

Reinventing the Commercial Organization: COVID-19's Lasting Impact on Sales Organizations

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For several years, a fundamental shift in buyer behavior has been driving changes in traditional sales models. As growing numbers of customers show preference for researching and transacting online, with as little human interaction as possible, many companies (including business-to-business companies) have been building out their digital selling capabilities.

The COVID-19 crisis has accelerated this evolution. With many customers and sellers now working from home, the future model of selling is evolving much more quickly than anticipated. Companies that have not adjusted their sales models to accommodate this shift in buyer behavior will find it difficult [Climbing Back Up the Revenue Ladder™](#), missing their full growth potential in 2021.

This is not about making the necessary short-term adjustments in response to the COVID-19 crisis; it is about fundamentally reinventing the commercial organization to adapt to a buying landscape that has experienced permanent change. The future model of selling incorporates digital communication to generate new leads, nurture customer/prospect relationships and immediately connect customers with the internal expertise they need to make decisions. It demands companies work in new ways that more effectively engage the customer and reduce costs while improving revenue growth.

The future front runners will improve sales productivity by 50% and reduce costs through five key actions:

1. Make Better Use of Data Analytics
2. Improve Seller Efficiency
3. Create Stronger, More Analytic Frontline Sales Managers
4. Identify New, More Relevant Sales Plays
5. Build Stronger Pricing Discipline

We believe the future front-runners in the post-COVID world will become stronger in five key areas that will enable them to achieve a 50% or more increase in sales productivity. Together, these five actions will enable companies to climb back up the revenue ladder faster than competitors.

#1. Make Better Use of Data Analytics

Post-COVID-19 commercial organizations will require strong leadership that is rooted in data analytics. Managing an organization effectively means having ready access to data that provides actionable insights. In this way, leaders will need to become more skilled in the science of sales leadership than the art of selling. There are three aspects to pulling this lever effectively:

- **Improve the use of data to guide the daily work of the commercial team.** This includes effectively using market data about customers and prospects such as lists of potential customers comprising the total available market and white space analysis used for setting economic priorities for cross selling into existing customers. It is also important to take a new look at post-COVID market segmentation and product alignment since buyer values might have changed in 2020.
- **Deliver more consistent and predictable commercial performance through the better use of data on the sales process.** This includes using data about pipeline performance to better understand flow rates, drop-out points, predictive activities, and stall points. Another example is using data more effectively to manage the flow of new sales reps in the recruiting pipeline, the onboarding process and the ramp rate to get them to full productivity.
- **Move to an ROI-driven commercial model to ensure investments in the commercial organization are optimally targeted.** Too often, commercial investments do not pay back as expected. It is important to factually understand which parts of your organization are delivering results by looking at each function (e.g., marketing activities, lead generation, inside sales, account management, hunters, channel partners, etc.) and asking "What is the return on our commercial investment?" Data analysis can be used to make important decisions about where to increase investment to capture higher returns, and where to reduce expenses in areas with lower economic returns.

#2. Improve Seller Efficiency

The global, ongoing shift in buyer behavior means customers are moving far through the buying cycle on their own, wanting little help from sellers early in the sales process. Companies that have recognized and adapted to this preference for customer independence are seeing dramatic improvements in seller efficiency. There are three powerful components of improving seller efficiency:

- **Optimize the value of a sales hour, moving from a typical 30% of time spent selling to something closer to 60%.** This can be achieved by applying virtual selling capabilities in each sales role, where appropriate. Through more effective virtual engagement, companies can minimize travel, which frequently claims one to two days per week of a seller's time. Also, you should pay sellers for what they are good at—selling and closing—and offload other functions like customer service activities and administration to other roles.
- **Accelerate the sales cycle by redesigning the sales process to speed response times to customers.** In traditional sales models, sales reps meet with prospects face-to-face and when prospects have a question the rep cannot answer, the rep sets up a call or visit with an expert. In the sales model of the future, this isn't fast enough. The need to organize follow up calls creates inefficiencies due to scheduling and coordination. When customers want answers, they want them immediately; sales teams must have instant virtual access to pre-sales engineering support and other specialists they can call on immediately when a tough question is posed by a customer.
- **Evaluate sales talent against a standard template for the new roles in the future sales organization.** Not everyone will be successful selling virtually. Look at each role in your commercial organization, make sure each one is defined appropriately, and that each person in those roles can meet the requirements. If they cannot, move them to a position better suited to their skills or transition them out of the organization. Keep in mind that not every role will be virtual; while there is a move toward increased use of virtual engagement, it should not be applied to all customers or all situations. When used well, virtual sellers allow a company to break away from geographic restrictions so that your best sellers can be applied against your best opportunities no matter where they are located.

#3. Create Stronger, More Analytic Frontline Sales Managers

Frontline sales managers are the critical point of leverage in any sales organization. In the post-COVID-19 commercial organization, this role should be enhanced to drive improved performance of sales teams. The three primary areas for improvement in sales management are the following:

- **Encourage frontline managers to use technology to better support sales reps.** In the new, more virtual sales world, managers can 'ride-along' with sellers daily by observing actual seller-customer conversations. Video platforms let managers know exactly how much video each seller used, who they called, and for how long. At a more sophisticated level, artificial intelligence allows managers to monitor those video communications to predict whether, based on the intonation, responses and facial expressions, the deal will move forward. Just like on a factory floor, managers can constantly assess how the "factory"—their sales team—is performing.

- **Evaluate front-line management against new virtual selling requirements.** Just as you will need to evaluate sellers for their new roles, be sure to assess whether your managers can be effective in the new world. Are they skilled and comfortable using data, technology and a structured approach to sales management? Are they comfortable managing through a more hands-on sales management model? We suggest you take a tough-minded approach to the evaluation of current sales managers and potential hires—you cannot afford sub-par performance in this critical role. You should resist simply promoting the best sales rep into the manager role. These are typically not your best manager candidates and it takes your best reps away from what they do well—selling and driving revenue for your company.
- **Share efficiency gains with the sales team to fuel further productivity growth.** Incentive systems should reward the desired behaviors of the various roles in the new virtual model. Data can be used to determine who is driving the right results and how to compensate them fairly. At the same time, we believe you might need to consider pod/team-based targets and shared variable compensation. If you have a high performing sales team, reward the leader and reward the team and you will see continued improvements in their performance.

#4. Identify New, More Relevant Sales Plays

Most companies will need to define creative new sales plays in the post-COVID-19 environment for finding new customers, deepening relationships with current customers, and adding new products/services to expand wallet share. Each of these three areas is described below:

- **Create new ways for finding new customers.** Many traditional methods of finding new customers (e.g., meeting them at industry conferences or hosting lunch meetings) might be less effective in the new world of virtual selling. Instead, many companies are using knowledge capital such as point of view articles, survey results or data analysis to engage with prospects in the virtual world. This knowledge capital can be the subject of short videos and webcasts which engage new prospects and get converted into sales opportunities.
- **Deepen relationships with current customers.** There are several innovative ways to identify new sales plays for current customers. Two basic areas to focus on are (1) understanding your current wallet share and the remaining white space for each customer. These white spaces can be economically valued using surrogate customers and then used to focus cross-selling activities, and (2) identifying indicators of potential customer attrition and integrating these indicators into the renewal process to preempt cancellations.

- **Add new products/services in high demand and reinvigorate the old products, consistent with your company's brand.** Frequently, companies overlook near-term opportunities in new product areas and let competitors capture market share. An example is aftermarket services or technology that can help provide a more integrated and easier-to-buy solution for customers. These new products/services can be identified by understanding customer pain points, emerging use cases, and evolving needs. Through these types of discussions with customers, new value-added products and services can be found.

#5. Build Stronger Pricing Discipline

Pricing is a powerful profit improvement lever, but it is frequently neglected due to perceived risk—price too high and you may upset customers and lose sales; price too low and you leave money on the table. Pricing right creates enterprise value by lifting margins and accelerating profitable revenue growth. As you reinvent your commercial organization, look for ways to capture the full value of your products and brands. The market environment may look radically different from a few months ago, necessitating a reorientation of your pricing strategy and pricing architecture or there might simply be a need for better messaging of your value propositions.

- **Reorient your pricing strategy and architecture to reflect the new market reality.** Many sectors have seen large shifts in demand, as well as in the cost and risk profile of their supply chains. For these sectors, the pre-COVID pricing levels, and in some cases the entire pricing approach to valuing their products and services, needs to be reconsidered. This might have implications on customer segmentation, price points and pricing structure.
- **Strengthen ability to execute your pricing strategy.** Many companies need to clarify accountability and ownership for pricing processes, while also tightening how these processes are managed. Clarity around ownership and accountability for pricing decisions is critical to a company's ability to take appropriate pricing actions in a changing and somewhat unpredictable market environment. For example, more companies are implementing a "Pricing Czar" with end-to-end responsibility for pricing architectures and processes.
- **Improve pricing strategy and tactics through better data capture and analytics.** Many pricing decisions are made without adequate use of existing company data. For example, sales reps often don't know their company's win rate when pricing a product at a certain price point. Seems like that might be useful information for reps to have. Better information at the point of decision-making can improve win rates and help optimize margin capture.

Conclusion

It is important to remember that COVID-19 did not create the shift in buyer behavior that is driving the need for these changes in the commercial organization; the pandemic merely accelerated a trend that was already underway. This is a critical distinction because it means resolution of the pandemic will not revert sales organizations back to traditional methods.

A new selling model is needed to respond to new buying preferences in business-to-business companies. The five actions above, all interrelated and all rooted in better data and analysis, underpin the successful reinvention of the commercial organization to win in the post-COVID marketplace. While the level of transformation necessary to succeed can seem daunting, companies that are leading the race up the revenue ladder have already started making the changes necessary to optimize their revenue growth in 2021.

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