JUSTIN ROFF-MARSH

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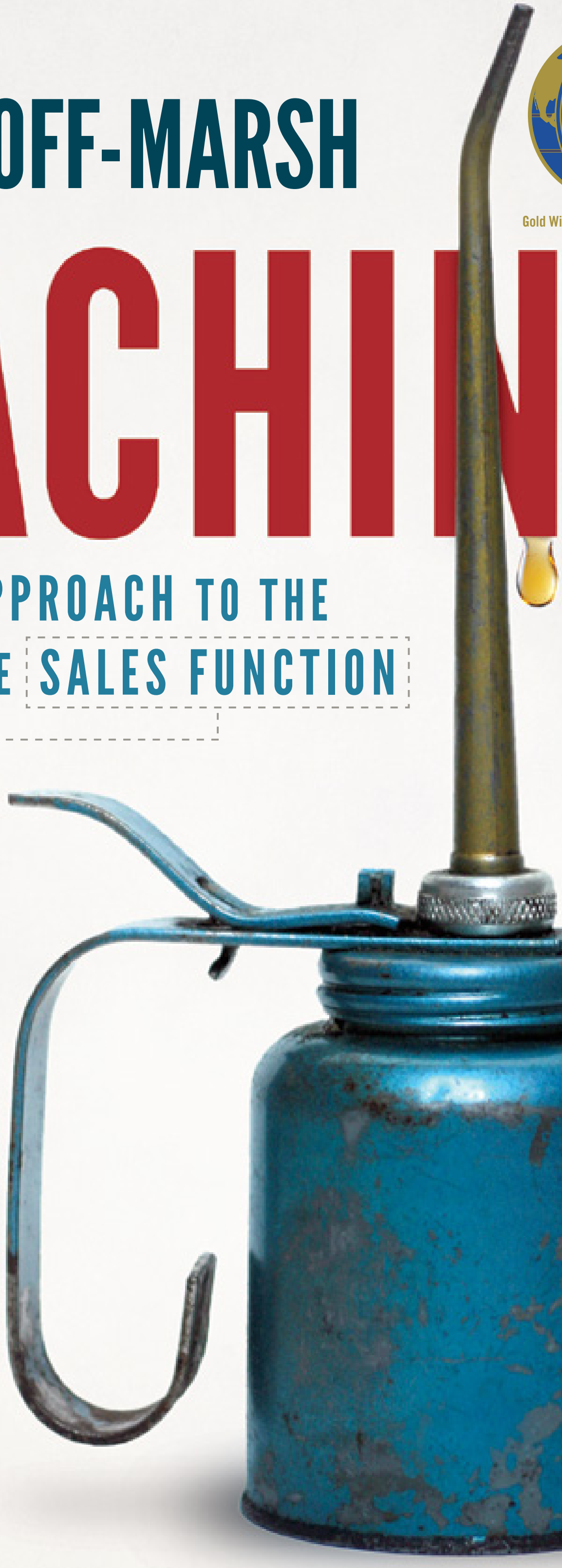
Gold Winner, Sales Category, 2016

THE MACHINE

A RADICAL APPROACH TO THE DESIGN OF THE SALES FUNCTION



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"Justin's book is a delight. Justin translates the idea that the whole is greater than the sum of its parts to sales, demonstrating that there is a substantially better way to sell compared to simply summing the sales of each salesperson in a team."

—Humberto R. Baptista, CEO of Vectis-Solutions and lecturer at TOC Schools

"As an operations guy, I'm driven by process, efficiency, and repeatability. The notion that the sales function is an art immune from the rigors of process has never sat well with me. *The Machine* shatters that myth. *The Machine* is a must read for any business leader wanting to achieve predictable results from their sales function."

—Marc Allman, COO of AMS Controls

"Justin Roff-Marsh gets to the root causes of underperforming sales quickly and succinctly. It is clear he knows sales inside and out and has thought deeply about the profession's problems. The book is both global in its implications for sales and practical in its applications for selling."

—Charles Coury, President of 9Wood

"We have worked with Justin and his team for the past seven months and I am continually impressed with the team's professionalism and knowledge. I am certain by the end of this year we will have a full working model of the sales machine in place, and it will be producing the same results as we have seen already in our customer service department. I am convinced we are moving in the right direction to improve sales within our company."

—Jim O'Connell, President of Hotsy Pacific

"We look at business books every hour, every day. *The Machine* was a welcome standout. Soundview votes by a large committee on which books we are going to select as the 30 Best Business Books of the Year. *The Machine* got a unanimous "Yes" vote. That rarely happens."

—Rebecca Clement,
Publisher of Soundview Executive Book Summaries

"Justin stands on the shoulders of a giant and uses the tools of Dr Goldratt's TOC to focus on the effective management of what will be the principal constraint of all businesses sooner or later in the 21st Century. Justin inspires the necessary cultural change within companies—not only entering into a convincing discussion of what to change and why, but also what to change to and how. The energy and stamina required to make such a change should not be underestimated but, provided you have the courage, *The Machine* provides the direction."

—Andrew Jackson, Chief Executive at Triumph Furniture

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JUSTIN ROFF-MARSH

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First Edition

Dedicated to
Warren and Sylvia Roff-Marsh
who instilled in me a love of reading

and

Bo Hye Roff-Marsh
who is always the first to read each page I write

Contents

Acknowledgments

I must first thank Ballistix's clients who have had faith in me over the last 20 years (more than has been warranted, on occasion) and who have welcomed my ongoing experiments on their businesses. These clients are among the silent revolutionaries whose stories are told on the following pages.

I thank the team at Ballistix too for diligently taking my ideas and making them work in practice—and for finding creative workarounds when reality failed to yield to my will!

And a big thank you to the late Eliyahu Goldratt and to the entire TOC community who have been early supporters and frequent contributors to sales process engineering.

Note: The names of our silent revolutionaries' organizations have been changed. This enables me to share information about their experiences that would otherwise be confidential.

Introduction

The *Titanic* is sinking: All is not well in sales.

The sales environment in a typical organization—in most every organization, in fact—is seriously dysfunctional. But rather than focusing on the obvious dysfunction, management is busy with incremental improvement initiatives: sales training, sales force automation (technology of various types), or bolt-on lead-generation activities (e.g., outsourced telemarketing, social media activities). Because none of these initiatives address the root cause of the dysfunction, they amount to nothing more than arranging chairs on the deck of the sinking *Titanic*.

And make no mistake—the *Titanic* is sinking!

It's not that sales is getting worse: The issue is that the rest of the organization is getting so much better while sales clings to the same structure, the same management approach, and the same practices that have been in place for the last fifty years.

Silent Revolutionaries

In a small number of companies, across three continents, a silent revolution is in progress. These companies (you'll meet some of them in due course) have challenged the most fundamental assumption about how the sales function should be designed. Consequently, they have built sales environments that barely resemble those in their competitors' organizations.

And they've seen *massive* performance improvements! They've seen improvements in the internal operation of sales:

- Field salespeople are spending 100 percent of their time in the field, performing four business-development meetings a day, five days a week.

- Skilled inside sales teams are generating high volumes of sales activity at shockingly low costs.
- Customer commitments are consistently met, administrative work is always done on time, and sales orders appear more frequently and more predictably.

And they've also seen improvements in the relationship between sales and the rest of the organization:

- Hand-off problems between sales and production have been eliminated.
- Marketing works closely with sales to ensure that salespeople are maintained at full utilization—and marketing has recruited the assistance of engineering (and senior management) to ensure that offers are truly compelling.

As I mentioned above, these changes are the consequence of challenging a single assumption about the design of the sales function: the assumption that *sales should be the sole responsibility of autonomous agents*.

Are Things Really That Bad?

Before I reveal the new assumption embraced by these revolutionaries, it's worth exploring the claim that sales is dysfunctional. Are things really that bad?

Consider the goal of the sales function (its reason for existence). It's tempting to resolve that the goal of sales is *to sell*. But, in most organizations, this just doesn't cut it. To pull its weight, the sales function has to *consistently sell all of the organization's production capacity*. This capacity may consist of a traditional plant and equipment, or it may consist of teams of knowledge workers.

Measured against this more meaningful goal, sales consistently fails in most organizations. In recent history, the modern organization's capacity to produce has accelerated past its capacity to sell, and idle machines and production personnel are costing shareholders dearly, month after month and year after year.

Why, then, is sales underperforming? One reason is that salespeople aren't selling. A typical field salesperson performs just two business-development meetings a week. You read it right. Less than 10 percent of a typical salesperson's capacity is allocated to selling. And that figure is pretty standard across industries and across continents.[1]

The majority of a salesperson's day is dedicated to customer service and administrative activities, to solution design and proposal generation, and to prospecting and fulfillment-related tasks.

Let's turn our attention to management. Why has management not fixed this problem? In many organizations, they have tried. Attempts to reallocate salespeople's work have resulted in problems with service quality (the right hand doesn't know what the left is doing). The other alternative is simply to recruit more salespeople, and many firms have tried that too—with interesting results.

Typically, when you add salespeople to an established team, costs go up immediately (easy to predict, right?). But sales don't. In fact, in most cases, sales *never* increase to the level required to justify those additional costs.

The reason is that salespeople *do not* generate the majority of their sales opportunities. Most sales opportunities spring into existence in spite of (not because of) salespeople's prospecting activities. In most organizations, *existing customers* are by far the greatest source of sales opportunities. When management adds salespeople to an existing team, the same pool of sales opportunities is simply distributed across a larger team of salespeople.

But management's problems don't stop here. Salespeople are incredibly difficult to manage—particularly successful ones! You can't *direct* your salespeople as you can production or finance personnel; you can only *coax* them. And *successful* salespeople are both a blessing and a curse. Sure, they generate orders—but at a price. They run roughshod over production and finance personnel, they ignore management directives, and they make frequent references to "their" customers, implying that they can leave and take the organization's goodwill elsewhere—which, to some extent, they probably can.

In summary, then, when we examine sales, we see a critical organizational function that consistently underperforms, that cannot be scaled (economically), that is in regular conflict with other functions, and whose key assets are, in fact, a contingent liability.

The claim that sales is dysfunctional is no exaggeration!

A New Assumption

It's not hard to validate the claim that sales is typically the sole responsibility of autonomous agents. When we employ salespeople, we advise them that they will be held accountable for outcomes, not activities. We pay them commissions (in part or in full) rather than fixed salaries. And we encourage them, in most cases, to manage their territories, their accounts, and their sales opportunities as if they were, well, their own.

It's true that, increasingly, management is attempting to rein in salespeople's autonomy. We ask salespeople to report their activities in the organization's customer relationship management application (CRM).[2] We pay them a mix of salary and commissions. And we at least pay lip service to the notion that these are *company* accounts.

But we forget that, where true opposites are concerned, no compromise is possible. Salespeople can march either to their own drumbeat or to the beat of a central drummer. When faced with the demand to do both, they will always pick the *least bad* option.

When you consider that the entire organization—not just sales—is engineered around the assumption of salesperson autonomy, it's easy to see that salespeople will always choose autonomy. If you doubt this casual assertion, answer these three simple questions:

1. If an important sales opportunity is lost, who is ultimately responsible?
2. If an important customer is dissatisfied, who is ultimately responsible?
3. If an account falls into arrears on its payments, who is ultimately responsible?

The connection between dysfunction and salespeople's autonomy is also easy to spot. Salespeople spend so little time selling because they have so many responsibilities competing for their limited time, because each salesperson is a self-contained sales function.

Salespeople conflict with other functions because, in their world-view, they see only *their* opportunities and *their* accounts. However, other functions (production, engineering, finance) also have limited capacity and are in receipt of competing demands from *multiple* salespeople.

Salespeople conflict with management because there is simply *no place for management* in a typical sales function. If salespeople own their activities and are held accountable only for outcomes (as is so often advertised), there is literally nothing for management to do. *Managing outcomes*, after all, continues to be an oxymoron, no matter how many times you say it![3]

If the assumption that *sales is the sole responsibility of autonomous agents* is the root cause of this dysfunction, it's clearly time for a new assumption. But what should that be?

The good news is that, if we approach this question with a clear head, the answer is oh so obvious.

We discussed that, relative to other organizational functions, sales is sinking fast. What, then, is causing the rapid ascent of these other functions? In particular, what has caused both the productivity and the quality of manufacturing to increase by many orders of magnitude over the last 100 years?

The answer is the division of labor. The division of labor enabled manufacturing to transition from a cottage industry to the modern manufacturing plant. And the division of labor has had the same catalytic effect on project environments (think construction, aerospace, finance, and even marketing). The modern sales environment resembles manufacturing as it used to look more than a century ago.

But that's about to change! The silent revolutionaries have scrutinized sales for evidence that this function is somehow unsuitable for the division of labor. Their search has been fruitless. The new assumption, around which their sales environments have been engineered and on which this book is based, is as simple as it is powerful.

Sales is the responsibility of a centrally coordinated team.

This book shows how this innocent-looking assumption leads logically to a radical new approach to the design and management of the sales function. It will show you how to apply this approach to your organization (irrespective of the size of your firm or the complexity of what you sell), and it will introduce you to a diverse range of organizations that have trodden this path already (our silent revolutionaries).

The Machine

This book likens the result of this new approach—quite unapologetically—to a machine.

This metaphor is apt because, under this new approach, sales becomes the consequence of a number of interrelated processes—rather than the output of a person. Salespeople become a component in a much larger machine (albeit an important component!). And management assumes total responsibility for the design and day-to-day performance of the sales function (managers own sales targets, and they cannot delegate them away).

In this book, I'll explain why sales must be viewed as a machine, rather than as a person. I'll detail how to create a smoothly functioning sales machine—and how to integrate it with the rest of your organization. And I'll counsel you on the (often perilous) transition from your status quo to *The Machine*.

Part 1

THE CASE FOR CHANGE AND A NEW MODEL

Chapter 1
AFTER THE REVOLUTION

Jennifer retrieves her smart phone from her purse and brings it to life with one authoritative swipe.

Moments later, she's talking to David—her assistant back at head office. "Good meeting," she answers, "you can go ahead and schedule the requirement-discovery meeting. Yep, you can keep talking to Debra. And the opportunity's actually a retrofit . . . let's say 150 grand."

"I'm all over it," David reassures Jennifer as he updates fields in the customer relationship management application (CRM). "So, you'd better hot-tail it over to Tyson Engineering. Phillip left here half an hour ago, so he should be ready for the presentation when you get there."

❄ ❄ ❄ ❄

Jennifer, David, and Phillip all work for James Sanders Group (JSG), a manufacturer of point-of-sale displays and internal fit-outs. JSG is one of our silent revolutionaries.

JSG is an engineering-centric company. They became successful by solving tough problems and building innovative custom installations.

JSG recently suffered a slow leakage in sales. The problem was not that they were suffering at the hands of a large competitor—that's a battle they were well equipped to fight. What was happening was that numerous small competitors (some of them recent market entrants, others offshore manufacturers) were chipping away at their base: winning numerous small jobs, often at crazy margins.

JSG had recognized that this was not a trend they could reverse solely with superior production performance. They knew they needed sales activity—boots on the ground.

That was easier said than done, however. Each time JSG added a salesperson, the new recruit would win a job or two and then become entangled in account management. Before long, account management would become so all-consuming that sales activity would grind to a halt. While this was happening, JSG's competitors were simply sidestepping those complex jobs and focusing on winning the easy contracts.

Initially, JSG looked to *account managers* (as they had taken to calling them) for a solution to the problem. Ultimately, it became clear that this was a process problem, not a people problem.

The snippet of conversation above speaks volumes about the consequences of JSG's revolution. Jennifer is JSG's business-development manager (BDM). And that's the first unusual thing. Although JSG services all of Australia (an area roughly the size of the continental United States), JSG has just one field salesperson. They need only one salesperson because Jennifer is ten times more productive than any of JSG's competitors' salespeople. While a competitor's salesperson averages two sales meetings a week, Jennifer consistently performs twenty.

Another reason JSG has only one field salesperson is the company discovered that a surprising percentage of sales opportunities (particularly repeat purchases) could be handled by a small (but highly efficient) inside sales team. This team finds and pursues simple opportunities, and, from time to time, it stumbles across opportunities that are significant enough to be escalated to David and Jennifer.

David is the key to Jennifer's efficiency. David and Jennifer talk at least four times a day. Like an air traffic controller, David is Jennifer's eyes and ears. He carefully monitors the status of all sales opportunities—freeing Jennifer to focus only on the sales meetings that appear—as if by magic—in Jennifer's smart phone.

David's official title is *business-development coordinator* (BDC). His responsibility is to manage JSG's portfolio of high-value sales opportunities.

He manages each opportunity like a project. He works tirelessly, trying to schedule the next activity in sequence for each. In most (but certainly not all) cases, the next activity is a meeting with Jennifer. And, of course, Jennifer's objective at each meeting will be to *sell* the next activity—generating still more work for David.

David frees Jennifer of the requirement to do anything other than face-to-face business-development meetings. In addition to appointment scheduling, David performs all of the clerical tasks associated with the management of sales opportunities: data entry, reporting, literature fulfillment, expense tracking, and calendar management.

David routes nonadministrative tasks to other specialist resources within JSG. Customer support issues and requests for quotes are routed to customer service representatives. And requirement discovery and solution design become the responsibility of project leaders.

As each task is handed off, David logs the date in the CRM and leaves himself a prompt to follow up prior to the task's expected completion date. In many cases, these tasks are prerequisites for meetings he has already scheduled for Jennifer. It's critical, therefore, that he keep all the parts of this machine working in unison.

Phillip also makes a significant contribution to Jennifer's tremendous efficiency as a project leader. His job is to manage the interface with engineering and production. Prior to each sale, Phillip works closely with Jennifer. She introduces him to clients early in each engagement to discover their requirements and to conceptualize and design solutions.

Solution design is always a collaborative process. Clients have their say, of course: They want Rolls Royce solutions on Toyota budgets. Phillip represents both engineering and production: He must ensure that whatever is specified can be delivered on time and within budget. And it's Jennifer who uses a mixture of hustle and artful diplomacy to close the gap between the two parties.

After the sale, Phillip is responsible for managing the relationship between production and the client. He's on hand to negotiate change requests and to fine-tune the production plan on those occasions when it becomes obvious there's a gap developing between the client's expectations and the direction of the project.

There's no question that Jennifer is busy. Twenty business-development appointments a week is a lot of work. And then there's the travel—a lot of travel!

But the interesting thing is that Jennifer loves working in this environment. There's no stress. She doesn't feel like a juggler with a hundred balls in the air. The clients are happy too. They understand where her responsibilities begin and end, and they always know exactly who to talk to if something appears to be going wrong.

All Jennifer has to do is show up at meetings and talk to people—and she's really good at that. The selling looks after itself.

Management by Numbers

Matthew is one of James Sanders' two sons. He's in charge of operations and sales. Sales wasn't previously under his purview, but it is now. In spite of the fact that the JSG sales function has more moving parts now, it's actually become simpler to manage.

Matthew chairs a weekly sales meeting. The meeting consists of a review of a simple dashboard. The team's primary concern is the size of four critical queues of work. There's a queue of forward-booked meetings in Jennifer's calendar, and there's a queue of sales opportunities upstream from David and from each of the two inside salespeople.

Matthew knows that the profitability of the firm requires a steady flow of work to the plant. He also understands that the primary driver of this flow is the volume of selling conversations performed by his sales team. Any hiccups in sales activity will result in idle machines and workers in a month or so.

Matthew keeps an eye on other indicators too. He scans run charts, looking for unhealthy trends, and scrutinizes cycle times for critical activities to ensure that protective capacities are being maintained.

Matthew's biggest sales challenge is maintaining the support capacity required to keep up with the sales team's unrelenting flow of orders.

Prior to the revolution, Jennifer was one of five account managers. Today, two of those account managers have been converted into project leaders (and one came inside to kick-start the inside sales team). To free project leadership capacity, Matthew has been building a team of customer service representatives, but this team is under the pump too. Every month, it seems like there are a couple of new faces in there.

Arresting the Decline

JSG is clearly a different organization today. Sales used to be the responsibility of five overburdened account managers. Now, in place of those account managers, there's a team of specialists. A campaign coordinator ensures that two inside salespeople can have thirty (mostly outbound) selling conversations a day. A percentage of those sales opportunities are escalated to David, who coordinates Jennifer and the team of project leaders. And behind the scenes, a customer service team looks after the processing of orders, the generation of quotations, and the resolution of customer issues.

Today, JSG's sales function is a clearly a machine!

But the impact has not been just on sales. The revolution in sales has benefited most of JSG's other functions too. Sales and engineering work closely together now—to the obvious benefit of both. A full order book has simplified the lives of the production team—they are consistently busy, and they like it that way! And even finance has benefited—the team-based approach to sales eliminated the requirement for sales commissions and, consequently, the requirement for finance to mediate constant disputes over compensation.

As you would expect, these changes have had a profound impact on JSG's profitability. At the beginning of the journey, small increases in operating expense were easily compensated for by additional sales activity. But over time, the gap between revenues and expenses has widened at an increasing rate, thanks to economies of scale in both sales and production.

Theory into Practice

This chapter has shown you the implications of *sales process engineering* (SPE) for one business environment (an engineer-to-order manufacturer).

Chapters 2 and 3 will show you why SPE is so important in today's business environment, introduce you to SPE's four fundamental principles, and then explain how these simple principles lead logically to the end result exemplified by JSG's story.

Chapter 4 will introduce you to the inside-out model: the model most commonly employed by our silent revolutionaries.

One message that will play over and over throughout this book is that you cannot improve the performance of sales by focusing solely on the sales function. This theme will be tackled head-on in chapter 5.

In chapter 6, you'll learn how to apply SPE's principles to create profound improvements in the performance of a range of business environments (including indirect sales and small businesses).

In part 1's final chapter, chapter 7, we'll explore the case for the elimination of salespeople's commissions.

And then, part 2 is dedicated to the practical application of SPE in your organization. It's time to go to work!

Chapter 2
FOUR KEY PRINCIPLES

Our first order of business is to address two questions that have the potential to derail this discussion. The issue is not that these questions expose weaknesses in sales process engineering (SPE). The issue is that these questions stand in the way of even being able to start our discussion.

Considering the radical nature of the change we're contemplating, it's only natural to ask these questions: If the traditional sales model is so dysfunctional, and if there's a better method available, why haven't more companies adopted it already? And if the traditional model has withstood the test of time, how can it be that this model is fundamentally flawed?

Why Do We Persist?

There are two (interrelated) reasons we persist with the traditional approach to the design of the sales function. First, the traditional model conforms to all our assumptions about how sales should be made. Second, it is impossible to inch one's way to the inside-out model; that requires a revolution.

Deeply Held Assumptions

If we are to evaluate the traditional model with reference to enduring and deeply held assumptions about how to generate sales, the traditional approach to the design of the sales function measures up well.

Ask yourself whether you agree with the following statements:

1. Sales of expensive products and services are highly dependent on personal relationships.

2. A successful sales function is highly dependent on *star performers*.
3. Salespeople should be encouraged to operate autonomously—to view their territory almost as if it's their own business.
4. Sales is essentially an *outside* activity.
5. Customers require—and benefit from—a *single point of contact* with their suppliers.
6. Sales improvement is all about improving conversion (plugging the leaky funnel).

Each of these statements sounds innocent enough, right? But, for most salespeople—and their managers—these statements are more than true. They are axioms; they are fundamental, self-evident, and unquestionable truths. Attempts to challenge them will be met with injured feelings—or even hostility.

Consequently, any approach to sales improvement that is in alignment with these axioms will *feel* right, but an approach that conflicts with one or more will almost certainly be dismissed out of hand. As you'll discover in due course, SPE conflicts with every one of these statements—and with numerous other commonly held beliefs about sales too.

Sadly, the serious consideration of SPE tends to require at least one of the following conditions: The performance of the sales function must be so bad as to shake management's faith in the traditional model to its very core, or senior executives with no prior exposure to sales (perhaps an engineering or production specialist) must turn their attention to the sales function and refuse to adopt the existing orthodoxy. Almost without exception, our silent revolutionaries began their investigation of SPE only when *both* of these conditions were in place!

Incremental Change Won't Cut It

The other hurdle to the adoption of SPE is the magnitude of change required for the successful transition. Consider just a few of the changes that have to occur: A significant percentage of the activities associated with the acquisition and maintenance of accounts must be moved inside. Salespeople must willingly give up ownership of calendars, accounts, and even sales opportunities. Field salespeople must be prepared to spend all of their time in the field (in practice, this means a five- to tenfold increase in territory size and, consequently, a lot more travel). Management must be prepared to add new team members and—possibly—to see some existing team members exit the organization. Management must be prepared to assume (and, ultimately, reassign) responsibility for the origination of sales opportunities.

And then there's the impact on the rest of the organization. In pretty much every case, customer service needs to be reengineered to cope with the additional load. Organizational functions must be tightly integrated with one another. New product development must work closely with marketing, and engineering must march in lockstep with both sales and production. If production scheduling has devolved into brinkmanship to accommodate the demands of competing salespeople, scheduling must be fixed, and the master schedule must become sacrosanct.

When you consider the counterintuitive nature of SPE and the significance of the transition from the traditional model, it's no wonder that the traditional model persists.

But it can persist for only so long!

How Did We Get Here?

The traditional sales model hasn't always been dysfunctional. For much of the history of industry, this model has been the optimal one. (In fact, there are situations today in which the traditional model is still quite appropriate.) What has happened is that industry itself has undergone two sea changes, and sales has remained much the same.

Sea Change 1: From Production-Focused to Sales-Focused

In the 1989 film *Field of Dreams*, Kevin Costner's character plows under his corn and builds a baseball field in response to the promise that "if you build it, he will come." Fortunately, Shoeless Joe Jackson and friends arrive just in time to rescue the hapless farmer from bankruptcy.

Today, the phase *build it, and they will come* is often used to reference the unrealistic expectation that production is sufficient to create a market. However, for most of the history of industry, production has, in fact, been sufficient.

Until recently, the salesperson's job was to take a highly differentiated product and demonstrate it to potential customers. Sure, there was a requirement for some salesmanship, but for the most part, the sale was *really* made in new product development and production.

Today, because the market is so much more competitive, it's unusual for a product to be highly differentiated. It's common for customers to choose product A over product B and reasonably expect to pay a similar price for a product that performs almost identically. It's true that we still have true groundbreaking products, but these tend to be the exception rather than the rule.

Because *production* has been the primary success driver for most of our recent history, this is where our capital and our brainpower have been invested. And the return on this investment has been staggering. Over the last hundred years, we've seen massive increases in productivity (measured against any reasonable standard) and improvements of a similar magnitude in quality as well.

We've seen at least three major revolutions in production. Frederick Winslow Taylor introduced scientific management at the start of the last century. Henry Ford's approach to mass production drove costs down to unprecedented levels. And, in the 1950s, W. Edwards Deming jump-started the quality movement, contributing to the rise of Japan, and subsequently revolutionizing operating procedures in production facilities the world over.

Of course, the rate of change we've seen in production cannot be sustained forever. Increasingly, managers are recognizing that their advances in production have exposed sales (including distribution[4]) as the weak link.

Today, sales is the new frontier. We're already seeing the focus of senior management shift to sales—and with focus comes capital and brainpower. My prediction is that the next fifty years will bring revolutions in sales similar in scope and consequence to those we've seen in production.

Let this book be the first shot across the bow of the good ship *Orthodoxy*!

Sea Change 2: From Make to Stock to Engineer to Order

As was mentioned previously, the fundamental assumption that sits at the base of the traditional sales model is that *sales is the sole responsibility of an autonomous agent.* If we consider how a typical organization has been structured for most of the history of industry, this assumption is a perfectly reasonable one.

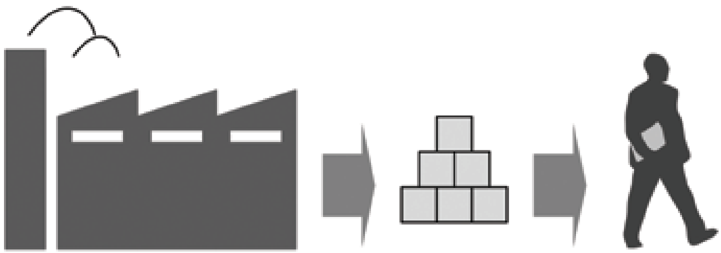

Figure 1. Make to stock.

Figure 1 shows a traditional value chain. The production facility produces to maintain a stockpile of inventory, and the salesperson sells from this inventory.

In this environment, it makes perfect sense for the salesperson to operate autonomously. The firm as a whole benefits when its salespeople sell as much as possible. Because inventory is already sitting in a stockpile, orders can be fulfilled as soon as they are received. And because of this stockpile, minimal interaction is required between sales and production.

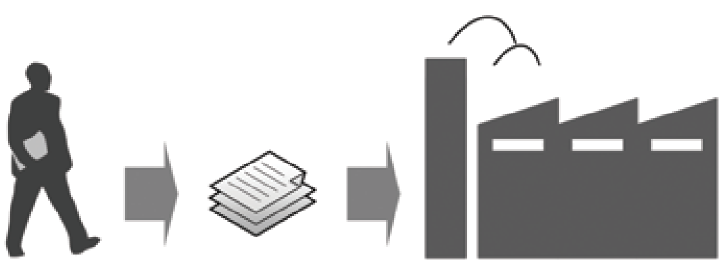

Figure 2. Make to order.

Increasingly, this is not how value-chains are configured. We have seen a recent and dramatic shift from *make-to-stock* to *make-to-order* environments, as in figure 2. The latter reduces holdings costs and provides customers with greater choice. In a make-to-order environment, it no longer makes sense for the salesperson to simply sell as much as possible; the salesperson needs to sell only what production has the capacity to produce. Rather than operating autonomously, the salesperson must *subordinate* to production.

This is complicated by a further twist in the value chain. Today, an increasing number of products (as well as almost all services) are actually designed (engineered) as they are being sold. In an *engineer-to-order* environment, tight integration between sales, engineering, and production is critical. The degree of integration determines both the likelihood of the sale being won and the quality of the product delivered.

In such an environment, sales cannot possibly be the sole responsibility of an autonomous agent. In fact, for this reason, the traditional model damages both sales performance and product quality—and, therefore, customer satisfaction.

In summary, the traditional model always has and perhaps always will make sense in make-to-stock environments—where it is possible for the sales function to operate at arm's length from production. Such environments include most consumer goods (typically sold in retail environments), consumer and small-business financial services (insurance and investment products), and packaged software.

However, in make-to-order and particularly in engineer-to-order environments, the requirement for tight integration between sales, engineering, and production renders the traditional model dangerously inappropriate. These environments include business services (consulting, legal, and finance), design-and-construct building, and enterprise software.

Now that we understand why sales environments look the way they do today—and why change is not necessarily an appealing proposition—let's return to the task at hand: redesigning the sales function.

Direction of the Solution

Let's consider how we might go about causing a dramatic increase in the productivity of the sales function. What might be the *direction* of the solution?

We should immediately discount traditional sales-improvement initiatives (e.g., sales training or adjustments to the comp plan). History suggests that at best such initiatives produce only incremental results.

For inspiration, we might look to manufacturing. This makes sense because we know that this is one part of the organization that *has* seen a dramatic increase in productivity in recent times.

Do we know the cause of this dramatic change? As it happens, we do.

In 1776, in his magnum opus, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith predicted that the division of labor would drive a massive increase in productivity. He told the story of a pin-manufacturing operation in which ten workers had divided the production procedure into eighteen distinct steps and then distributed these steps among themselves.

Individually, each worker could produce twenty pins a day. Collectively, they were producing 48,000!

The benefits of the division of labor are not enjoyed only in manufacturing environments. If we take a stroll around a typical organization, we discover the division of labor in all types of production environments, in engineering, and even in finance. In fact, the only part of the organization that has not embraced the division of labor is sales!

Assuming there is no reason to immediately disqualify the division of labor, let's assume that this is the direction of our solution.

Playing Devil's Advocate

But, not so fast! If we were to commission an experienced salesperson to defend the traditional model—to be the devil's advocate, as it were—can we imagine their objections to the concept of division of labor?

These are likely to be their two primary objections:

1. Complexity. Sales is complex in most environments nowadays. You have multiple influencers and decision makers. You have numerous conversations with multiple parties spanning weeks or months. This complexity does not lend itself to division of labor.
2. Personal relationships. People buy from people. No one likes to transact with a machine. The division of labor will destroy the critical personal relationship between the salesperson and the customer.

Before I directly address these objections, it's interesting to observe that these are similar in nature to the objections you might hear from a craftsperson (an artisan) who is being encouraged to transition to a modern manufacturing environment. This person is likely to suggest that if they do not *personally* craft their product, any increases in efficiency will surely be offset by a reduction in quality.

Of course, history suggests that the artisan's concerns are unwarranted! It just so happens that the changes we must make to a production process to improve efficiency are the very same changes that are required to maximize quality. (In case you're wondering, we improve efficiency, in part, by reducing variability within a production process. And as variability reduces, so does the defect rate.)

Complexity

Our devil's advocate is correct. A modern sales environment is certainly likely to be complex—for all the reasons stated. But is complexity a reason to avoid the division of labor?

If it is, we should see a decline in the division of labor as we examine production environments of increasing complexity. Let's consider two extremes in a production context: the assembly of a hang-glider and the assembly of a jet aircraft. The notion of a single person assembling even the simplest of jet aircraft is laughable. The fact is, in truly complex environments, the division of labor is not just possible; it's essential.

Our devil's advocate has hinted at a potential problem in the application of the division of labor—one we'll grapple with in due course—but he has not dealt our proposed solution a lethal blow.

Personal Relationships

It's true that people enjoy (for the most part) interacting with other people.[5] It's also true that many salespeople have good relationships with their customers. However, it's dangerous to assume (as salespeople frequently infer) that these relationships *cause* sales.

To see why, we should inquire into the origin of a salesperson's relationships. Specifically, which comes first—the sale or the relationship? The reality is, for the most part, that the salesperson's relationships are the *consequence* of sales, not their first cause!

Now, our devil's advocate is unlikely to take this line of reasoning lying down. His immediate objection will surely be that the distinction between first and proximate cause is purely academic—and that if relationships and sales are related, it matters little how they came to be that way.

It's here that we must make a critical distinction—a distinction between the initial transaction in a series of transactions and the rest of those transactions. In most cases, the salesperson's initial transaction signals the acquisition of a new account. All of the subsequent transactions (assuming the same product or service type) are repeat purchases. The first transaction—because it signals the acquisition of an annuity—is many times more valuable than any of the subsequent ones.

Because initial and subsequent transactions are materially different, it doesn't make sense to lump them together and refer to them all as *sales*, as our devil's advocate is doing.

So, for the balance of this book, I will use the word *sale* to refer only to the acquisition of a new account (or the sale of a new product or service line to an existing one). I will refer to repeat transactions as just *transactions*.

We must consider, now, the contribution that the salesperson's relationship makes to the retention of existing accounts. There's no question that this relationship must factor into the *retention* equation, but what are the other considerations?

As we'll discuss in much more detail, every organization must have three core functions to be viable in the long run: new product development, sales, and production. It's revealing to rank these three functions in the order in which we believe they will affect account retention.

Although salespeople all over the world are allocated responsibility for retention, it is extraordinarily rare to find a salesperson who will identify *sales* as the primary influencer of retention. Almost without exception, salespeople recognize that production performance is the primary influence. In other words, the number-one thing an organization must do to retain its customers is deliver on time, in full, without errors.

Salespeople will also willingly volunteer that the number-two thing that an organization must do is ensure that its products are consistently better than—and cheaper than—its competitors', which is, of course, the responsibility of new product development.

The shocking reality is that salespeople contribute little to retention, relative to production and new product development—even though retention is their responsibility.

If you are deficient in the areas of production or new product development, it may be that your salespeople's personal relationships cause accounts to persist with your organization a little longer than they otherwise would. However, to claim that *personal relationships cause sales* amounts to either equivocation or outright denial (or a little of each).[6]

Putting the Division of Labor to Work: Four Key Principles

With those objections out of the way, we've bought ourselves a little bit of time to piece together our solution. The division of labor is not the solution, after all—just the direction of the solution. Our devil's advocate intuitively recognized this when he raised the objection about complexity.

The thing is, when we apply the division of labor to any environment, the situation tends to get a lot worse before it gets better. The rewards offered by the successful transition from the craft shop to the division of labor are exciting (as was reported by Adam Smith all those years ago), but the transition itself is difficult and extraordinarily perilous.

The fact that production has been the primary focus of industry for the last hundred years is evidence of the difficulty of the transition. The good news is that if we intend to lead our sales function down the path already taken by production, this is indeed a well-trodden path.

The lessons from manufacturing can be generalized into four fundamental principles:

1. Scheduling should be centralized.
2. Workflows should be standardized.
3. Resources should be specialized.
4. Management should be formalized.

We'll dedicate the balance of this chapter to the exploration of these principles—in their natural manufacturing context. And in the next chapter we'll figure out how to repurpose these principles for the sales environment. First, however, we need to be sure we understand the nature of the problem we are attempting to solve. To achieve that, we'll turn our attention to a boat race.

The Primary Challenge

In fact, let's consider two boat races—both of them time trials. In each case, the oarsmen will attempt to maximize the speed of their vessels. (In the first race, the oarsmens' times will be averaged to determine the result.)

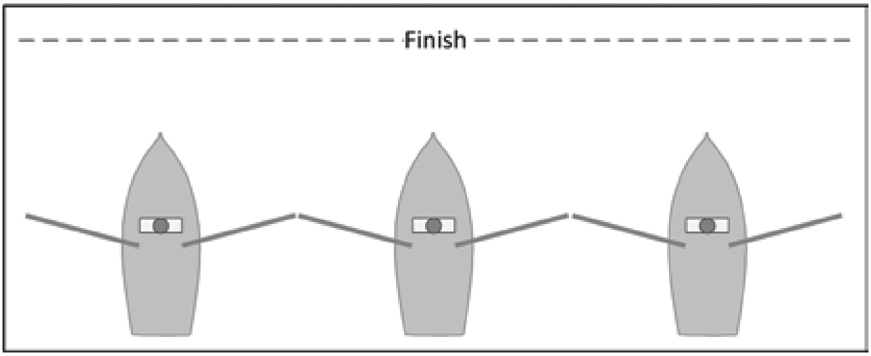

Figure 3. Autonomous agents.

In the first race, each oarsman commandeers his own boat. Each is an autonomous agent. When the starter's gun fires, each oarsman must do his level best to maximize the speed of his vessel. And he does that, not surprisingly, by rowing as fast as is humanly possible. This race is an allegory for the *craft shop* environment in manufacturing and for the traditional sales model.

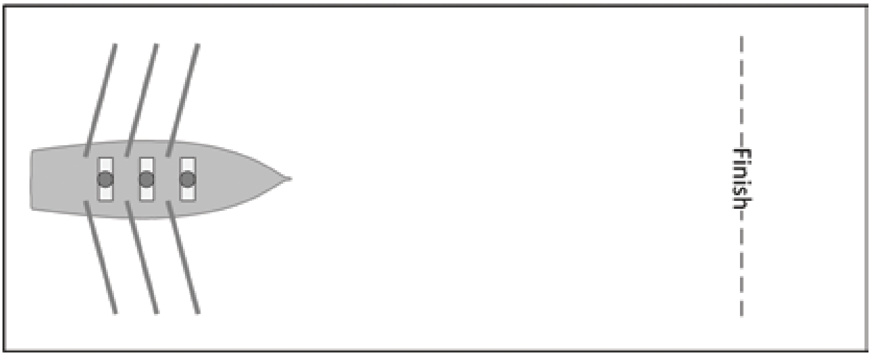

Figure 4. Division of labor.

In the second race, we make one subtle change. We put all the oarsmen in one boat. The goal is the same: to reach the finish line in the shortest amount of time. But each of the oarsmen must undergo a radical shift in his approach to the goal. If each oarsman rows as fast as possible, the speed of the vessel will definitely not be maximized.

If each oarsman maximizes his individual rate of work, the consequences will be a lot of noise, clashing of oars, and, possibly, a capsized boat. In this second race (an example, of course, of the division of labor), the speed of the vessel is determined primarily by the *synchronization* of the oarsmen—not by their individual rates of work.

Now, the shift of focus from individual effort to synchronization may not seem significant, but it is—particularly when we consider environments more complex than a rowboat. Learning to row in unison with others is tricky, but this skill (in this context) is made easier by the fact that you are operating in close proximity to your colleagues (you stroke in time with the person in front of you), and the fact that you have immediate feedback (you can see and feel the impact of your actions on the performance of the vessel).

This tends not to be the case in a typical work environment (few people, today, work in rowboats).

In a reasonable-sized manufacturing plant, for example, it's unlikely that all of the workers contributing to a process are in visual contact with one another. And, in a knowledge-work environment, such as—say—a sales function, work in progress is invisible, and lead times are long—meaning that there is no immediate feedback.

In such an environment, how do workers synchronize their rates of work? The short answer is that, without special intervention, *they simply don't.*

Here's an interesting thought experiment:

Consider the changes we would need to make to our rowboat model in order for this model to be representative of a standard knowledge-work environment.

How about we replace each of the oarsmen with a rowing machine—a powerful solenoid, operated by remote control? And let's put each of our oarsmen in a cubicle in an office complex, and equip each with a remote control unit. On each remote control unit is a button that actuates the solenoid back in the boat and causes that oarsman's two oars to stroke.

If each oarsman is isolated from the boat—and from his colleagues—and he is committed to winning that race, how will he determine when to press the button?

Sadly, this scenario is not dissimilar to many modern work environments. To complete the picture, all we need to do is add a manager who attempts to improve the performance of the boat by running from cubicle to cubicle encouraging everyone to row harder—and then who periodically berates team members for their lack of communication.

Principle 1: Scheduling Should Be Centralized

To claim that the division of labor causes workers to become disconnected from the performance of their overall system is stating the obvious. After all, as we'll soon discuss, a narrowing of the worker's focus is both a benefit of and a necessary condition for the division of labor.

It's inevitable, then, that the division of labor will result in synchronization problems.[7] The solution is to centralize scheduling.

Any work you perform can be broken into two components. The first of these are the critical activities that cause matter (or information) to change the form, sequence, and timing of each of these activities.

The second component is what I'll be referring to as *scheduling*. Of course, scheduling is pretty easy when it's just you doing the work. You can learn the basics in a half-day time-management workshop. However, as you add more workers to the work environment, scheduling rapidly becomes more complex.

The key to avoiding synchronization problems when we apply the division of labor is to first split the responsibility for these two components of work. If we fail to do this, the local efficiency improvements that result from workers focusing on a single task will quickly be eaten up by the general chaos that spreads through the environment—like those clashing oars in the rowboat.

There are many environments in which the centralization of scheduling is a well-established practice: the manufacturing plant (in which scheduling is the responsibility of the master scheduler); the project environment (in which the project manager owns the schedule); the orchestra (in a string quartet, the first violin sets the tempo, while in the case of a full orchestra, a dedicated conductor is required); and the airport (consider the chaos if, in the absence of an air-traffic controller, pilots had to decide among themselves when to take off and land!). In each of these cases, scheduling is a specialty.

(The project manager doesn't wear a tool belt, and an air-traffic controller can be quite capable even if they have never flown a plane.)

Now, it's true that even the most complex sales environments are less complex than a busy airport, but it's also true that almost every sales environment is significantly more complex than a rowboat. Therefore, if we are entertaining the idea of applying division of labor to sales, we must first acknowledge that the very first activity for which the salesperson relinquishes responsibility will be scheduling.

Postscript

Until now, we have accepted that, in a simple environment—like a rowboat—the division of labor doesn't require the centralization of scheduling. However, it's interesting to consider what we might do if we were really serious about winning the boat race we discussed earlier. If you look at most competitive rowing teams, you'll discover—you guessed it—centralized scheduling!

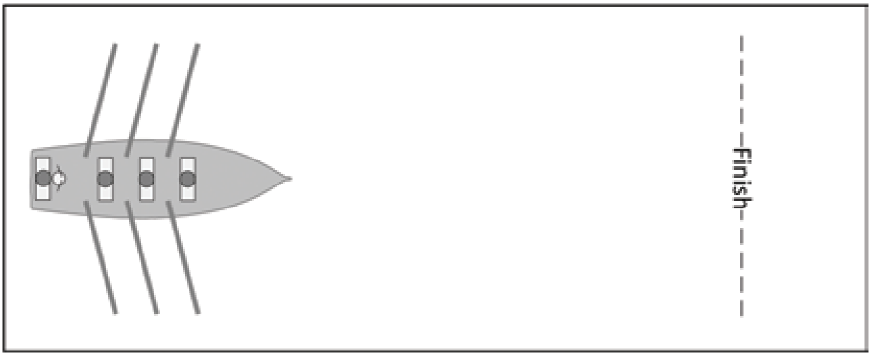

Figure 5. Centralized scheduling.

In a scull, for example, the coxswain sits in the stern of the boat, facing the oarsmen, and sets the tempo to which the oarsmen row. If we consider the racing scull for a moment, we can draw two interesting observations that relate to scheduling in all environments.

First, the coxswain is a dead weight (he does not row), and his inclusion increases the weight of the vessel by a significant amount. It's reasonable to assume, then, that the performance improvement resulting from the inclusion of the coxswain more than compensates for this weight increase. And this is in a simple environment in which the centralization of scheduling is not even critical.

Second, the coxswain maximizes the speed of the boat by causing all of the oarsmen to row at the same speed as the *slowest* oarsman. Therefore, to maximize the speed of the boat, all but one of the oarsmen must row *slower* than their maximum capability.

Principle 2: Workflows Should Be Standardized

The need to standardize all workflows is regarded as self-evident by many managers. Note the attention paid to *standard operating procedures* in the modern workplace. But it's worth acknowledging that standardization is only a necessity in an environment in which the division of labor has been applied.

Interestingly, you can see evidence of this if you look at customer relationship management (CRM) implementations in sales environments. Almost every mid- to large-sized organization has invested tens (or, more commonly, hundreds) of thousands of dollars in this technology in recent years in anticipation of increased sales performance. Few, however, can point to any performance improvement that can be attributed to the CRM.

If you examine business cases for typical CRM implementations, you'll discover that many promises hinge on an assumption that the standardization of salespeople's procedures will cause an increase in sales. Absent the division of labor, this is not a surety. Capable salespeople neither need nor benefit from the standardization of their operating procedures. Consequently, the CRM adds overhead (the additional data entry associated with enforcing standards) without generating any performance uplift.

But the division of labor changes things: Standardization suddenly becomes critical.

When the person who plans the work (the scheduler) is remote from the people who do the work, the standardization of procedures (and workflows) prevents the complexity of environments from multiplying to unmanageable levels.

In manufacturing environments, the workflow is referred to as the *routing*. The routing is the path that work will follow through the plant, taking into account both the activities that will be performed and the resources that will perform them. The general rule in manufacturing is that for production of the same product, the same routing should be followed.

If we apply the division of labor to the sales environment, we must standardize our workflows for the same reason. For this environment to be manageable and scalable, all opportunities of the same type (i.e., the same objective) must be prosecuted using the same routing—from the origination of those opportunities, through their management.

Principle 3: Resources Should Be Specialized

In discussing the centralization of scheduling, we've already broached the subject of specialization. We know that when we apply the division of labor, the scheduler is the very first specialist. Indeed, once we have centralized scheduling and standardized workflows, specialization is relatively easy.

Specialization causes a significant increase in workers' productivity for two reasons: First, when a worker performs activities of just one type, they become very good at performing those activities. Second, switching between materially different activities imposes a significant overhead on a worker. The elimination of this switching (multitasking) increases that worker's effective capacity.

Of course, specialization doesn't relate just to people. In most environments today, activities will be shared between people and machines (including computers). However, we should note that automation has *not* been the root cause of productivity improvement in the last hundred years. The primary cause is the division of labor. After all, it's the division of labor that has allowed us to simplify activities to the point at which they can be performed by machines.

When it comes to dividing activities, it tends to make sense to make divisions along three axes:

1. Location. You should split field and inside activities—meaning that people work inside or outside but never a mix.

2. Work type. You should split activities that are different enough to impose a *switching cost*. For example, creative activities do not mix well with more transactional ones.
3. Cadence. You should split long and short lead-time activities. For example, in a technology environment, you should not mix true development work with break-fix tasks.

Principle 4: Management Should Be Formalized

It's interesting to note that the very first manager was a scheduler (as per our coxswain example). However, as environments grow, so do the responsibilities of management. Today, it's more likely that the manager of a function delegates scheduling to a technical specialist and focuses on the internal performance of their function—as well as its integration with the rest of the organization.

This broader focus makes sense for two reasons: The division of labor causes work environments to become inherently fragile, and because the organization consists of a number of functions—each of which could be characterized as an oarsman in a larger boat—someone must pay attention to the synchronization of the organization as a whole.

Specialization is a two-edged sword. It causes a dramatic increase in the productivity of each individual, but it also causes each worker to operate in a vacuum—intently focused on their own work in progress (their task list). To a great extent, the scheduler compensates for this narrow focus, but the manager is still required to ensure compliance with the schedule, to resolve problems as they occur, and to make decisions relating to the design and resourcing of the overall environment.

Now, the word *formalize* in this fourth principle may seem redundant. After all, in our production example, there was no need for management prior to the division of labor. Why then do we need to formalize management—as opposed to simply adding a manager?

This is one area in which the sales environment differs from our production example. The modern sales function has grown large enough that there is a requirement for a manager to attend to those second-order management responsibilities.

This means that most sales functions have managers—in spite of the fact that they are still essentially craft shop environments. These managers, however, have no understanding of scheduling and no experience managing the kind of environment that will exist after the transition to divided labor.

Accordingly, we will definitely need to convince our sales managers to adopt a more formal approach to management.

Chapter 3
REIMAGINING THE SALES FUNCTION

In this chapter, we'll reason from first principles to the sales function we discovered in chapter 1. Then in the following chapter, we'll expand our discussion to include environments where not all opportunities are major ones—and introduce you to the critical inside sales function.

We commence with the direction of the solution (the division of labor) and our four key principles.

Figure 6. Yesterday's sales function. The business-development manager (BDM).

Yesterday, our sales function essentially consisted of a single salesperson. Tomorrow, sales will be the responsibility of a tightly synchronized team.

Principle 1: Scheduling Should Be Centralized

Our first principle dictates that, as we push toward the division of labor, our very first specialist must be a scheduler. We'll elect to call our scheduler a *business-development coordinator* (BDC). We'll also refer to our salesperson as a *business-development manager* (BDM), to highlight their new focus.

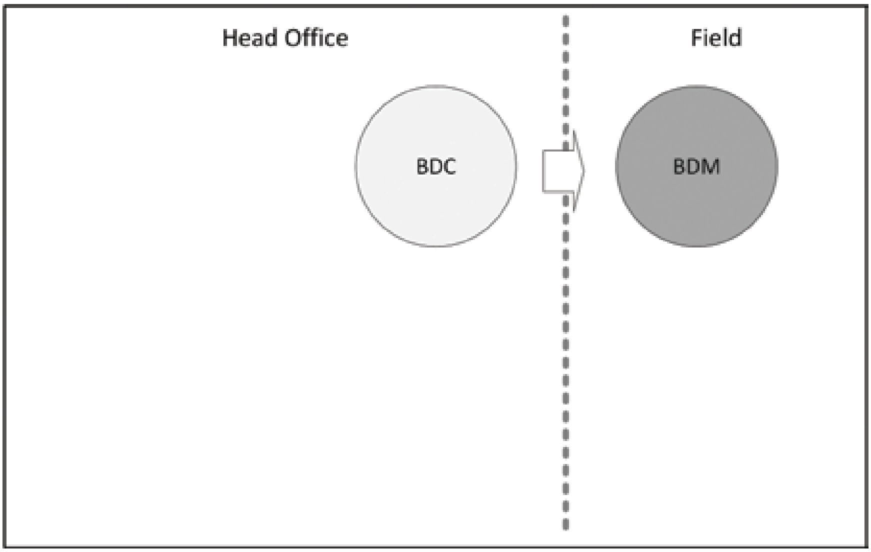

Figure 7. Division of labor, step 1: The business-development coordinator (BDC).

It's important to note that the BDC is *not* a sales assistant. The word *assistant* would imply that it's the BDM who allocates work. The opposite—as is indicated by the direction of the arrow in figure 7—is the case. The BDC pushes work to the BDM.

This means that the BDM must transfer any and all scheduling responsibilities to the BDC. This may be a more significant undertaking than it sounds when you consider that, in most cases, the BDM's scheduling responsibilities are not limited to the management of their own calendar. In most cases, salespeople are interfacing with production and customer service, coordinating the delivery of clients' jobs.

At this point in the discussion, it's premature to allocate specific activities to resources, but it will do no harm to draw four very general conclusions:

1. Our BDC must perform all scheduling.
2. Our BDM will spend more time selling.
3. Our BDM should work in the field (not in an office).
4. Our BDC should work from the head office (ideally—not a regional office).

The first two conclusions are not at all contentious, but the importance of the second two is less obvious.

BDMs Work in the Field, Not in an Office

Traditionally, salespeople split their time between the field and an office. And this is unavoidable when you consider the diverse range of activities for which they are responsible. If we have a choice, however (and we soon will), it makes sense to have BDMs spend all of their time in the field, for two reasons: First, if we are going to spend the (not insignificant amount of) money required to employ enterprise-class salespeople, it makes sense to have them selling in the field, where—presumably—they're more effective. And second, a fundamentally different approach is required for scheduling field- and office-based activities—meaning that it's impractical to schedule a combination of the two.

The BDC Works from the Head Office

It would be tempting to assume that the BDC should operate in close proximity to the BDM—but the opposite is true. The BDC should operate in close proximity to the business functions with which sales must integrate.

We've already discussed that the integration of sales, engineering, and production is increasingly important for the modern organization. Well, that integration is significantly easier to achieve if the individuals responsible for scheduling each function operate in close proximity to one another.

In addition, if you consider the BDM's perspective, the BDM will feel less disconnected from the organization as a whole if their BDC is located in the head office.

The Relationship between the BDC and the BDM

Let's consider the relationship between the BDC and the BDM by contrasting sales with another environment in which we have senior people working closely with schedulers.

That environment is the executive suite. In the executive suite of a decent-size firm, we will likely encounter at least one executive who works closely with an *executive assistant*. Unlike a typical assistant, an *executive* assistant assumes overall responsibility for the initiatives in which the executive is involved—and also assumes responsibility for the executive's calendar.

The executive assistant maintains an awareness of all the initiatives on which the executive is working (and their relative importance) and plans the executive's time so as to maximize the yield on their limited capacity.

If we take the preceding sentence and substitute business-development coordinator for executive assistant and business-development manager for executive, we have a perfect functional description of the role of the BDC. And if we reflect on the nature of the relationship between the executive assistant and the executive, we will observe exactly the relationship that must exist between the BDC and the BDM in order for the sales function to be productive.

This discussion also sheds light on the inevitable questions about, in practice, whether BDMs will find it demeaning for someone else to plan their calendars, and whether potential customers will find it disturbing if BDMs fail to set their own appointments.

The answer to both questions is a firm *no*. Treating salespeople like executives does not demean salespeople; if anything, it elevates their standing in the eyes of potential customers.

The Economics of the BDM–BDC Relationship

At first glance, it would appear that we're multiplying expenses by partnering BDMs with BDCs. Nothing could be further from the truth. A traditional field salesperson averages two face-to-face business-development meetings per week. If you partner that same salesperson with a capable BDC, their effective capacity increases to four meetings per day, or twenty a week. That's a tenfold increase in effective capacity. This means that two BDMs partnered with BDCs will do the same volume of work that would otherwise require ten BDMs working alone.

In practice, this means that you can reduce the size of your team of BDMs (retaining the most capable ones) and still perform the same volume of face-to-face meetings. When you consider that BDCs cost roughly half what BDMs do, the economic benefits are compelling.

Principle 2: Workflows Should Be Standardized

Our second principle dictates that we use a standard sequence of activities to originate opportunities (i.e., to identify or generate sales opportunities) and to prosecute opportunities (i.e., to pursue them to their ultimate conclusion—either a win or a loss).

Although these two workflows are clearly part of the one value chain, it makes sense to treat them separately, simply because opportunities can be originated in batches; but they must be carried out, or prosecuted, one at a time. Because opportunities can be originated in batches (e.g., via promotional campaigns), the idea of standardizing the first workflow is not particularly contentious. However, the case for standardization is not so clear where opportunity management is concerned. To frame this consideration as a question, do our salespeople require unlimited degrees of freedom in order to effectively win orders?

The Case for Standardization

To address this question, we should first acknowledge that whenever we are selling, a potential customer is buying. Therefore, our opportunity-management workflow is the flip side of our potential customer's procurement workflow. So we can reframe our question as the following: Do our customers require unlimited degrees of freedom in order to make an effective purchasing decision?

Viewed from this perspective, the answer is *not necessarily*. Increasingly, organizations are standardizing their procurement procedures for those products or services they purchase regularly. What's more, different organizations' procurement procedures for comparable products tend to be remarkably similar.

If we consider major purchases, I suspect the greater variation we see in procurement procedures is more a consequence of an absence of procedure than it is evidence of the absence of a need for one. In other words, I'm suggesting that there probably is an objective ideal procedure for making major purchases of various types—it's just that because organizations make major purchases infrequently, they haven't yet determined what that procedure is.

I've often asked groups of salespeople who sell major products (e.g., enterprise software) whether there's a right way and a wrong way for organizations to purchase a product like theirs, and I've always been impressed by how well reasoned (and unanimous) the salespeople's responses are.

My suggestion, then, is that there is an ideal opportunity-prosecution workflow for both minor and major purchases. Where minor purchases are concerned, this is more likely to be determined in advance by your customers, and enormous variation from customer to customer is unlikely. Where major purchases are concerned, there is still an optimal procurement procedure; it's just that customers are unlikely to be aware of it, which presents your salespeople with the opportunity to take the lead and help the customer buy more effectively.

Making It Scalable

Practically, as was mentioned in the previous chapter, the benefits of standardization (in and of itself) are relatively limited. The real value of standardization is that it enables hand-offs between stakeholders in both the sales environment and the associated functions (e.g., engineering and production). Of course, without hand-offs, there can be no division of labor.

Consider the communication between a BDM and a BDC. If an opportunity is being prosecuted according to a preexisting workflow, after each field activity, the BDM needs only to update their BDC with one of four possible next steps. They will recommend:

1. abandoning the opportunity,
2. repeating the activity just performed,
3. scheduling the next activity in sequence, or
4. scheduling an activity further downstream in the workflow.

If the workflow is sensibly constructed, these four options provide sufficient flexibility for both parties, and if more flexibility is required, the design of the workflow should be revised.

The important point, though, is that this structure enables a lot of information to be transferred in just a few words. In designing a workflow, we're not trying to map the existing complexity; rather, we're *engineering it out* of the sales environment (at least to the degree that it's realistic to do so).

Typical Sales Workflows

From a high level, most sales workflows look something like figure 8.

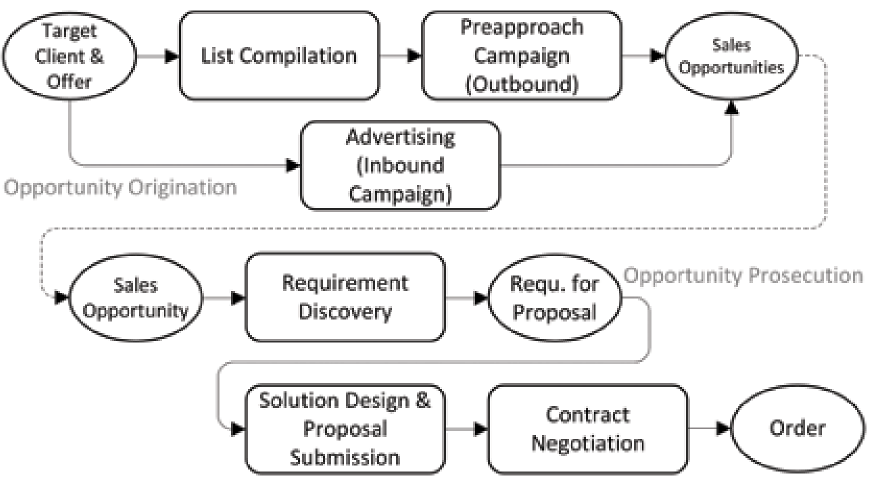

Figure 8. A typical sales workflow.

Although all promotional activities are outbound to some extent, it is convenient to divide promotional campaigns into two categories: *outbound,* in which you assume a requirement and deem there to be a sales opportunity, and *inbound*, in which you engage in advertising (and similar) activities, with a view to generating (inbound) expressions of interest.

Principle 3: Resources Should Be Specialized

If we return to our project analogy for a moment, we now have a project plan (our standard workflow for originating and prosecuting sales opportunities), a project manager (our BDC), and a resource pool containing a single resource (our BDM).

To exploit the benefits of the division of labor, it's now necessary to add some more people to our resource pool. An obvious starting point is to list the activities performed by a typical salesperson (as in table 1) and to determine which are critical for our BDM to perform and which can be allocated to other resources.

Table 1. Activities typically performed by salespeople in the field.

Activity name	Activity type
Prospecting	Promotion
Appointment-setting calls	Administrative
Calendaring and travel arrangements	Administrative
Sales meetings	Sales
Follow-up calls	Administrative
Solution design	Technical
Proposal generation	Semitechnical
Production-related activities	Technical
Postsale customer service	Semitechnical
Processing (repeat) transactions	Semitechnical
Data entry and reporting	Administrative

Beside each activity in table 1 is a proposed activity type. Some of these are obvious, and some are a little contentious, so let's be sure to resolve the contention, if we can, before we reallocate some of these activities:

1. promotion (i.e., the origination of sales opportunities),
2. administration (i.e., critical supporting activities),
3. sales (i.e., meaningful selling conversations),
4. technical (i.e., requirement discovery and solution design), and
5. semitechnical (i.e., quoting, order processing, and issue management).

Promotion

It is possible for salespeople to originate their own sales opportunities, but the fact that they *can* does not constitute an argument that they *should* (and this statement applies to almost every other activity above too). The thing is, the origination of sales opportunities is extremely resource intensive if they are originated one at a time—and salespeople lack the resources required to originate them in batches.

Typically, the batch origination of sales opportunities requires the ability to procure and manipulate contact lists, the ability to produce hard-hitting promotional campaigns, the resources to broadcast personalized email (or snail mail), and perhaps even the ability to promote and coordinate events.

Salespeople lack these capabilities, so it makes sense—at least notionally—to allocate responsibility for opportunity origination to the marketing department. Within the marketing department, the origination of sales opportunities is referred to as *promotion* (one of the four Ps of marketing).

I say that the origination of opportunities is *notionally* the responsibility of marketing because, in practice, the requirement for tight integration between promotion and sales is so strong that the responsibility for the former cannot possibly be delegated (at least in full) to another department.

The practical solution is to add a *campaign coordinator* to sales. This person must be physically located within the sales department because they must be tuned in to the telephone conversations that are occurring as a direct consequence of the campaigns they are coordinating.

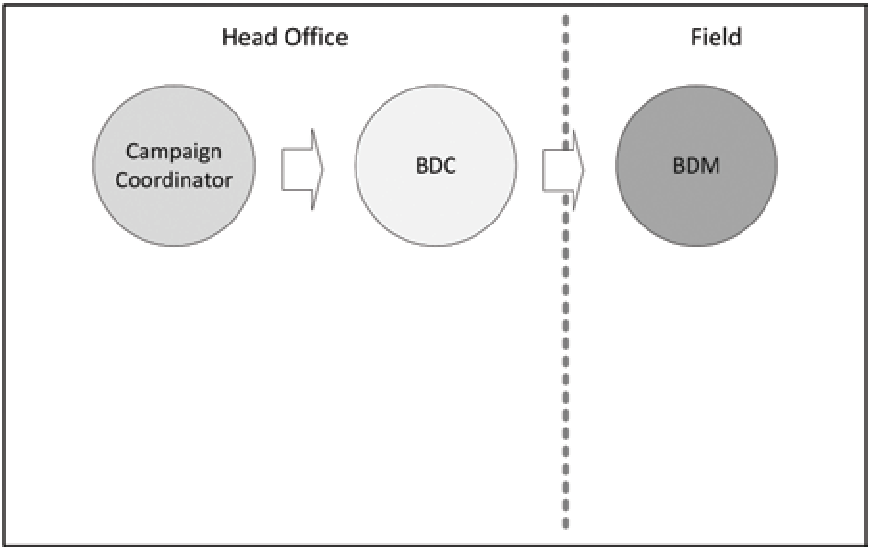

Figure 9. Division of labor, step 2: The campaign coordinator.

It's helpful to think of the campaign coordinator as a member of the marketing department who's on permanent loan to sales. Your campaign coordinator must understand promotional processes and must have good connections to people in your marketing department. But their primary allegiance must be to sales. As we'll see in part 2, your organization's sales activity will quickly grind to a halt if your campaign coordinator loses focus for just a day or so.

The campaign coordinator's reason for existence is very simple: to maintain a queue with an optimal number of sales opportunities upstream from the BDC. This ensures that the BDC always has someone to call when an empty slot appears in the BDM's calendar.

Administrative Tasks

It should be easy to see why data entry, reporting, calendar management, and travel arrangements have been categorized as administrative activities, but what about appointment setting and follow-up calls? How can they possibly be administrative activities?

Let's start with follow-up calls.

As we have discussed already, at each meeting within the opportunity-prosecution workflow, it's the BDM's job to sell the next critical activity in the workflow. If the BDM has done their job properly, the scheduling of that activity is purely an administrative function.

On the occasion when a BDC discovers that further input from the BDM is required before the next activity in the workflow can be scheduled, the BDC should schedule either another meeting with the salesperson or a conference call. In either case, this additional meeting does not constitute a material change to the opportunity-prosecution workflow; it's just a repeat of the last performed activity.

If you think about it, the initial appointment-setting call is no different from follow-up calls. If the initial meeting has already been sold, the call is simply a scheduling exercise.

Consider this real-world example:

Nigel is the director of sales for a large recruitment firm (one of our silent revolutionaries). Because he also happens to be the most capable public speaker in the sales department, he's now addressing a room full of senior executives, introducing a controversial approach to headcount management.

At the close of his presentation, he will ask the delegates to complete a feedback form and will encourage them to tick a box at the bottom of the form to indicate they would like to schedule a best-practices briefing with Rick, the firm's local consultant (salesperson).

It's Nigel's expectation that a little more than 20 percent of the delegates will tick that box, and that virtually all of those will meet with Rick. What's interesting is that Rick's BDC is unlikely to call any of them. Setting those appointments is such a simple undertaking that she will simply send each an email, asking them to indicate their preference from a number of available meeting slots in Rick's calendar.

In this case, it's clear that the *initial* appointment-setting call is purely administrative in nature. Of course, this is in contrast to the status quo—in which the initial appointment-setting call is most definitely a sales call.

A major benefit of classifying the initial appointment-setting call as administrative in nature is that it forces you to sell the meeting in advance of the call. This is hugely beneficial, because it highlights the difficulties that BDCs might have setting meetings and it forces management to create more compelling offers and market propositions. In turn, the more compelling offers (and market propositions) result in better-quality appointments, and that benefits everyone.

Of course, the origination of sales opportunities is a challenging subject, one we'll return to in part 2 of the book.

Technical Tasks

Every engineer-to-order environment has the same problem. Salespeople become entangled in the delivery of the solutions they sell—and this entanglement cannibalizes their selling capacity (and generates a host of other problems). This inevitable entanglement has a simple cause.

The thing is, above a certain level of product complexity, a perfect hand-off from sales to production is impossible. It's not just difficult; it's *impossible*. This means that beyond this *complexity threshold*, information will always be lost when sales hands off a project to production. This information loss cannot be eliminated with more detailed briefings, more documentation, or management exhortations to communicate better.

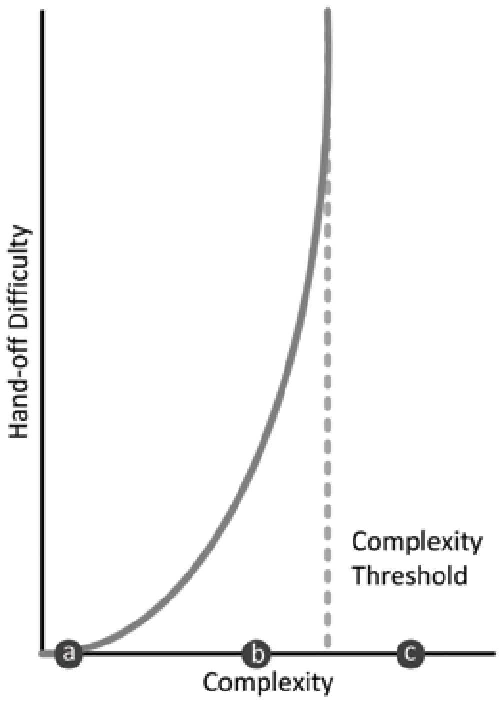

Figure 10. This graphical depiction of the complexity threshold shows that hand-off difficulty goes to infinity when complexity increases beyond a certain point. The markers on the x-axis suggest the degree of complexity in three environments: (a) make to stock (b) make to order and (c) engineer to order.

There are only two possible solutions to this problem: We can propose only products that are simple enough to sit beneath the complexity threshold (e.g., limit customization to a fixed menu of options), or we can eliminate the requirement for a hand-off altogether.

Of course, in major-sales environments, the second option tends to be the default approach. What happens is that the salesperson never fully hands off to production; they remain on-call, after the sale, to answer questions and to interface with the client.

There is, however, another approach, one that has a profound impact on both the effectiveness of sales and service quality. The alternative approach is to add a third party to the mix, a person we'll call a *project leader*.

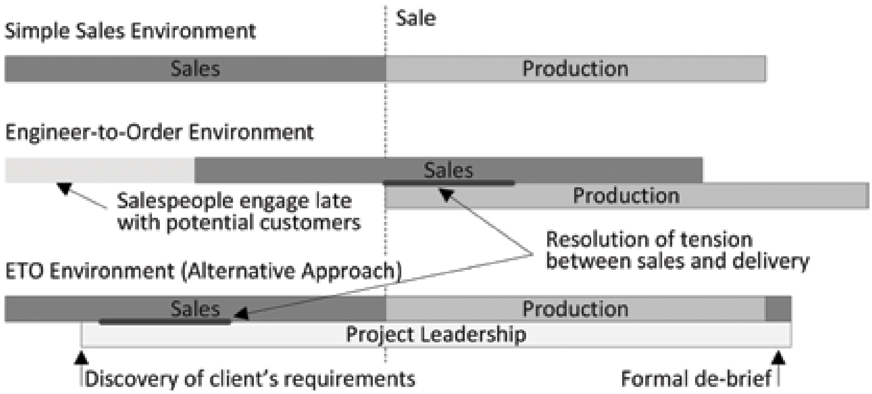

Figure 11. In a major-sales environment there are two approaches to the avoidance of hand-offs. In the default approach, the salesperson remains engaged through delivery. This results in a reduction in the salesperson's selling capacity and, consequently, late engagement with potential clients. It also defers resolution of the inevitable tension between sales and production until after the sale is won.

In this alternative approach, the project leader and the BDM work side by side for most of the opportunity-prosecution workflow.

Here are the essential characteristics of this approach: Because the BDM has no postsale responsibilities, they have more selling capacity. This enables them to engage earlier with clients than they otherwise would—meaning that initial contacts are conceptual in nature. At the point at which the client wishes to discuss (in concrete terms) their requirements, the BDM introduces the project leader. The project leader takes responsibility for *requirement discovery* and for *solution design* (in many cases, these will occur in the form of a formal solution-design workshop). From this point until the point of sale, the BDM and the project leader work together. The project leader is responsible for the technical component of the engagement, and the salesperson tends to the commercial component. After the sale, the project leader champions the project as it moves through production. This means that the project leader replaces the BDM as the primary point of contact for both production and the client.

The sole responsibility of the project leader is to manage the interface between production and both the client and sales. When they do their job well, the product presented to the client is both salable and deliverable (taking into account, for example, features, price, delivery lead time), and the product that is ultimately delivered to the client fulfills the client's requirements, without compromising the profitability of the organization (understanding that the client's requirements may well have changed—or been reinterpreted—during delivery).

Because the project leader seeks to optimize the numerous trade-offs though both the opportunity-management and delivery phases of the engagement, it should be clear that their role is critical and their contribution invaluable. For this reason, the project leader should always have protective capacity; they should never be overburdened with work. Accordingly, it is *not* a problem that the project leader works both in the office and in the field. If we are deliberately maintaining the project leader at less than 100-percent utilization, it is obviously not necessary to maximize their efficiency.

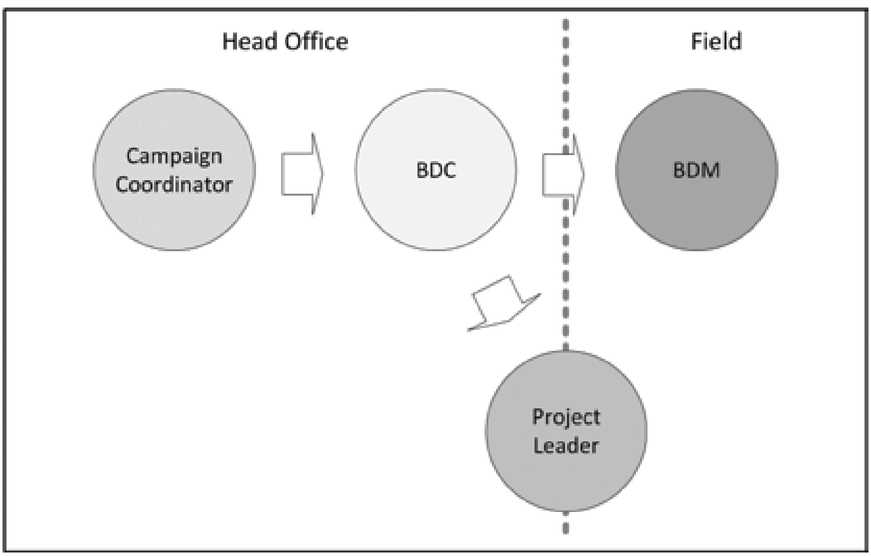

Figure 12. Division of labor, step 3: The project leader.

Semitechnical Tasks

Semitechnical activities include the generation of standard proposals, the processing of repeat transactions, and the provision of after-sales support (e.g., issue resolution). All these activities—as well as any others that are semitechnical in nature—should be allocated to the customer service team.

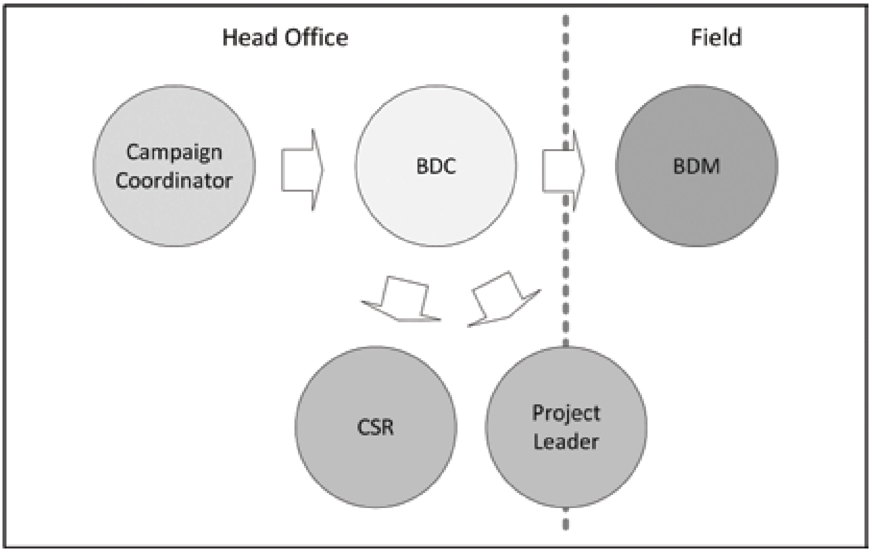

Figure 13. Division of labor, step 4: Customer service representatives.

Although most organizations already have customer service teams, the primary responsibility for customer service rests with the salesperson. The result tends to be that the customer service representatives (CSRs) are disillusioned and generally unprepared to take ownership of customer service cases (I'll use the word *case* to refer to a unit of customer service work).

This means that two changes must occur: The customer service team must rapidly develop both the capability and the capacity to take full ownership of the entire customer service caseload, and salespeople must extricate themselves from customer service. In practice, the latter is not as difficult as it sounds. With two simple initiatives, it can be accomplished quite quickly:

First, salespeople must avoid taking ownership of customer service cases in the first instance. This is easier than it sounds. For example, if a customer asks a question about an incorrect order, the salesperson might use their cell phone to initiate a three-way conference call between the customer, a CSR, and themselves.

Second, customer service representatives must *assume* ownership of cases as soon as they encounter them. With this in mind, it is useful, in the design of your customer service workflow, to stipulate that the CSR must send the client an email when each case is opened and closed. Obviously, the first email should make it clear that the CSR is the person responsible for resolving the issue and is, consequently, the primary point of contact.

The customer service team must be close to production, ideally, in the same building. If there's a requirement to perform field visits in order to resolve customer service cases (perhaps to inspect a problematic product), the CSR should task the project leader to perform this visit and report back with necessary information.

If we return to our project analogy—in which I compared a BDC with a project manager—we can now see that our BDC has inherited a resource pool consisting of three resources (salesperson, project leader, and CSR). This means that in order to prosecute each sales opportunity, the BDC will break the opportunity into a series of activities and allocate each activity to one or more of these resources, in accordance with the routing specified in the opportunity-prosecution workflow.

The Customer's Perspective

It's easy to see that this model is quite ordered and logical from the organization's perspective, but what about the customer? In asking our customers to interface with multiple people, haven't we just made their world more complex?

It's true that in this model, customers will interface with four people (BDC, salesperson, project leader, and CSR). It's also true that, today, most customers ask for—and most organizations strive to provide—a single point of contact. However, reality is a little more complicated than this.

It's a mistake to commence this discussion with an assumption that the traditional model delivers good customer service. It simply doesn't. It's also a mistake to take at face value customers' claims that they'd rather have a single point of contact. In practice, customers can be quite aggressive in seeking out relationships with other individuals if they sense that this is in their best interest.

My experience is that the following statements are closer to the truth (particularly in major-sales environments): What customers really want is a *single conversation*. In other words, they will willingly speak with multiple people within your firm, as long as they do not have to repeat themselves. If customers have a choice between dealing with a single generalist and multiple specialists, they would rather speak with specialists. Although we talk about *the customer* as if this were a single entity, in most cases, there are multiple people on the customer side involved in the purchase and consumption of your products.

You will discover that this new model provides a vastly better quality of service, provided you ensure that there is a clear delineation of the responsibilities of the various parties with whom customers interact and that BDCs (who plan all opportunity-management activities) and CSRs (who tend to become customers' primary points of contact between projects) remain in close communication with one another.

Principle 4: Management Should Be Formalized

As we discussed, the downside of the division of labor is that it causes environments to become fragile. Although it's the responsibility of the BDC to synchronize the various team members, management oversight is critical for a number of reasons. BDCs tend to be younger and less experienced than both BDMs and project leaders. Accordingly, the BDC's mandate is very limited. If the sales environment is operating exactly as it should be, they have total control over the schedule. However, a relatively small disturbance in the operation of the environment can render them impotent. The sales function must integrate effectively with other functions (production and marketing, to name two). Because the BDC tends to be relatively inward looking, it's necessary for a more senior person to interface with those other departments. In most sales environments, there are multiple BDCs (one for each salesperson). This means that a more senior person must manage any contention between BDCs (or BDMs).

In most environments, there's actually a requirement for two managers. You'll need a supervisor to oversee the internal team and a more senior person to manage the overall sales environment (including field operators). How exactly to resource these two management requirements is a sensitive subject (particularly in smaller businesses), so we'll have to defer this discussion until part 2 of the book.

❄ ❄ ❄ ❄

In chapter 1, we encountered James Sanders Group (JSG—one of our silent revolutionaries). We discussed Jennifer's enormous productivity and the productive relationship she has with David (her BDC) and Phillip (a project leader). We also discussed the critical role that customer service has played in the remarkable transition that has occurred at JSG.

In this chapter, we have seen how the four key principles guide us logically to JSG's sales model—or, at least, to the more intriguing elements of JSG's model. However, in the interests of simplicity, we have sidestepped a discussion of what's arguably the most important element of JSG's model: *inside sales*.

Chapter 4
THE DEATH OF FIELD SALES

This discussion is worthy of its own chapter for a couple of reasons. First, as you're about to discover, the odds are pretty good that *you* need an inside sales team. And, what's more, the creation of this team should probably take priority over whatever changes you plan to make to your outside sales activities. And, second, our discussion of inside sales is going to bring us face to face with a set of fundamental changes in the way most markets function. And that's not a bad place to start.

As I write this, "The Death of Field Sales" is my most popular lecture topic. Most event organizers assume that I exaggerate in order to capture the attention of busy executives. Well, it's true that headlines often benefit from a little hyperbole, but there's less exaggeration here than you might expect. In most markets, either field sales is dying or it's already dead.

Of course, I'm not heralding the end of field salespeople. There is a requirement for field salespeople in some (but definitely not all) markets now—and there will always be circumstances in which face-to-face selling is indispensable. On their way to extinction are environments in which sales is *essentially* an outside activity. Even in engineer-to-order environments today (think JSG), only a tiny percentage of the total volume of activities required to originate and prosecute a sales opportunity are performed in the field. And those important field activities would simply not occur if it were not for the volume of work performed inside.

The fact is, sales today is an inside endeavor, supported, in some cases, with discrete field activities.

If you want proof, follow one of your field salespeople around for a week. What you're likely to discover is that your field salesperson spends less than 10 percent of their time in the field. The balance of their time will be spent in an office of some kind (your head office, a branch office, a home office, or a makeshift office in the backseat of a rental car). If my prediction is correct, you'll probably conclude that your salesperson is not really a field salesperson at all. They are an inside salesperson who performs occasional field activities.

There are still some markets in which sales is essentially an outside activity—trade tools, for example. Think of Snap-on, whose operators pilot their white, red, and black trucks directly to workshops and building sites and sell on the spot. But these markets are the exception, not the rule. It's rare today to find customers who are happy for salespeople to drop in unannounced. Actually, in addition to making drop-ins impossible, most organizations go to quite some effort to rebuff even those salespeople who are polite enough to attempt to schedule a meeting in advance.

We have technology to blame for this disturbing state of affairs. Fifty years ago, an organization's (potential) customers were *out there*, in the field. Relative to today, customers were isolated from their vendors. This was before fax machines and private branch exchange (PBX) phone systems became pervasive and certainly before email, websites, and instant messaging. Salespeople bridged this geographic divide by visiting with customers in the field—and by ferrying information back and forth between their head offices and the customers' locations.

Today, customers are no longer isolated from their vendors. Vendors' organizations are as close as the nearest web browser. Private lines, email, and instant messaging have made it easier for customers to communicate with representatives in an organization's head office than it is to communicate with their field-based salespeople.

That's right, where field salespeople historically served to reduce the friction between vendors and their customers, today it's more likely that salespeople are contributing to that friction. Certainly it's quite common to hear customers complaining that they can get better information and faster outcomes if they sidestep salespeople and communicate directly with the customer service teams based in the vendor's head office.

Salespeople have responded to this situation with a mixture of defiance and pragmatism. As suggested earlier, most have retreated inside, where they can be more productive. If they're not welcome in corporate offices, they have built their own home offices. But these same salespeople (and their managers) will vehemently defend the traditional model when challenged. Even in environments in which most transactions are repeat purchases of commodity products, salespeople will argue that sales is essentially a field activity and that customers should be prepared to pay a premium for the value that field salespeople add.

Rather than wading into that argument, let's take a moment to view sales from the customer's perspective. Ask yourself the following: If *you* are making a purchase (of an unspecified nature), is your default starting point to look for a person who can come and visit with you in the field? I suspect not!

It's more likely that your first instinct will be to turn to a medium that enables you to purchase with no human contact whatsoever, if one exists. If you need to communicate with a human in order to make your purchase, you'd probably prefer a phone conversation rather than a face-to-face visit, unless for some reason the latter is critical. And even if a face-to-face visit *is* critical, there's a good chance you'd rather visit the salesperson than have one come to your home or place of work.

Now, you might argue that I've stacked the deck in my favor by failing to specify the nature of the purchase. After all, isn't there a difference between purchasing a set of replacement razor blades and purchasing a custom-engineered software application? Let's explore that.

In the case of the replacement razor blades, it's clear that there's no value in human contact. I think most people would rather make the purchase in a single click on Amazon.

But, in the case of the custom-engineered software application, isn't it clear that you'd need to interact with a salesperson, face to face? Sure. But it's pretty unlikely that this is where your purchasing process would *start*. It's more likely that you'll start with online research. Then, at your leisure, you'll have one or more conversations with telephone advisors. Although it's clear that, at some point, you'll schedule one or more face-to-face meetings, it's likely that you will defer these meetings until you absolutely need them—perhaps simply as a hands-on workshop.

It's easy to see how the JSG sales model described in the first two chapters of this book is appropriate in engineer-to-order environments (e.g., custom-engineered software). However, it's important to recognize that transactions of this nature are a small percentage of total transactions for most organizations. Even in the case of an organization that sells only custom software, there are likely to be transactions that are simple in nature (e.g., the addition of small features to existing applications), and don't require in-person interactions.

It's time now to envision the kind of sales function that will support your (and most likely, your customers') preferred approach to purchasing.

The Inside-Out Approach

This fundamental change in market dynamics requires that we make an ideological shift. The salesperson's pragmatism won't cut it. We need to embrace this change and recognize that, today, sales is essentially an inside activity.

Where planning is concerned, what's required is an *inside-out* approach. Start with an inside sales function and then add field resources as they are required—and only to the extent that they are required.

Customer Service

The inside-out approach starts with attention to the type of transactions that make up the lion's share of a typical organization's revenue. These are simple—and typically repetitive—transactions. For the purpose of this book, I'm not treating these transactions as *sales*, but they're critical nonetheless.

Customer service should handle these simple transactions, and should generate quotations and handle customer issues. (A percentage of these transactions should actually bypass customer service and go direct to ecommerce, but that's outside the scope of this book.)

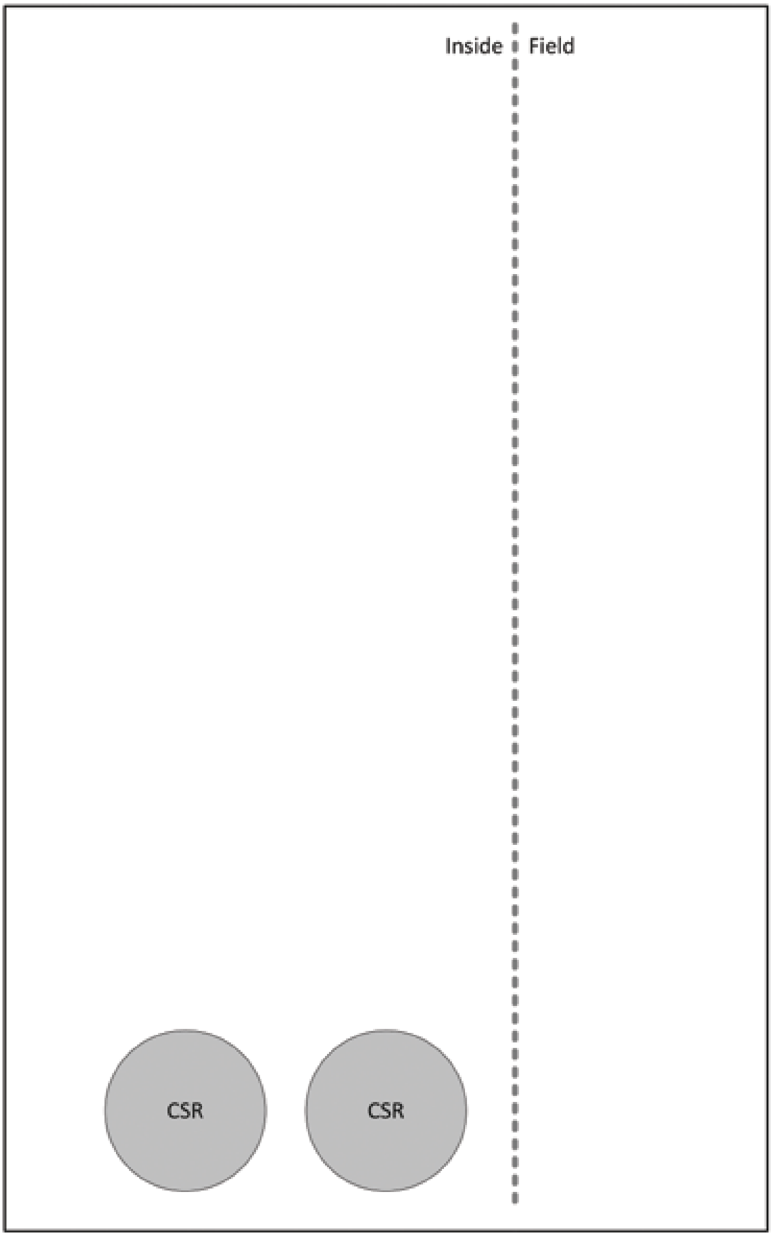

Figure 14. The inside-out approach: Customer service representatives (CSR).

Customer service should triage all inbound telephone traffic and intercept all simple orders, requests for quotes, and issues (technical questions, delivery problems, and the like). Customer service should have sufficient protective capacity to enable the team to handle peak loads and to ensure that no one else in the organization need ever process an order, generate a quote, or handle a customer issue.

Inside Sales and Campaign Coordination

Once customer service has control over simple transactions, most executives assume that the next team to add is field sales. There are two problems with jumping straight to field sales.

First, field sales is incredibly expensive relative to inside sales. An inside salesperson can comfortably have thirty meaningful selling interactions (including email) a day, whereas a field salesperson will work hard to average four meetings.

Second, if you start with field sales, you will turn your back on a number of potential selling interactions when you insist that each prospect accept a field visit.

And this is a critical point! It's easy for sales managers to argue (as they do) that field meetings are more effective than phone conversations. However, this argument ignores the fact that an insistence on field meetings results in salespeople having fewer selling conversations overall.

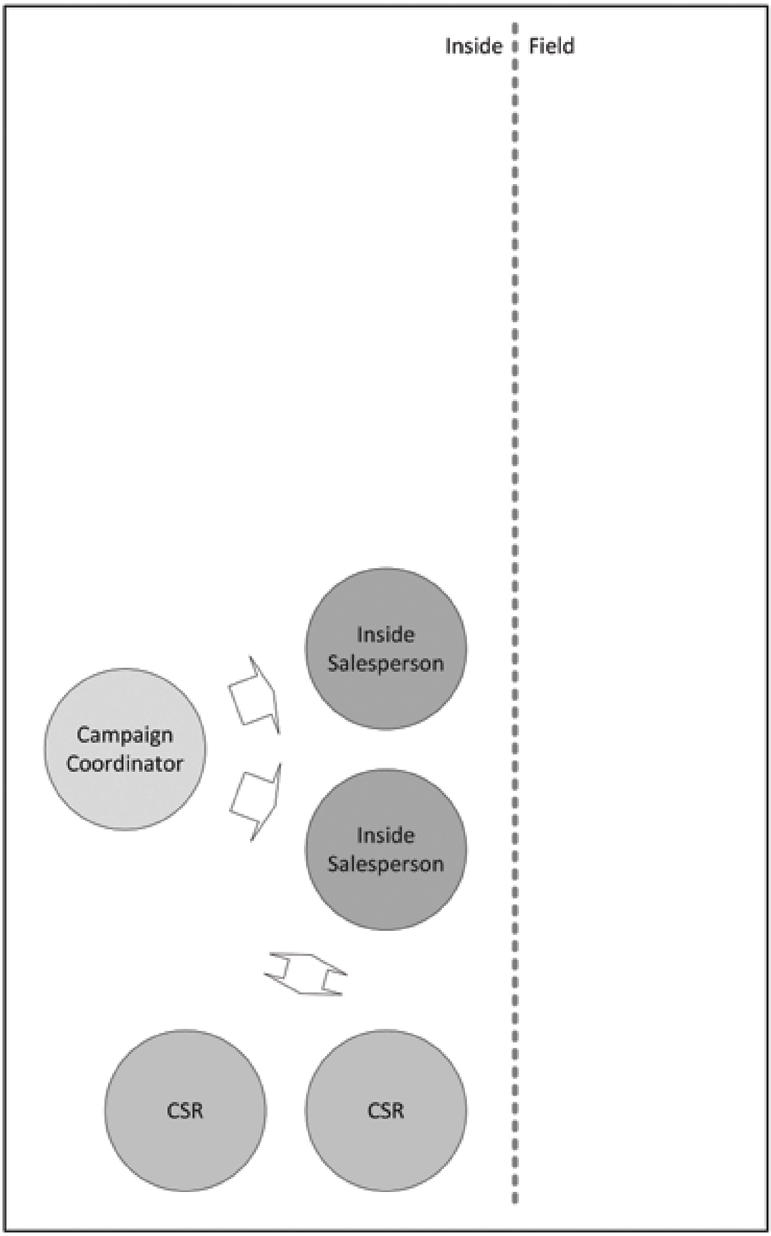

Figure 15. The inside-out approach: Inside sales and campaign coordinator.

Our inside sales team actually consists of two roles.

We have the inside salespeople, who perform nothing other than what we call *meaningful selling interactions*. These interactions include phone conversations, email communication, and even instant messaging. Of course, inside salespeople do not generate quotes or enter orders; these tasks are routed to customer service.

We also have a campaign coordinator, who is responsible for generating all of the *outbound* sales opportunities that keep the inside sales team members so busy. The campaign coordinator ensures that inside salespeople always have calls to perform and avoids inside salespeople's searching for sales opportunities within the customer relationship management application (CRM).

Field Specialists

Once you have an inside sales team, you should continue to resist the temptation to add field salespeople for just a little while longer. When you consider the incredible productivity differential, you should make sure that you've fully exploited the potential of inside sales before you add (traditional) salespeople.

So let me unpack that somewhat-opaque advice for you. By *exploit the potential of inside sales*, I mean that you should keep adding inside salespeople until the contribution margin you expect your next salesperson to generate approaches their total cost. With the phrase *traditional salespeople*, I'm hinting that it might be possible to use a special breed of salesperson to further exploit the capability of inside sales.

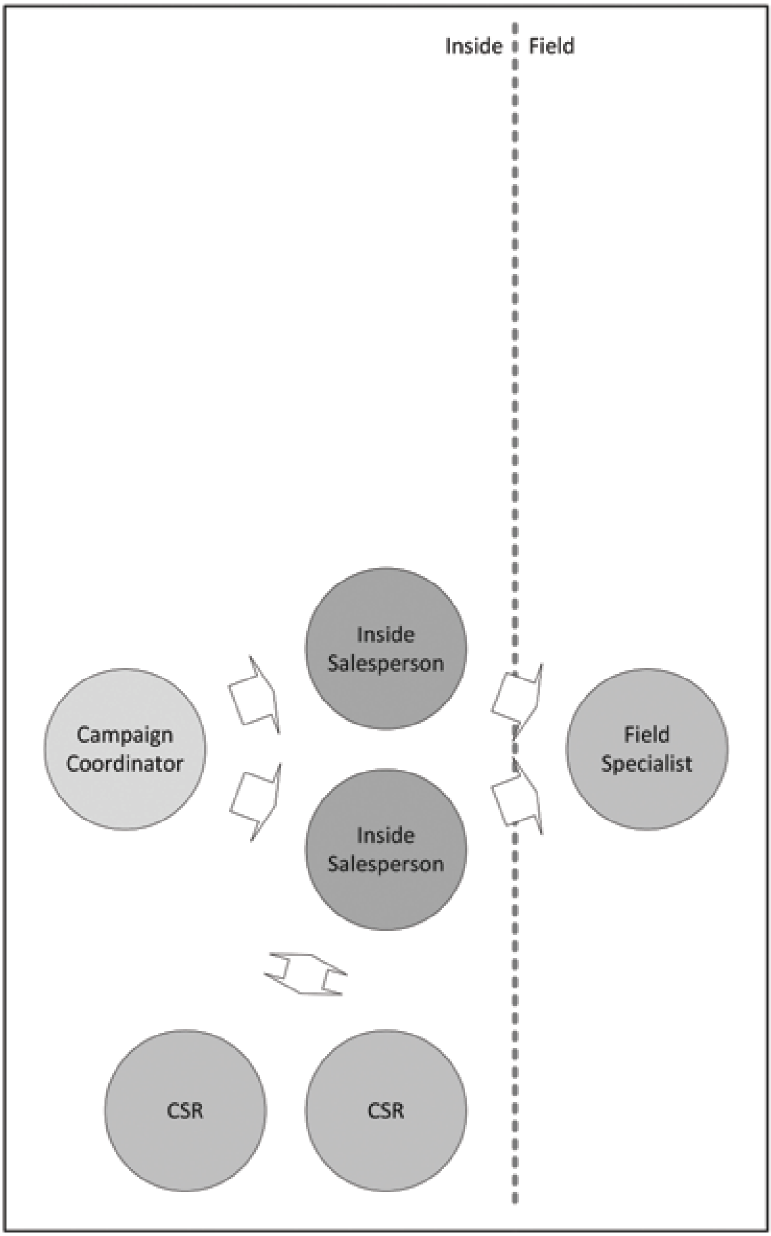

Figure 16. The inside-out approach: Field specialist.

A *field specialist* is a person who supports inside sales by performing discrete field activities. These activities are likely to be technical or semitechnical in nature. Their typical activities would include on-site requirement discovery and product demonstrations. The field specialist can also perform field visits that are requested of them by the customer service team.

Unlike a salesperson in an engineer-to-order environment (think Jennifer at JSG), field specialists are not primarily responsible for critical selling conversations; those are the responsibility of the inside sales team. Rather, the field specialist is responsible for performing field activities that would otherwise block the inside sales team from selling.

Business Development

Once you have fully exploited the potential of inside sales, both by growing the team and by supporting inside salespeople with field specialists, it's *now* time to consider traditional field salespeople. And, as you learned in the previous chapter, field salespeople (business-development managers) are tenfold more productive when we partner them with dedicated coordinators and project leaders.

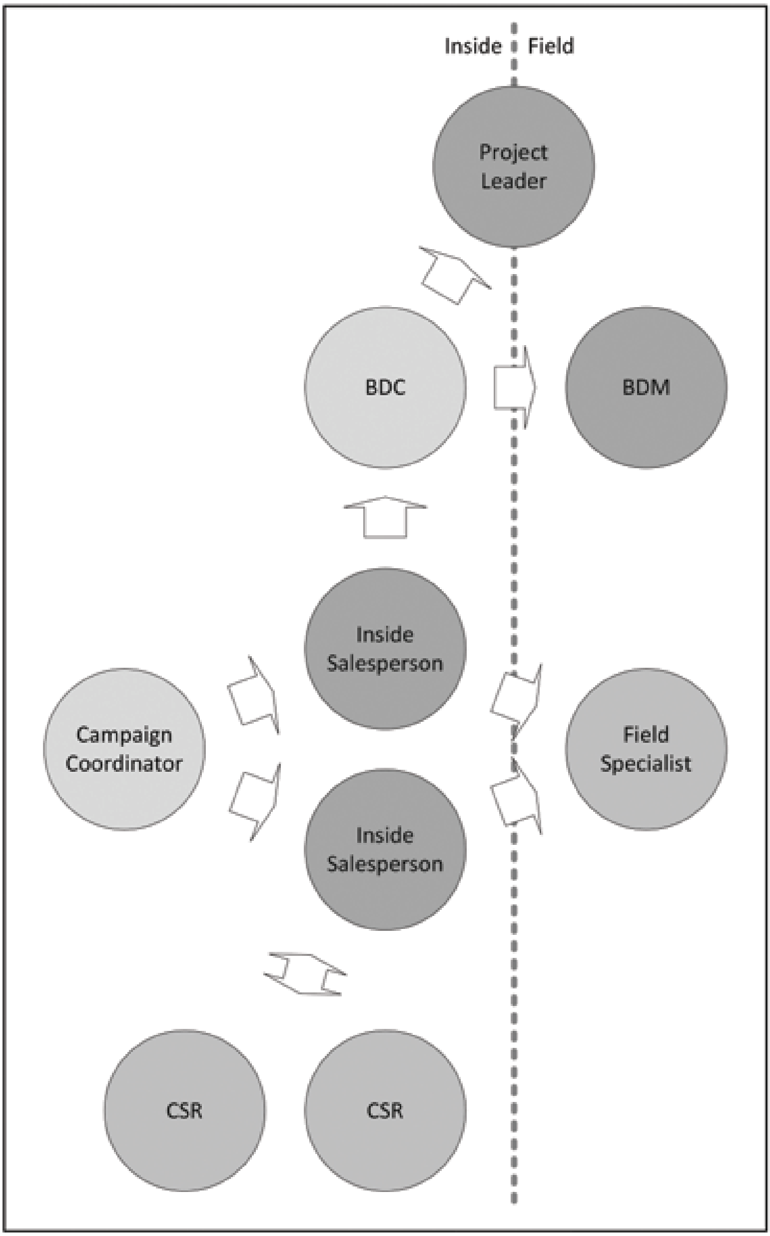

Figure 17. The inside-out approach: Business development.

We now have an outline of the entire inside-out sales function, at least at a conceptual level. We also have an understanding about how, in practice, it makes sense to go about building your sales function.

In short, start with customer service and add additional components only when you are sure you have fully exploited the existing ones.

What Is the Potential of Inside Sales?

Many executives are uncomfortable with this approach, because it's based on the assumption that inside salespeople are capable of making many of the sales that are currently being made by field salespeople today. In my experience, this assumption is absolutely valid.

There are situations in which face-to-face selling conversations are absolutely critical. But there are many more situations in which they are simply not. And, as we discussed earlier, an overestimation of the requirement for face-to-face meetings tends to result in a much lower overall volume of selling conversations.

It's helpful to consider the two situations in which face-to-face meetings are genuinely required. They are critical when an activity that needs to be performed cannot be done effectively from a remote location. An obvious example would be a meeting between an architect and a landowner to discuss ideas about how to exploit the features of a piece of land. Another example would be a full-day strategic-planning workshop.

A face-to-face meeting can also be very beneficial when a potential customer is contemplating a purchasing decision that involves high levels of uncertainty. For example, if you are not a lawyer and you are considering appointing a lawyer to represent you in a particularly important case, you would feel compelled to meet your proposed counsel face to face. As a nonlawyer, you lack the ability to make an objective assessment of the individual's professional capabilities, and you have little choice (for better or worse) but to use your assessment of the person as a proxy for their professional capabilities. Conversations that do not fall into one of these categories are better performed by telephone (or email) and, increasingly, this is what potential customers prefer.

Furthermore, if you think about it, each of the face-to-face conversations described in the two categories above will undoubtedly have been preceded by quite a number of non-face-to-face conversations. In the inside-out model described in this chapter, those preliminary conversations would have been performed either by an inside salesperson or by a business-development coordinator (or both), depending on the environment.

In summary, then, it's likely that a good percentage of your sales opportunities do not require field visits at all. Furthermore, of the total field visits required, it's likely that a good number of them do not involve true selling conversations (these are the visits that consist of on-site requirements discovery or product demonstrations).

Where the staffing of your sales function is concerned, this has two implications. The first is that you need very few field representatives; and of the field representatives you do need, most will be field specialists. This in turn means it will be easier to justify spending the bigger dollars you will inevitably need to spend in order to attract the small number of capable, enterprise-class salespeople needed in your few remaining business-development manager positions. The other implication, of course, is that you need a larger inside sales team. The good news is that this enables you to exploit some economies of scale. A lively, fun inside sales environment will be a lot more appealing to a broader range of candidates then a Rolodex and a rental car. In addition, a larger team of (colocated) individuals will be much easier to manage and, consequently, may even enable you to justify the addition of a high-powered inside sales supervisor (which can have an enormous impact on team performance).

Who Are these Inside Salespeople?

Let me start by stressing who these inside salespeople are NOT. Your inside sales team members are not telemarketers (in the traditional sense of the word). They are true salespeople—equivalent in every sense to the type of person you would otherwise have in the field. They are knowledgeable, ambitious, and engaging. And they are paid roughly what they would expect to earn if they were field salespeople.

And, importantly, your inside sales team members are not second-class salespeople relative to your field specialists. Your inside sales team, if your organization is typical, is your primary sales team, and it's vital that this is reflected in your cultural norms.

As was hinted above, this shift in focus to inside salespeople will give you more degrees of freedom when it comes to attracting talent. You can attract capable people (perhaps from a technical background) who would simply not be interested in operating in the field. What's more, because you have team members operating in close proximity to one another, it's easier for you to introduce less-experienced candidates—meaning that you can employ younger team members or recruit people from outside your specific industry.

❄ ❄ ❄ ❄

This chapter completes your understanding of what we call the *inside-out model*. This model is a blend of customer service, inside sales (supported by the campaign coordinator and field specialists), and business development (supported by project leaders).

In chapter 6, we'll talk about alternative models and gain insight into how to apply the four key principles to design applications of sales process engineering for different environments. But first, it's time to reflect on the integration between sales and the rest of the organization.

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