Sales force effectiveness

With growth slowing and competition intensifying, **Asia** is more challenging than ever – but how effective is your sales force?

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Research from ACG Global suggests that despite notching up rates of growth well beyond anything that the US or Europe can deliver, many sales teams in Asia are highly inefficient.

A survey of more than 1000 salesmen across 9 sectors – including some market leaders - reveals that on average sales executives spend 55% of their time on non-sales activities and as little as 15% on developing high-opportunity relationships.

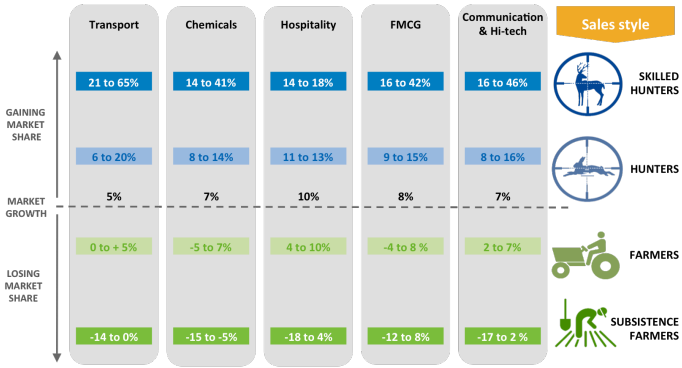
Vishnu Dela Fuente, ACG Global, says: "You can look like a star in Asia by just growing at the same rate as the market: but we think if you are serious about winning market share from the competition, you should consider 5 key questions."

1. Do you track your growth against your key competitors?

A company that achieves revenue growth of 20% looks like a growth leader in global terms but may well be growing at or below the average rate of growth for its sector in APAC.

As a general rule, an effective sales force will take share from the competition, which requires growing faster than the sector average.

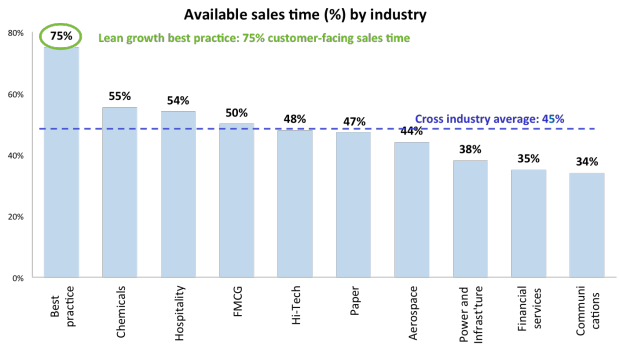
Sales growth does not imply good performance



Source: Asia Now research; H1 '14 revenues over H1 '13 for Asia Pacific operations

2. How do your salesmen spend their time, & how does time align to customer value?

Studies have long suggested that sales men worldwide spend much time on non-sales activities. A recent survey by ACG of 9 sectors in Asia suggest that average performance is deteriorating, with those polled spending only 45% of their time actively selling, whilst an average 55%, is spent on administration and transactions. If this is true for your organization, you may have a major opportunity to drive effectiveness and growth.



*Source: NTU / ACG research
Note: All survey results – except best practice – are before sales re-engineering programmes.*

Customer-facing time is on average 45%, but ranges from 34%-55% for companies surveyed.

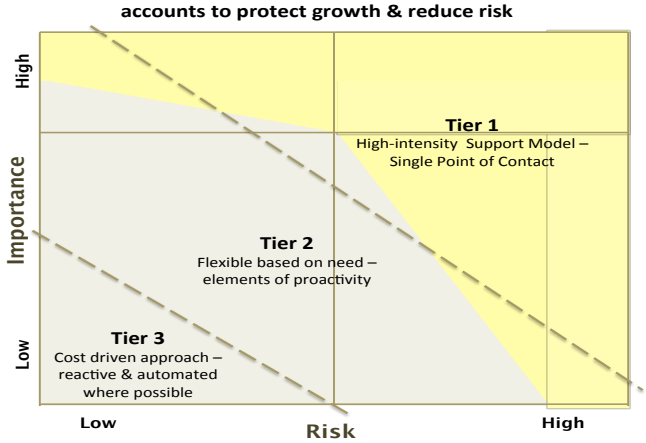
The survey further reveals that, of the time spent selling, more than 60% is typically spent with repeat or low-growth customers. Time spend is driven by existing relationships rather than growth opportunity. Aligning sales effort to future value – which implies de-emphasizing low growers – drives intimacy with key growth accounts, capturing greater market share and better margins.

3. Is your sales and support organization aligned to customer value, or do all customers get the same investment of time and money?

Bandwidth is finite, so although it is logical to emphasize key growth accounts, you can only find the time to do this if you make and execute careful choices about what you re-assign or de-emphasize.

This goes beyond creating a key account structure, because unless the focus on key accounts is balanced by a reduction in other sales activities – think transactions, collections, supply issues – all that happens is that customer-time is further diluted.

Fig. 1 – Focus service on high-potential and/or high-risk accounts to protect growth & reduce risk



Tier 1 – Proactive order capture, collection and issue resolution; dedicated point of contact.
Tier 2 – Close monitoring, mix of dedicated and designated points of contact.
Tier 3 – Reduced cost service model (e.g. third-party) based on designated contact.

If you know which customers will bring you most value (think future value over 2-3 years), you should ensure that your investment of time and resource *in fulfillment as well as in sales* is calibrated to favor high-potential accounts. Try picking a few accounts of differing value and track their relationship with your organization from order to cash, is it really different? This means differentiating the entire customer experience so you support low-growth accounts using a low-cost model (think call centre, with minimum sales involvement) in order to nurture high-potential accounts.

Simon Littlewood, President of ACG Global, says: "We have always encouraged clients to look at sales time use as a leading indicator of effectiveness….we see lots of opportunity to free up time, put structure around it, and use it to take share from the competition."

4. Are sales rewards weighted towards new rather than repeat business?

It is much harder to land a new account, or position and sell a new product, than to farm an existing one. Unless your remuneration structure recognizes this and pays more for what is new you can be sure that sales time will be spent on plucking low-hanging fruit.

This is controversial and sensitive. Unlike northern Europe, cultures in Asia, including some of the largest, are to a great extent driven by financial reward. Sales programs which omit this driver – there are alternatives we can share – may have limited impact.

5. Can you track the leading behaviors required to change your sales culture?

70% of sales change programs in Asia fail due to poor implementation. Changing sales behavior is tough. Since external factors impact outcomes and cannot always be controlled for, sales culture change requires that you identify and track the leading behaviors required of your team – including time spent with the account, the focus of the time, and adherence to a bespoke sales process. Finally, it is critical to manage causes of change resistance with culturally-appropriate planning, communication and management tools which will enable you to capture significant growth upside.

"Our Strategy is Implementation."

Lou Gerstner

ACG Global product offerings

Market entry & strategy
Understanding and comparing markets and channels in order to prioritize and plan new growth.

Working capital
Streamlining support processes to improve service and release working capital from receivables and inventories.

Shared services and offshoring
Offshoring support processes to free time for growth, improve service, and reduce transaction costs.

Sales effectiveness
Improving sales effectiveness by freeing up sales time from non-growth activities and using management tools and incentives to ensure delivery of new growth.

Transition management
Ensuring timely delivery of complex change programs using culturally appropriate change and communication tools to build consensus and momentum.

For more on this article, including detailed case studies for your industry, or on any of our offerings please contact:

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ACG Global - formerly Asia Now - is a boutique management consultancy founded in Singapore in 1998. We deliver faster growth to major companies worldwide by improving sales effectiveness and reducing costs and working capital. We believe in long-term partnership and we emphasize process and behavioral change.

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