



The Virtual Sales Role: Adapting Sales to Modern Buying Behaviors

By Michael Smith

Executive Summary

Buyer behavior is undergoing one of the most significant transformations in history. Through the Internet, customers can now thoroughly research companies and their products. They can leverage social media to get firsthand accounts about products, services and companies from users all over the world. They can make comparisons on everything from features and benefits to pricing. And they can click a button and make a purchase. All this is happening with limited to no interaction with a sales person. For many companies, this is the underlying reason behind their increasing sales costs, missed sales targets and declining time spent in front of customers.

The fundamental shift in buying behavior demands a corresponding change in the way B2B companies interact with the growing number of customers who want to manage things on their own. This paper explores how to do this well through Virtual Account Executives (VAE). The VAE is an emerging role within the sales function that meets the needs of modern buyers by using digital communication channels to generate new leads, nurture customer/prospect relationships and connect customers with the expertise they want. The following are key highlights, explored more deeply in the pages that follow.

- The VAE is an entirely new role that, in contrast to the old-school “push” approach to sales, “pulls” people by connecting with tech-savvy prospects who have already done much of their research and guiding them along the path toward a sale. The role cannot be created by tweaking components of existing sales roles and processes but instead requires reinventing the traditional sales process and fundamentally rethinking the ways in which a company reaches and interacts with customers.
- Since VAEs operate in a mostly virtual environment, they can reach more customers, more quickly and at a lower cost of sale than a traditional field sales team. But it’s not right for every customer. The VAE role must be custom-designed for targeted customer segments and for the particular products/services to be sold to the customers in those segments.
- When it comes to implementing a VAE team, most companies struggle with the “how” of transitioning from an old-school, feet-on-the-street sales team that is predominantly focused on building relationships to a hybrid model that can reach all of today’s different types

of customers in the way that is most effective for bringing them along to a sale. While the end-state model will vary by company, four principles should guide every transition: (1) start from a GTM strategy, (2) address four dimensions: roles, structures and incentives, systems and data, and skills and culture, (3) use a test-and-learn approach, and (4) be prepared to execute a change program.

- Launching a team of VAEs cannot be a half-hearted effort, relegated to a corner of the inside sales floor. Company leadership must be all-in, ready to put a significant investment in the people, environment and technology that will enable the best chance for success. The VAEs need a separate space – independent of the rest of the sales organization and designed specifically for the needs of the new team – where they can function, learn and bond as a group. Even in the pilot test of this capability, there should be no direct influence from inside sales or from a traditional outside sales model. The VAE team is not an adjunct to those; it's a standalone capability focusing on a certain set of customers and certain set of products.

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Periodically, sales leaders must step back from the day-to-day, quarter-to-quarter running of the sales organization and take a hard look at the bigger picture. Is the sales model still working and performing well in today's sales environment? Are sales reps spending 60-70% of their time on customer-facing activities? How about cost structure – is it about right? Are you achieving the targets and goals you want to achieve?

In companies that haven't made significant adjustments to their sales model in recent years, the answer to these questions is usually no. We are increasingly finding ourselves in conversations with sales leaders struggling with high sales costs, missed targets and declining time spent in front of customers. These are widespread problems. At one organization we worked with, the creeping burden of administrative tasks and travel time had gradually eaten away at sales reps' productivity until they were devoting just 15% of their time to customer-facing activities.

What's going on? Why are so many tried-and-true sales practices no longer delivering results?

The underlying problem is that buying behavior is undergoing a radical shift, yet many B2B companies continue to sell in the same way they always have. Organizations hire and train sales people, assign them a territory, then send them into the field to find and move prospects through a prescribed series of gates in the sales funnel. In this old-school approach, two of a seller's key responsibilities are to (1) educate prospects on their company's products and services, and (2) build relationships that lead to closed sales and long-term business. Yet many of today's buyers – in particular, Millennial buyers – want neither of those.

Millennial B2C buying behavior is well understood: They prefer doing their own online product research and they prefer transacting online rather than dealing with a person in a store. But few companies have addressed the implications of these buying behaviors when Millennials enter the workforce and become corporate buyers. Not surprisingly, they behave in the same way.

They do independent product research (Forrester estimates many self-educated buyers make more than 70% of their purchase decision before they ever speak with a sales person). They want to enter their own orders whenever possible and they don't usually want to meet face to face with vendor sales reps. They would much rather communicate via collaboration tools and other digital forms of communication than in person. And while these behaviors are prevalent among Millennials, other generations of B2B buyers are starting to exhibit them as well.

While the traditional sales approach still works with some buyers, there is a huge disconnect when a rep tries to apply an old-school approach to these new-school prospects. We often see cases where the buyer has already short-listed potential vendors and just wants a product demo or wants answers to questions about system security; meanwhile, the seller is pushing for a face-to-face meeting or wondering whether this is a qualified prospect and how to enter their information in salesforce.com. This mis-alignment rarely results in a successful interaction.

It can be hard for experienced sellers, especially those for whom relationships were always paramount, to wrap their heads around understanding that for many of today's buyers, the "relationship sale" is simply not attractive to them. As one Millennial buyer put it, "I don't need someone to buy me donuts every month. But if I have questions, I want quick, honest and complete answers with immediate access to the right resources – the right experts who can tell me what I need to know."

In a series of customer interviews we completed for a client, one buyer expressed the view of many when he talked about his frustration with a sales rep who comes by every few months to 'build a relationship'. "He doesn't bring any ideas to the table," said the buyer. "He just comes by to chat. I don't have time for that."

Succeeding in the New World

Once business leaders understand how the buying landscape has changed, they begin wrestling with transformative questions such as:

- How do we address the growing segment of Millennials and similar tech-savvy buyers who come to the sales process highly educated and with early decisions already made?
- How do we determine which customers should be handled with a more digital approach and which require a more traditional sales approach?
- How do we build a team of sellers who can use digital channels to generate new prospects and who can engage with customers both digitally and in person?
- How do we equip sellers to quickly determine where a buyer is positioned in the buying cycle and meet them there with the information and tools the buyer needs, delivered through the channels they most prefer?

One of the best answers to these questions can be found in the emerging Virtual Account

Executive (VAE) role. Virtual AEs use digital communication channels to generate new leads, nurture customer/prospect relationships and connect customers with whatever internal expertise they need. Where old sales models use a “push” approach – a sales rep knocks on a door and pushes a product or service – the Virtual AE “pulls” by connecting with tech-savvy prospects who have already done much of their research and guiding them along the path towards a sale.

Operating, as their name suggests, in a mostly virtual environment, VAEs are unlimited by geography or travel time. Companies can therefore allocate accounts to them based on skill set and vertical knowledge regardless of where those accounts are located, enabling a thoughtful match between seller and prospect that simply isn't possible in a traditional geography-based sales model. VAEs deliver information, make connections, give demos and set meetings to address customer needs from a remote location. This means less face time with customers and more communication via collaboration tools and other digital means. Support resources are also remote and are available virtually whenever needed. All this makes interactions more efficient and on-demand for the prospect/customer while driving cost structure improvements for the companies that implement this role successfully.

Incorporating a VAE role requires reinventing the traditional sales process and fundamentally rethinking the ways in which a company reaches and interacts with customers. This transformation has already started in companies that sell to the youngest buyers – tech companies, in particular – but will rapidly spread to other industries.

The VAE Role: What It Is and Isn't

The VAE role isn't a glorified inside sales function or an add-on to the old-school outside sales role and therefore it cannot be created simply by tweaking components of existing sales roles and processes. The word “virtual” often prompts sales leaders to believe they can simply instruct their field sellers to get online more regularly, or expand inside sales to encompass larger mid-market and enterprise sales. Either of these approaches will yield poor results as the VAE is neither inside nor outside sales. Instead, it's an entirely new role requiring different skills and a different approach with customers. It must be custom-designed for targeted customer segments and for the particular products/services to be sold to the customers in those segments. At a more granular level, the role includes:

- **Frequent digital communications** and much less reliance on face-to-face meetings than a traditional field sales rep role. VAEs rely heavily on the use of video conferencing and other collaboration technologies, enabling much higher contact volumes than a direct sales force. While face-to-face meetings are still held periodically, they are rare. When required, a “designated traveler” handles them.
- **Scientific management of account targets**, to include frequency and nature of contact. Sometimes, the Virtual AE's work is supported by predictive analytics. An AI-supported scheduler might assign accounts with specific “actions required” that appear on the home

page of a Virtual AE's workstation. Since systems help prioritize accounts, activities and next steps, this can remove the unpredictability of variable talent in sales organization. And since these systems enable VAEs to operate virtually, they can often interact with 20 prospects/customers each day instead of just the three or four they'd be able to visit if they were traveling for in-person meetings.

- **Nurturing relationships online** rather than waiting for formal sales meetings. Relationships are often nurtured through the timely delivery of “value beyond the product” – in other words, through sharing valuable data, insights and ideas that prospects and customers can use to improve their businesses and make better decisions about the products and services they buy. This is a key to success in virtual relationship-building as the customers best suited to being nurtured by a VAE don't want coffee, donuts and chit-chat – they want substance.
- **Leveraging specialized support personnel.** While VAEs are usually more highly skilled than traditional inside sales reps, they don't have all the answers. However, they do have direct, quick access to experts in the company who can address customer questions. VAEs make the connections and leverage the resources to get customers the information they need to make decisions. They often set up meetings between prospects and company experts for the same day – or sometimes even the same hour.

One of the real value-drivers of the Virtual AE role is they can deliver in minutes or hours what traditional sellers often take days or weeks to deliver. This is the new normal, driven by B2C retailers like Amazon who have turned next-day or even same-day delivery into the baseline and re-defined our timing expectations for all businesses. Many buyers are no longer willing to wait for answers, information and product or service delivery. Virtual AEs help companies meet those expectations with engagement that is aligned to customers' preferences and built around an omni-channel approach (multiple concurrent channels).

Think of Virtual AEs as quarterbacks who integrate the company's products/services, pre-sales support personnel, tech support, insights from company data, and knowledge capital – all for the purpose of creating demand and closing new business, and all largely done via digital interactions with prospects and customers. This represents a major transformation from today's more relationship-oriented sales approach. The VAE is moving sales from relationship selling to value-based, information-based selling. Those who have implemented this model well are seeing major improvements in sales productivity and overall sales ROI (as measured by gross margin generated per economic unit invested in sales).

The VAE in Action

So, what does all this look like in practice? Take the example of a leading technology company we worked with to create a virtual sales role. Once executives made the decision to implement a VAE function, we worked with them to define the role, create playbooks, define the customer segments that would be served by the VAE, establish the processes that would be followed, and

implement the right technology to support all the people involved in the Virtual AE process. This technology intelligently routes sales activity and helps qualify leads by identifying and presenting the Virtual AE with competitive information.

Today, when a potential buyer who has been researching software in this company's space "raises their hand" to indicate interest, a Virtual AE reaches out to determine where the prospect is positioned in the buying process. Within minutes, the VAE can be in an online meeting with the prospect to demonstrate exactly what the buyer is looking for. If during the demo the prospect has a pressing question that the Virtual AE can't answer, he or she can set up a virtual meeting between the prospect and the right expert for later that day.

This kind of timely support is a major driver for the Virtual AE model. One leading provider of data center and network maintenance services has 10-15 technical support people available at any time who can jump onto a call with a VAE and a prospect. The company maintains an overall ratio of one technical specialist for every three AEs, ensuring a rapid response to any questions posed by customers that a VAE can't answer. Such a ratio can only work if utilized virtually.

The "How" of a Digital Sales Transformation

While most leaders are clear that adding a virtual component to their sales organizations is a powerful way forward, they are often less clear on how to get from A to B. In other words: *How do I transition from an old-school, feet-on-the-street sales team that is predominantly focused on building relationships to a hybrid model that can reach all of today's different types of customers in the way that is most effective for bringing them along to a sale at lower overall costs?*

While the end-state is a continuum of choices – not a single blueprint – that will vary by company and situation, there are four principles that should guide every company's shift from an old-school to a new-school sales model encompassing the VAE role:

Principle #1: Start from a GTM strategy. In the "how" of transforming the sales organization, the customer is the logical and best place to start. This is a crucial point: any changes to the sales organization must begin with the needs of the customer, not the needs of the company. Organizations that embark on a digital transformation with a primary goal of hitting cost targets tend to struggle with the change and with results. On the other hand, companies that start from a deep understanding of customer needs and preferences – and re-design the organization to meet those needs and preferences – have a much greater chance of success.

Take the example of a SaaS platform provider. Despite doubling revenue over a three-year period, its retention for large accounts had declined to below-industry average levels. The company knew it needed to improve retention – and it needed to do so in a cost-effective manner. By starting with customer interviews to understand the underlying reasons behind the churn, the company discovered four things were driving customer loss. Two of the drivers

related to customers' experiences in the very early post-sale process – a time when the sales team had largely disengaged due to the current incentive compensation structure. Two additional loss drivers related to customer experiences after the initial transition that constrained adoption/expansion. All four issues were rooted in a lack of deep engagement with the company and products, not with poor experiences.

Armed with that understanding, the company is establishing a customer success function, including the creation of a new customer success manager role, structured as an inside virtual organization covering top-value accounts. In short, its digital strategy will speak directly to the needs of its customers and solve its most pressing revenue challenge. This cannot be overstated: transformations must begin with the customer. One of the best ways to uncover customer needs is through interviews by a third party as an outside agent can often spot 'hidden' insights that are not apparent in regular interactions. Done right, this critical stage of transformation is not time-consuming. Typically, an effective GTM strategy built on deep customer insights can be developed in 4-6 weeks with a small, dedicated team.

Principle #2: Address four dimensions. Evolution of the sales model to include a virtual component impacts four dimensions of an organization: (1) roles, (2) structures and incentives, (3) systems and data, and (4) skills and culture. Once companies have a solid understanding of their customer needs, the next step is to evaluate what must be changed across all four of those dimensions. It's important to consider all four; making changes to only one or two is likely to result in a model where elements are not aligned in a coherent and effective manner.

Again, while the specifics will vary by company, there are some overarching similarities inherent in any shift to a more digital approach to sales. For instance, in the roles dimension, it is probable that organizations will see a need to diminish traditional activities such as educating the customer while adding new activities, such as facilitating adoption and maximizing usage/renewal rates. There also may be an opportunity to further segment some traditional roles. For instance, organizations can create greater industry specialization in the technical support function by allocating virtual resources by industry.

The second dimension, structure and incentives, is about optimizing effectiveness/efficiency tradeoffs and motivating desired behaviors. Are the physical locations in which people work optimized for their roles? What changes are needed in quota assignments and levels? It may be that renewals quotas align to a new/different role and that sales quotas may eventually represent a lower share of compensation.

In the third dimension, most companies can expect their systems and data to require changes that streamline and optimize workflows and support 'trusted advisor' interactions. For the most part, systems such as CRM should migrate from 'reporting on workflow' to 'driving workflow'; collaboration should become more dynamic and shared with, for instance, traditional email replaced by tools like Slack. And data should be leveraged to enhance effectiveness – i.e., pulling in data from LinkedIn to trigger activities based on role changes, or mining system usage data to analyze and identify patterns that can lead to more effective interactions. These kinds of data

and system evolutions are just as critical to digital transformation as they are to any effort to operationalize the sales force.

Finally, changes to skills and culture will be necessary. The growing preference among certain customers to interact digitally means traditional interpersonal and relationship-building skills may be less relevant to success than the skills necessary to carry on an effective virtual, data-driven interaction. In a digital sales organization, cultures tend to be more supportive and less 'heroic', which means a shift from sales controlling the process to systems/analytics orchestrating the process.

Principle #3: Use a test-and-learn approach to transformation. As with any significant change to the sales organization, there is revenue risk to introducing a VAE role and moving toward a more digital approach to the sales model. To minimize that risk, change should be implemented in phases, piloting each change with a small segment of customers and/or sellers, then making the necessary adjustments before rolling the change out to a wider group. Depending on the company and its goals, consider initially deploying new capabilities with a specific segment of accounts (or a named list), with a single product, or in a single geography.

Principle #4: Be prepared to execute a change program. In any discussion of how to incorporate a virtual sales role into a sales team, we cannot ignore the powerful impact that major change has on any organization. Significant change to any one of the organizational dimensions discussed above tends to create cultural conflict and resistance. Leaders must be ready to drive change through a solid change management program, led by clear leadership and supported by a dedicated program management office.

Leaders also must look beyond the change itself to the problem of making that change endure – ensuring the VAE function doesn't slide back into a feet-on-the street role. In our experience, we have found three elements to be essential in ensuring change sticks for long-term success: bring in the right people to fill the VAE roles; put the right leadership in place to drive the changes and lead the new team of VAEs; and ensure the organization as a whole offers the right support, from top to bottom, in everything from carving out the right space to supporting development of a new culture.

a. Right People. Just as the VAE role falls somewhere between inside sales and field sales, the people who usually excel in the VAE role are those with skills that sit between those two roles. They are very comfortable selling on the phone or via video but they also are skilled at meeting with prospects in person when necessary. They are adept at using digital communications channels to generate leads, nurture prospects, and connect customers with internal expertise. Companies typically find some good VAE candidates internally, but often they find they need to hire from outside as the role demands a different skill set than existing sales roles. Finding people who fit the VAE profile and also have sales experience is ideal, especially as the function is first getting started. Once the program is established, with proven structures and training in place, companies might consider looking outside the sales field for potential talent. Some organizations have found recent college graduates who are

hungry for success to be promising candidates as they are typically comfortable with all types of technology as well as eager to learn and win.

- b. Right Leadership.** The new VAE team must be led by the right person if the group is to meet its goals and become a valuable addition to the sales organization. Simply put: without the right leadership, the team is unlikely to succeed. The head of the VAE group must have the ability to deal with and operate in a start-up environment that can, at times, be somewhat ambiguous. They must bring an ability to build a strong and unique culture since the VAE function, which sits between inside sales and field sales, is its own separate team. They must have some experience in sales and possess the ability to lead and develop people – particularly younger people, who are most likely to make up the bulk of VAE ranks. Finally, they must be comfortable and familiar with technology, and comfortable with its use as a medium for engaging with prospects.

- c. Right Support.** Launching a team of VAEs cannot be a half-hearted effort, relegated to a corner of the inside sales floor. Company leadership must be all-in, ready to put a significant investment in the people, environment and technology that will enable the best chance for success. The VAEs need a separate space – independent of the rest of the sales organization and designed specifically for the needs of the new team – where they can function, learn and bond as a group. Even in the pilot test of this capability, there should be no direct influence from inside sales or from a traditional outside sales model. The VAE team is not an adjunct to those; it's a standalone capability focusing on a certain set of customers and certain set of products. They need a defined set of prospects to pursue – and company support in pursuing them. Often, field or inside sellers complain when certain targets are given to VAEs, but leaders must be clear and firm in supporting the division of prospects once they determine which are best pursued through a more digital approach.

A leading global technology company offers a great example of a company that got these three elements right and, as a result, has seen its new VAE team become a critical, contributing component of its overall sales organization. Once they decided to create this function, they tapped a strong leader to head it – a former teacher who not only had a passion for developing and teaching people, but who possessed a unique ability to sell \$100k+ deals virtually. The leader brought in people who could do the same – who showed an affinity for what he was trying to do and demonstrated the same traits that enabled him to close deals remotely. He sought out hungry, fast learners who were very comfortable with technology, finding his new team members not only among current technology sellers but also in more unusual places. Bartenders, waiters and new college graduates who exhibited the right aptitudes were able to learn the necessary sales skills and became quite successful in the new position.

The team was set up in its own room, with everyone working at stand-up desks arranged in a circle. They connected with prospects via telephone and video along with other digital communication tools, and were given access to all the support services and resources

they needed. They engaged with prospects remotely, but the sellers worked together physically, creating their own micro-culture in their own environment. They learned from each other, supported each other, competed with each other in a healthy and positive way. This environment not only lent itself to the development of a powerful team spirit, it also enabled the leader of the team to know what everyone was doing at all times. He ensured the VAEs stayed on track to be successful and encouraged the development of a culture that was different from the rest of the sales organization, to include having fresh juice delivered each day.

Very quickly, the team made itself indispensable, becoming 3x as productive, with higher margins, as the average field-based seller.

The VAE model worked in this organization due to great leadership, the right people, the ability create their own dynamic culture with organizational support that allowed the group to grow and flourish. The team didn't get pushback or "no, you can't do that" from the top; instead, company leadership fully supported the group's creativity and innovation. That kind of senior-level support is key; without it, the pilot won't work.

On a final note about long-term success, it's important to establish good KPIs to monitor progress around revenue, gross margin, time to close and overall productivity as well as cost of sales. Setting the right expectations, especially around cost, are critical. Most companies over-anticipate the cost savings of a digital sales model. While cost of sales will decline, don't expect it to decline too far. In our experience, a digital sales model can reduce the overall cost of sales by 300-500 basis points, which is meaningful but doesn't suggest your cost of sales will decline by half or more, which some people expect. Make sure expectations are realistic or you'll think the VAE function isn't driving the right results when it actually might be very successful and exactly what your organization needs to thrive with a new and growing segment of buyers.

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