge of our own internal systems and processes I am involved in all areas of the business.

The company today is a small to medium enterprise (SME) employing just over 110 employees across three offices in the North of England (head office near Newcastle upon Tyne). During my time in the business, turnover, employee numbers and profit have grown year on year – this growth has been through organic growth rather than by acquisition.

costs not being guaranteed to outweigh the increased productivity of the employee or group (Armstrong and Murlis, 1998). Therefore, my main project objective was to understand first if employees feel motivated and engaged and if not, how we could motivate them further to improve productivity, output and profitability for the business.

Financial schemes

I investigated incentive schemes, which include financial and non-financial as well as other methods of improving employee engagement and motivation. I researched what motivates individuals, as I am not convinced through my experience of over 20 years in employee management that incentive schemes which have only a financial motivation are best placed in today's world, and I have elaborated further on financial motivation during my research project.

Motivation

Intrinsic motivation – This is about what comes from inside: the feeling of being in control; using your own skills to the maximum; relying on your own judgement rather than on the judgement of others. Typically, not reward-related.

Extrinsic motivation – Is created by offering rewards such as money, status, cars, praise from others and prizes. In other words, it's about reward that comes from external sources.

Research questions

- Are employees motivated?
 - Are employees intrinsically motivated?
 - Are intrinsic motivators enough by themselves to improve employee output?
 - Are extrinsic motivators required to improve employee output?
- Considerations:**
- Incentives – Incentives, rewards, recognition, perks and benefits. Are these all the same thing?
 - Measures. How will we measure success? How will we determine the different KPIs for each department?

“
My main project objective was to understand first if employees feel motivated and engaged and, if not, how we could motivate them further to improve productivity, output and profitability for the business.”



Recognition – Formal programme of congratulation for going beyond the call of duty; it does not necessarily include reward, but could do: for example, formal recognition for contribution during awards, meetings or in one-to-one situations.

Bonus – A monetary value applied to specific task or time period: for example, commission and a profit-related pay scheme.

Perks/benefits – These are neither reward nor recognition but form part of an employee's remuneration package: for example, car, healthcare, gym membership. Most perks and benefits are offered to retain employees or attract new employees.

Examples

- Administration – How administrative will any reward scheme be?
- In order to ascertain answers to these various questions, I carried out surveys, various interviews with employees, as well as external meetings with organisations that have implemented reward schemes.
- Literature research into incentive schemes**
- It is noted by many that these schemes need to be focused on individual achievement, recognition and incentives based on agreed performance goals rather than adjusting salary and benefits levels. The research also shows in fact that 70% or more of motivation programmes are revenue-related in some way (Fisher, 2015).
- Incentives** – What does incentive mean? There are a number terms used in the context of an incentive scheme.
- Reward** – Tangible, non-monetary items received in a motivation programme: for example, reward cards, gifts and vouchers.

I have read many studies on the success and failure of schemes but one in particular struck a chord for me due to its unparalleled success in turning around a struggling airline.

Continental Airlines in 1995 introduced an incentive scheme that promised monthly bonuses to all 35,000 hourly paid employees if the company achieved a company-wide performance goal. Continental Airlines prior to the incentive scheme launch was consistently one of the worst-performing airlines in the industry and averaged last among ten other major domestic airlines in on-time arrival, baggage handling and customer complaints.

In 1994 a new management team was brought in to address these problems and in 1995 introduced a new timetable and incentive scheme which promised \$65 to every hourly employee in every month that Continental performed in the top five airlines in the industry. This target was hit within months and the scheme was modified less than a year later to pay \$100 to each employee when it finished first out of all the domestic airlines (Knez, 2001).

Firm-wide incentive schemes are common at large

firms. A 1987 US government accounting office survey of 326 Fortune 1000 firms reported that 54% of non-union and 39% of unionised firms had profit-sharing schemes for hourly employees (cited in Cooke, 1994); their use appears to be increasing (Blasi, Conte and Kruse, 1991) and the introduction of such schemes is now becoming more common in SMEs as business management understand how key employees are to the success of the organisation.

There have been schemes, however, where there is no association between a profit-sharing scheme and a measure of financial performance as research carried out amongst a large amount of UK establishments (Blanchflower and Oswald, 1988). Therefore, it is not a foregone conclusion that all reward schemes are successful; in fact research shows that the success of a scheme will be determined by its nature, the key measures and the types of rewards.

In summary, the volume of literature researched on this topic is considerable, and the majority of the research concluded that most of the reward schemes which have been implemented by businesses claim that reward delivers performance (CIPD, 2005). Research suggests that most organisations which have implemented a reward scheme have improved productivity which in turn has increased company productivity and, in some cases, profit.

Many of the failings of schemes have been due to external forces such as company take-overs, financial downturn within a company and/or changes in the market sector. Evidence also pointed to bad management of schemes and, in a number of cases, an incorrect focus on the measures and the rewards provided. This incorrect focus majorly contributed to scheme failures (Kohn, 1993).

Our own organisation

From my research into my own organisations it is obvious that the success of any scheme is determined by the quality of research into the organisation where you intend to implement a scheme. It is essential that you highlight the operational areas that require improvement, and you establish rewards which represent the interests of the majority of your employees.

My research has provided the stakeholders within my organisation the belief that, in order to improve productivity, we need to find a mechanism to improve motivation. Employees need to be motivated, as motivated employees engage better with their employers.

Our major task was to select a scheme which appealed to employees and that continues to keep employees engaged and motivated. Any scheme considered would be introduced with a view to improving all goals.

Study methodology

In order to understand what would motivate employees I held a department heads meeting where we discussed motivational topics. This isn't an uncommon topic in these meetings – we have previously discussed motivational items and rewards schemes but they have been just that, a discussion. I wanted to understand areas in their departments where we could improve but more importantly where we could measure the improvement.

We together brain-stormed and produced a list of topics which were appreciative inquiry-based. We posted these topic questions in the form of a survey and emailed to all employees to complete. The purpose of the survey was to understand how employees felt and also to provoke conversations for a string of interviews which would take place shortly after.

The quantitative data we received from the survey was a small sample given the time frames afforded during

this project; however, they provided significant evidence to establish that there was a need to pursue matters further and there was a thirst from all to engage further with management and a willingness from employees to improve their practice. A second survey was designed which was more focused on providing a greater depth of responses on the issues that were attributing to a low level of motivation. This survey was also designed on extracting information that could be recorded from each department, as well as age ranges and the gender of the respondent.

I conducted a number of group interviews with the various departments to gather feedback on motivational topics, which was followed up with one-to-one meeting with employees. I wanted to fully understand things from their personal point of view in a one-to-one environment and not when they could potentially be swayed by others in larger meetings. I also carried out my own observations by working for periods in each of the departments to see areas of improvement and where we could make positive change.

I met with two external businesses outside of our business sector. The first ran a scheme that was truly successful and had seen an increase in motivation across the business which was reflected in their increase in profitability. The second was a company similar in size to my own business; the organiser of their scheme admitted that their research of a scheme, implementation and focus on individual employees was missing and, as a result, did not provide the benefits to employees, and motivation suffered as a result – and the scheme was scrapped. I learnt a number of lessons from both external businesses: the first lesson is that understanding the scheme's purpose is crucial; relaying this purpose to employees is essential. The scheme also needs to be simple, transparent and be aligned to the organisation's values and to the reward tailored to the individual needs.

Analysis

I initially thought when beginning this project that I would simply be investigating incentive schemes as this was the focus of employees following the previous year's employee appraisals. I anticipated that I would be considering the merits of one scheme versus another, or trying to establish what scheme would be most suited to my organisation and our employees. However, this could not be further from the truth, and this revelation was a result of my study.

I previously would most definitely have opted for a scheme where I did little research and one which was easy to implement and provided employees with more bonus. As a result of my learning and the utilisation of mixed method data collections, I now realise that employees were more interested in being recognised and engaged within the business rather than it simply being a financial motivation.

I established very early in my investigation that salary and reward weren't the only focus for employees – job satisfaction, recognition, career prospects and inter-personnel relationship in the business were just as important for most. These findings made me reconsider if the employee's initial request for a reward scheme was simply a smoke screen: perhaps their way of wanting to be heard, engaged, appreciated and part of the organisation. This was further reinforced as the project continued – I found that the further I engaged with employees about the businesses plans and how they were very much part of that plan, the talk of incentive and money-based schemes reduced. The conversations pivoted to more around their job satisfaction and being recognised for going that extra yard.

The results also demonstrated that each department had its own items that held importance to them, although there were a number of similarities in that employees from all but

one department had “salary and reward” as one of their top two very important factors. The other stand-out factor was job satisfaction, which appeared in all departments' top two responses. It would also be remiss of me not to consider the impact of the other factors: both relationships with colleagues and management were valued as important, as was recognition.

Semi-structured group interviews and one-to-ones

Interviews were split into departmental meetings because I felt employees would feel more at ease in smaller well-known groups. I also realised that as a department they were likely to have similar issues and motivations and therefore likely to share these with me and their colleagues.

I focused on what motivated employees and asked them to think about items in their past, happy times when they felt more motivated. Nearly all employees could recall a moment when they felt more motivated: most of the recalled times where when the business was smaller in size; they all said they knew what was going on as their link to management was far greater than it is today. Nearly all employees felt that they have now become less involved with other parts of the business and that their interaction with stakeholder is less than it was previously.

We discussed in depth the results from the surveys and it became obvious within all departments that recognition and reward were the key motivators in each department.

I asked them all to go away and think about areas within their department which they felt could be improved and areas where they as individuals could change and improve their output.

It's fair to say that the responses I received during these meetings re-affirmed the responses I received from the survey: employees wanted to feel involved, appreciated and part of the organisation and this was the case for nearly each department. In addition, the one-to-one interviews provided me with honest answers from employees from all the departments. All employees wanted to be recognised more, empowered to make decisions and included within company strategy for future growth.

Conclusions from my research and my own personal findings

My use of multiple research methods and sources of data has allowed me to triangulate my conclusions. The conclusions have been formulated as a result of the quantitative and qualitative data received and analysed, and triangulated by comparing the results and using my own personal experiences, self-reflection and interviews with external parties.

Do employee motivation schemes have to be financially focused to improvement engagement and output? My research suggests that improvements in engagement do not require a financial focus and this can be achieved by an organisation appreciating employees, recognising their contribution and sharing with employees their company vision and strategy.

I feel it is important to ensure the relationship between employees and management remains solid and open and that

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Understanding the scheme's purpose is crucial; relaying this purpose to employees is essential. The scheme also needs to be simple, transparent and be aligned to the organisation's values and to the reward tailored to the individual needs.”



a collaborative culture is developed within an organisation. Research also suggests that, in order for employees to improve output this is only possible in the long term by introducing a reward scheme that is: tailored to an individual's needs and contains intrinsic and extrinsic motivators; reflects the company's culture; is aligned with company goals; and the recipients perceive a clear link between improved performance and reward – this is the case for my organisation and others.

I conclude that, within my organisation, employees demonstrate greater levels of motivation when they feel appreciated, an integral part of an organisation, and where necessary they are empowered to make decisions. Harrison, Virick and William (1996) found that recognition programmes produce greater job satisfaction. I feel from my research that motivation doesn't need to be part of a reward scheme and displaying higher levels of motivation can be achieved by improving recognition and by making employees more central and important to the organisation (Armstrong, 2002).

I do believe that, as a result of better motivation, output will increase naturally as was demonstrated within my

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The success of any scheme is determined by the quality of research into the organisation where you intend to implement a scheme. It is essential that you highlight the operational areas that require improvement, and you establish rewards which represent the interests of the majority of your employees.



organisation. However, research also suggests that performance will only increase in the short term (Bowen, 2000) with recognition alone.

Mottaz (1985) indicates that the job level may serve as a moderating variable between reward and motivation: intrinsic reward showed a stronger relationship with job satisfaction in upper-level occupations, whilst extrinsic reward was related positively to motivation and job satisfaction in lower-level occupations.

I am therefore in agreement with Bowen (2000) that successful reward schemes incorporate both extrinsic and intrinsic motivators and it is also important for these reward schemes to be aligned with corporate goals (Benardin, 2003; Bowen, 2000). I also concur with Mottaz (1985) that extrinsic motivation is more prevalent in lower-level occupations than it is in upper-level occupations, as lower-level occupations tend to be less intrinsically motivated due to their position, importance, involvement in key decision and salary within an organisation. The levels of engagement will vary from one organisation to another based on their proportion of upper- and lower-level occupations.

It is also essential that performance indicators should be measurable, clear, unambiguous, achievable, challenging and relevant to every person participating in the reward programme. (Jensen et al, 2007; Zenger, 1992).

I would recommend a scheme which is individually focused as well as either company-wide or departmentally focused to achieve the greatest results, and one which is simple to administer (Fisher, 2015). It is also essential that any measurable improvement is agreed by the employee before implementation.

I conclude that within my organisation that motivation and engagement has increased by recognition: involving and empowering employees in the first instance. However, improvements in output and employees going that extra yard will need to be linked to a reward scheme and this should be carried out on a department-by-department basis looking at key areas of improvement. Vroom (1964) suggests employees must believe that an increase in performance will lead to a valued reward (Bernardino, 2003; Zachary & Fukuhara, 2005).

Summary of conclusions

An effective reward and recognition scheme identified from the literature reviewed is one where:

- The reward is tailored to individual needs.
- It contains intrinsic and extrinsic motivators.
- It reflects the company's culture.
- It is aligned with its goals.
- The employees perceive a clear link between improved performance and reward.

Next steps

I am currently considering a number of schemes that will best motivate each employee and department, but I am mindful that any scheme that is implemented will need to be administratively simple for both the employee and employer to work efficiently. I am in the process of investigating a points system per employee; this will be linked to performance and KPIs for each department where each employee will be able to cash in points for a reward. Rewards may possibly include gifts, additional holiday entitlement and a charge card for purchasing goods.



About the author

Warren Colby is a director at United Carlton.

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How should KAM teams create impact and negotiate with procurement for maximum value co-creation? Highlights from Cranfield’s recent KAM and Strategic Sales Forum.

Implementing KAM

The pre-event dinner was dedicated to practical implementation of key account management. Dr Javier Marcos, Mark Davies, Dr Rodrigo Guesalaga and Dr Sue Holt, who have all worked closely together at Cranfield and elsewhere, identified that despite key accounts revenue growing in all major sectors, there is little information on the practical implementation of KAM. Using their own experiences, and those of organisations that attend the Cranfield KAMSS, they have put together a practical guide which condenses extensive KAM experience into a comprehensive volume with many good examples of proven best practices and alerts about the multiple pitfalls that other organisations have previously encountered.¹

Insight into new procurement trends and supply chain strategy

Hosted by Richard Wilding, Professor of Supply Chain Strategy Logistics, Procurement & Supply Chain Management at Cranfield, this session was subtitled “What should be keeping you awake at night!” Professor Wilding, who is Chairman of the Chartered Institute of Logistics and Transport UK underlined that we are in a very volatile world, where the rate of change is ever increasing – see Professor Martin Christopher’s Volatility Index, which looks at various key financial measures to build a picture of the impacts on supply chains.²

It used to be possible to succeed by focusing on either having a lean supply chain in predictable environments, or an agile one in volatile environments; however, to be competitive today, it is necessary to be both lean and agile simultaneously. The consequence of having an “average” supply chain is that half of the customers are unhappy with the service being provided and the other half don’t value the overprovision. So, average supply chains are never optimal, and it is necessary to segment and optimise for each segment.

Professor Wilding explained how Kimberly Clark segmented its markets according to volume and demand volatility (see **Figure 1**), and created four separate,

demand-chain-management teams, which enabled them both to reduce working capital and inventory and improve customer satisfaction across all four segments.

Supply Chain 4.0 is the coming together of a number of elements each of which has been evolving over time but which are now all coming to practical fruition and reinforcing one another:

- GPS Tracking
- Virtual Weigh Stations
- Pre-shipment Data Transfer systems
- Vehicle recognition systems (ANPR)
- RFID (Radio Frequency Identification)
- IoT (Internet of Things)
- Facial Recognition, Iris scanning etc
- Collaboration and social media Platforms

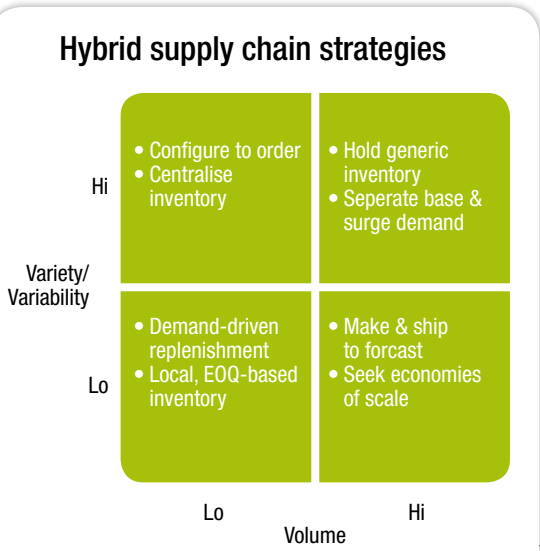
The overall impact is likely to be good for profitability and sustainability but may not be so good for society because it may lead to significant job losses. For example, Nike’s new approach which makes extensive use of automation local to the markets will reduce lead times from 60 days to 10 days and use only half of the current workforce of one million – while this is obviously very good for Nike and will benefit customers, there will be a very negative impact on some individuals and communities.

Frictionless borders

Frictionless borders where there is no overhead associated with moving products between countries or regions are very topical at the moment because of the Brexit discussions. However, a key point often not fully understood is that, even though transport can flow freely across the borders within the EU, VAT and other requirements still create significant overheads and so existing EU borders are not frictionless. Professor Wilding argues that, in fact, the post-Brexit situation may be less complex and costly than the current one, because all deals will come under the WTO terms; at present some are under WTO and some under EU, which increases complexity and hence cost.

A potentially dramatic change for UK companies is the new Customs Declaration Service. introduction is already under way, and for a lot of companies, may have more impact than Brexit itself. It does require considerably more detail to be recorded but, because it is a significantly more comprehensive system, compliance with post-Brexit requirements will almost certainly be easier for companies once they are using it.³

Another development all organisations should be aware of is the introduction of Authorised Economic Operator quality marks. AEO status is an internationally recognised quality mark indicating that your role in the international supply chain is secure, and that your customs controls and



▲ **Figure 1:** Market segmentation according to volume and demand volatility.

procedures are efficient and compliant.⁹ By ensuring that each element of your supply chain has AEO status, it is possible to ensure that not only do you have an efficient and robust supply chain but also a secure and compliant one too – this will become increasingly important as customers and consumers are increasingly looking for greater reassurance about entire supply chains.

Professor Wilding provided a checklist of the characteristics of organisations that excel in procurement and supply-chain management:

- Align supply chain strategy with business goals.
- Contribute both to top and bottom lines by contributing to innovation and new product development as well ongoing purchasing.
- Manage risk systematically using risk-impact analysis, financial risk management and disaster planning.
- Use supplier relationship management consistently and involve suppliers in initiatives.
- Tailor category strategies to each individual situation.
- Adopt appropriate new technology.

Fifth-generation purchasing: “Getting ready for a changing landscape.”

Dr Hervé Legenvre is the Director of the Value Creation Observatory at the European Institute of Purchasing Management. He blends academic and practitioner thinking and continuously looks at the trends that will shape the future of business. He believes that the competitive edge of companies will increasingly be co-created with external partners as innovation needs to be seized externally.

Historically, many organisations have become successful by concentrating on their core competencies, but this makes it difficult to introduce innovations that can improve competitiveness. “Edgeless Innovation” is an approach pioneered by EIPM that involves the purchasing function in gathering unmet needs for the organisation, looking systematically for innovation opportunities within the supplier ecosystem, and involving suppliers in innovation projects.⁶

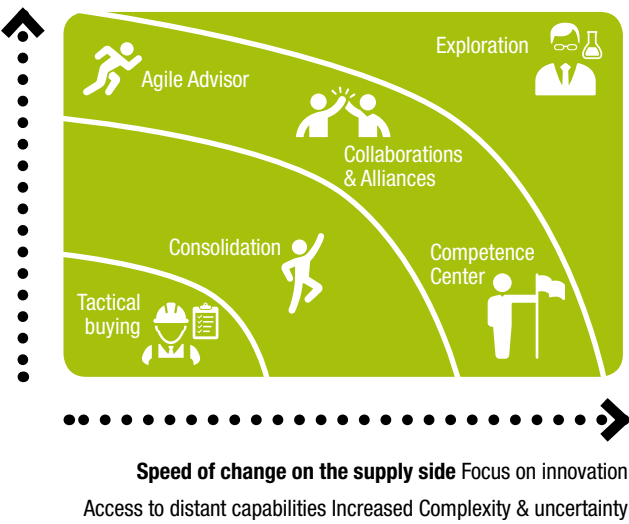
Dr Legenvre showed how a fifth-generation purchasing approach is evolving, with different techniques and focus being appropriate for different environments. This echoes Professor Wilding’s segmentation by demand volatility and volume; however, Dr Legenvre advocates using speed of change on the demand side and speed of change on the supply to create a complete picture of the situation for each product and supply chain, and applying appropriate priorities and techniques in each segment (**Figure 2**).

The rapid introduction of new technology and, in particular, the Internet of Things will bring both great challenges and great opportunities to purchasing teams. How companies

Speed of change on the demand side
Focus on innovation

More Business Model Innovation Increased Complexity & uncertainty

➤ **Figure 2:** Use speed of change on the demand side and speed of change on the supply to create a complete picture of the situation for each product and supply chain.
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strategize, innovate, operate and engage will become increasingly important. Purchasing teams that can introduce an innovation culture will have an opportunity to rethink their business models and to be amongst the pioneers.⁷

Negotiating more effectively

Adrian Ritchie of the GAP partnership, assisted by Chris Kirkland explained that the most common mistakes made in negotiations are caused by not understanding the difference between selling and negotiating. The Gap Partnership specialises exclusively in commercial negotiation, influencing the profitability and market value of over 600 global companies in the world’s largest economies.⁸

Selling can be negative once a buyer is ready to buy, so selling can, depending on the circumstances, be counterproductive. It is very important to think about how you want the other party to feel at the end of the negotiation because satisfaction does not come from the figures but from the process.

The audience took part in several exercises and amongst the things that became apparent were:

- most negotiators get sub-optimal agreements because they focus on achieving their minimum needs rather than exploring the maximum flexibility that the other party has; and
- the more variables that are considered and more exploration that is done, the better the final solutions.

Richie finally offered participants eight elements to consider in all future negotiations. Negotiators:

1. do not sell;
2. question and listen;
3. leave the other party satisfied;
4. are not their feelings (negotiators need to make sure their own emotions or feelings do not get in the way of a successful outcome);
5. assess and exercise power;
6. are in charge;
7. adapt behaviour to circumstances; and
8. seek out low-cost/high-value trades.

For further information

1. <https://www.implementingkam.com>.
2. Supply chain 2.0 revisited: a framework for managing volatility-induced risk in the supply chain. Author(s): Martin Christopher, (School of Management, Cranfield University, Bedford, UK).
3. <https://www.gov.uk/government/news/getting-ready-for-the-customs-declaration-service>.
4. <https://www.bsigroup.com/LocalFiles/en-GB/iso-44001/Resources/ISO-44001-Implementation-Guide.pdf44001-Implementation-Guide.pdf>.
5. <https://www.sc21.org.uk/sc21-tools/sc21-relationship-management-toolkit/>.
6. <http://eipm.org/research/observatory/>, “Innovation with Suppliers”, “Partnering with Start-ups”.
7. <http://eipm.org/research/observatory/>, “The Internet of Things”, “Innovation Culture in Purchasing”.
8. <https://www.thegappartnership.com/>.
9. <https://www.gov.uk/>, AEOC – Customs, AEOS – Security & Safety, AEOF – Both Customs AEOC & Security & Safety AEOS.



About the author

Richard Vincent is a Visiting Fellow at Cranfield University where he has been an active member of the Key Account Management and Strategic Sales forum since its early days.

He spent nearly 29 years at HP and Hewlett Packard Enterprise where he specialised in strategic business operations and key account management. As a self-employed consultant, he helps big inflexible organisations work harmoniously with big inflexible customers.



APS events

APS Sales Apprenticeship Conference 2019

28 February 2019, 9.00 – 1.00 pm, London, UK
Sales is set to become one of the most popular apprenticeship subjects under the new apprenticeship levy structure. The Association of Professional Sales, as leader in this area, is here to support apprentices and employers to understand more and to connect individuals on different stages of their own sales apprenticeship journey.

The event is for:

- Employers – those managing sales apprentices or looking to set up the structure
- Apprentices – going through APS accreditation
- Sales leaders who want to find out more about this topic

The event will:

- Give employers insight and understanding on how to set up a sales apprenticeship/sales academy structure.
- Give employers ideas on how to manage sales apprentices.
- Give sales apprentices going through APS accreditation the opportunity to meet up and develop their own peer network.
- Give some sales content to support apprenticeship learning.

<https://www.associationofprofessionalsales.com/from-the-aps/aps-sales-apprenticeship-conference-2019/>

Conferences and exhibitions

Oracle OpenWorld – supported by APS

16-17 January 2019, ExCeL London, UK
From cloud to artificial intelligence to autonomous, the choices you make today will determine what your company and your customers do next. Bring that future into focus at Oracle OpenWorld. Learn what's working-and what isn't-directly from the innovators, technologists and developers at leading companies in retail, manufacturing, financial services, technology, the public sector, and more. Watch experts challenge assumptions, design for better outcomes, and leverage technologies to create future possibilities now.
<https://www.associationofprofessionalsales.com/from-the-aps/oracle-openworld-supported-aps/>

Indiana State University State Farm Circle of Influence Speaker Series

February 19, 2019, Terre Haute Brewing Company, 401 S 9th St, Terre Haute, IN 47807, USA
Chip Helm will be presenting "Everyone is in Sales". Dinner and programme is free of charge for ISU students.

AMA Winter Academic Conference

February 22-24, 2019, Austin, TX, USA
The marketplace has become increasingly smarter and complex. However, marketing research on these issues is fragmented and constrained by existing frameworks and theories. Consistent with the "big tent" philosophy of bringing together researchers who study marketing-related phenomena using various approaches, the 2019 AMA Winter Academic Conference seeks to attract exciting, rigorous research that is truly multidisciplinary and methodologically diverse.

The 2019 AMA Winter Academic Conference is co-chaired by Son K Lam, University of Georgia; Markus Giesler, York University; and Xueming Luo, Temple University. A full list of conference themes along with information on the submission process is contained in the call for papers.
<https://www.ama.org/events-training/Conferences/Pages/Winter-Academic-Conference.aspx?tab=home>

National Sales Conference 2019 – supported by the Journal

Journal of Sales Transformation

28 November 2019, Ricoh Arena, Coventry, UK
Now in its sixth year, National Sales Conference (NSC19) is supported by the Journal. A record 700 conference delegates attended the 2018 event. See the advertisement in this issue for combined early-bird and additional 20% reader discount: quote "IJOSTSAVER" to save £259 + VAT.
www.nsconference.co.uk

Sales competitions

UTISC – University of Toledo Invitational Sales Competition

21-23 February 2019, University of Toledo, Toledo OH, USA
From the organisers: UT has been successfully running freshmen, sophomores, and juniors in our internal sales competition for six years, and the students and businesses just love it.

We are confident that our colleagues at other university professional sales programmes have talented rising stars chomping at the bit who would excel in this competition and bring added attention to their universities.
<http://www.utoledo.edu/business/essps/utisc/>

GBSC – Global Bilingual Sales Competition: hosted by Florida International University

28 February-2 March 2019, Florida International University, Miami, Florida, USA
From the organisers: The Global Bilingual Sales Competition (GBSC) brings together universities and organizations looking to promote the sales profession at a global level. Through simulated sales call role plays in English and Spanish and numerous networking activities, talented students can showcase their sales skills to corporate recruiters and sales executives. Global sales professionals oversee sales operations for companies that do business internationally. The need for bilingual sales representatives, key account managers, and sales managers by local, national, and worldwide organizations is rapidly increasing. GBSC strives to build the next generation of culturally diverse sales professionals.
<https://www.fiu-gbbsc.com>

NCSC – 2019 National Collegiate Sales Competition – Hosted by Kennesaw State University

29 March-1 April 2019, Kennesaw State University, Kennesaw, GA, USA
From the organisers: Founded in 1999, the National Collegiate Sales Competition (NCSC) is the longest-running university sales role-play competition in existence. Chartered with the objective of enhancing the practice and professionalism of the sales career, the NCSC's mission remains the same today.
<https://www.ncsc-ksu.org>

Twin Cities Collegiate Sales Competition

April 10-12, 2019, University of Minnesota, Minneapolis, MN, USA
From the organisers: Welcome to all teams, coaches, and competitors! We are excited to welcome teams from around the country to the University of Minnesota to our 2nd Annual Twin Cities Collegiate Sales Team Championship.
<http://csle.umn.edu/competition/page/>

Please update the *Journal* with details of your forthcoming events by emailing editor@journalofsalestransformation.com

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