



THE EVOLVING ROLE OF THE CHIEF SALES OFFICER IN AN E-COMMERCE ERA

E-commerce has come a long way since the introduction of the virtual shopping cart. Ever-advancing technology and the rapidly growing number of mobile devices present an ongoing e-commerce opportunity in both the business-to-consumer and business-to-business spaces. In light of the continued proliferation of e-commerce, coupled with the rising customer demand for mobile shopping experiences and potentially game-changing intelligence from big data, many companies are refining how they structure their sales function. As a result, they are also reevaluating the leadership skills they need to maximize the channel and related developments as part of their overall go-to-market strategies.

However, simply finding an e-commerce guru will not be enough to advance the sales function. Successful sales leaders must have the skills needed not only to meet the demands of e-commerce, but also the experience to lead an increasingly multifaceted function through ambiguity. Our recent discussions with sales leaders pinpointed ways that will help organizations assess and shape their sales functions and talent in an e-commerce age.

The strategic challenges of the e-commerce opportunity

Global business-to-consumer e-commerce sales surpassed \$1 trillion for the first time in 2012, according to a study by eMarketer. While certainly a milestone figure, it is by no means a ceiling for the potential of e-commerce. In a recent forecast, Cisco predicted that there will be more than eight billion handheld or personal mobile-ready devices around the globe by 2016. Forrester estimates that, business-to-business e-commerce sales in the U.S. alone, will reach \$559 billion this year.

With such staggering figures, seemingly ubiquitous retail sites and the channel's continued expansion in the B2B area, it may seem like every organization has already kicked (or at least should kick) its e-commerce efforts into high gear. Interestingly, some have not taken a full plunge into the channel, but instead opted for a more measured approach to building their e-commerce capabilities due to some key strategic considerations. The promise of e-commerce comes along with added pressures, including increasing velocity of order fulfillment, growing dynamic pricing and tougher multichannel competition. The fundamental question for many sales leaders today is not which channel is better, but how can the sales function use *all* channels to grow the entire business? E-commerce is undoubtedly an important part of the answer, but not the complete solution.

Ultimately, discussion about e-commerce expansion should focus on the customer experience and how the channel can contribute value. "I'm a lot less interested in what form a consumer chooses a product, whether digital or physical, because that doesn't grow the overall revenues," said Scott Moffit, executive vice

president of sales and marketing at Nintendo of America. "What I'm more interested in is figuring out the add-on content or additional products or services that we can provide to that shopper because providing more of what they are looking for can grow the pie."

In fact, pursuing e-commerce to the exclusion of traditional channels risks inadvertently alienating a business' best customers. Digital channels should be viewed as one element of a thoughtful sales strategy. Simon Swart, executive vice president and general manager of Twentieth Century Fox Home Entertainment, has observed a paradox emerging as digital channels have become more pervasive. "Many companies have realized too late that your best digital customer is also your best physical customer and that's counterintuitive," said Swart. "People believed that when customers go digital, they don't go back and that is not the case at all. While the future of media is certainly digital, the speed of the transition from physical to digital will be determined by an improved consumer experience and you can't get left behind."

Peter Kong, president of global components at Arrow Electronics, agrees that there is a danger in steering customers to just one particular channel. "We don't push a customer to go one way," said Kong. "We don't want to sell just one part, we're actually offering the best service solution for the customer, and it could be a mixed-service solution." However, it's vital that companies coordinate efforts across channels or risk being left behind. "If you're a major brand active in multiple categories, you have to have a united front with retail and coordinate across channels," Swart said.

Additionally, a sophisticated e-commerce system can improve and streamline service delivery, potentially enhancing the broader sales operation. With its adoption of e-commerce for its customers, Arrow Electronics has taken the opportunity to improve its internal e-commerce tools and enhance its e-supply chain. “I think the productivity and efficiency of our sales people will be enhanced with e-commerce tools,” said Kong. “We actually have changed from a traditional distribution model to a service model.”

Yet, for companies that have not sold directly to customers in the past, achieving the right

balance between e-commerce and traditional retail channels remains a challenge, especially when navigating relationships with traditional retail partners. “We tried to think strategically about how we can partner with and advise our retailers about how they can build an e-commerce business to help supplement their brick-and-mortar business,” said Joe Cavaliere, global chief customer officer at Newell Rubbermaid and former president of customer development at Unilever United States. He is also concerned about how to evolve e-commerce capabilities, while maintaining pricing and sales strategies that are fair and equitable across the board.

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Does e-commerce demand a refresh of the sales officer profile?

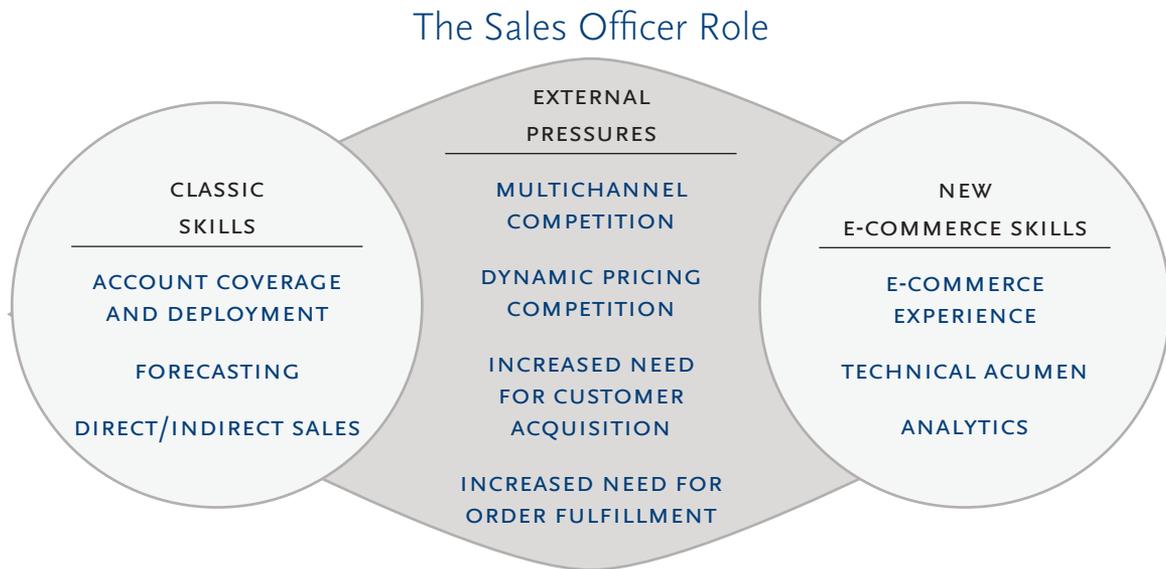
Although e-commerce has become an increasingly important channel for many organizations, sales leaders with the right mix of digital and traditional sales skills are in short supply, largely because the channel is still a relatively new frontier. The stage of the organization’s e-commerce readiness plays a significant role in the type of leader needed. For instance, companies with more nascent e-commerce capabilities may need a leader who can create and guide a separate team dedicated to building that channel, whereas sales leaders

of companies that are already more entrenched in digital offerings can focus on integrating the e-commerce function into existing sales teams and operations. “It’s been a little challenging to get people there because the career path is not as tried and true as other paths,” said Cavaliere.

As the science of sales becomes more sophisticated, it may be tempting to prize the skills du jour above all else. As the role of the sales leader continues to evolve, key capabilities — such as the development and execution of sales strategy, account coverage and deployment,

and management of cross-functional go-to-market systems — remain vital. Organizations must consider the full spectrum of sales officer expertise, including e-commerce, as well as their overall sales strategy when assessing their current sales leadership capabilities and needs. Based on

our work placing sales leaders and our in-depth conversations with companies across industries, we have identified the in-demand skills and characteristics that help ensure success managing e-commerce activities as part of broader go-to-market strategies.



■ Wearer of many hats

Retail has been a fertile ground for sales leaders with solid e-commerce expertise, but other industries that combine technology, innovation, customer relationship management, analysis, marketing skills and sales strategy are also good sources of executives who can succeed in this channel. A leader with a diverse range of experience is best suited for such a dynamic environment.

“We’re looking for marketers who have great classical marketing skills, but ideally would have had some sales experience in their background and so can speak the language of the consumer and they’re good at developing strategies to effectively win with both,” said Cavaliere. While Kong appreciates an e-commerce background, he believes the best candidates will bring a

holistic business perspective to Arrow Electronics’ e-commerce operations.

Sales leaders must also be able to manage and empower these increasingly diverse, multifaceted teams. “One of the things we did years ago, because I saw the complexity coming, was set up a consultative selling model we call ‘team selling,’” said Swart. “These multi-skill teams have become sales consultants to all of our accounts and provide input and information. We decentralized our decision-making because that team had the autonomy to make decisions. They had latitude to move. They sat in a meeting with the buyer and the merchant team and could make a decision then and there without having to go back to headquarters.”

■ Big data, big analysis

Analytical skills are paramount in a space where robust amounts of data are available instantly. With e-commerce, companies immediately know what customers purchased, what products they browsed and their paths through their site. But to use that information to its full advantage, sales officers must know how to mine the most valuable insights from the data and, most importantly, quickly act on it. The integration of heavy data analysis with deeper thinking about its implications for sales and marketing efforts adds another important dimension to the role.

“We’ve got to have new capabilities to track and aggregate sales,” said Moffit. “We need to have robust systems that are able to give us the

information we need and provide it quickly in useful form. But we also need people who are asking the right questions and are making quick adjustments to our marketing messages — it’s what we call a performance marketing skill-set that we didn’t have before that we’re building and trying to acquire or build.”

Companies such as Nintendo are using the data to help shape a better go-to-market strategy. The gaming leader has used e-commerce as a way to sell games that typically draw smaller audiences at a lower cost, and then monitor their performance to determine if these games should eventually be distributed in physical form.

Evaluating your e-commerce needs

There is no specific formula for determining the right e-commerce skills in an organization’s sales function. Consider the following questions to understand how your organization is addressing e-commerce and to help diagnose your needs in the area.

- Are selling, general and administrative expenses under pressure at your organization? Has the organization calculated the economics of the e-commerce channel relative to traditional sales channels?
- Is the organization getting the most from its e-commerce channel today? Is it effectively leveraging the new reams of customer behavior data that can be captured by e-commerce transactions?
- How smoothly are leads, orders and customer information shared between the e-commerce channel and the more traditional sales channels?
- How well do marketing and sales functions collaborate to explore the potential effectiveness of the e-commerce channel to penetrate new customer segments, improve service delivery and drive add-on sales?
- Do your sales leaders have the right mix of digital and traditional sales skills to ensure the value of each channel is fully maximized? Does the established team have a track of collaborating, performing and innovating in highly ambiguous situations?

■ Culture change: Out with the old school, in with the new

The full adoption of e-commerce can require a significant cultural shift in the sales organization, demanding proven leadership and an ability to build relationships across a varied set of company functions and diverse teams. In a channel that is still evolving, collaboration and adaptability are also vital. The sales officer must drive the cultural change necessary to ensure the entire team develops the mindsets and behaviors necessary to embrace e-commerce.

“I think the people who have done really well have the ability to manage diversity,” said Swart. “What I mean by diversity is the ability to sit in

a room with a dozen people of varying titles and ask them what they think the right thing to do is. The ability to have a conversation with people who disagree often brings out your best solutions. The people who have moved up in our sales organization are the ones who have been open to learning new things and completely willing to learn from key members and be open to their ideas and have a dialogue. Those who fail are the old-school sales people: ‘I control the relationship, everything comes through me.’ It’s a pyramid and everything comes to the pinnacle. Those are the guys who fail.”

■ Adaptable and collaborative

Executives with a by-the-book mentality simply will not succeed in an area as fluid and quickly changing as e-commerce. Similarly, those with traditional top-down decision-making styles will struggle in the digital environment. “The digital landscape is changing so fast, so we need people who are able to work with ambiguity and to be innovative and to get in, roll up their sleeves and figure it out,” said Moffit. “It’s not as structured as

other parts of the job. You need somebody that’s able to work across the organization and rally support and enlist resources. You need to be able to work as easily with the legal team as you do with the IT team. It’s somebody that is a builder and a leader and a manager. This is not a business you can just sit on and maintain. It’s moving quickly. You’ve got to be able to evolve and change as the consumers change, as technology changes.”

■ Committed to e-commerce talent development

Talent development will continue to be a large component of the sales officer’s role, especially given the scarcity of e-commerce professionals with broader sales expertise. Many sales leaders will need to grow their own talent by developing high-potential professionals and young talent early in their careers and providing them with cross-functional experiences, including in e-commerce and marketing. Sales leaders must also demonstrate a commitment to developing

the existing team’s e-commerce skills. “We’ve challenged them to add to their skill base, become more proficient in understanding an online retail environment and, so far, most of that has worked pretty well for us,” said Moffit. In addition, educating the entire sales function can also combat potential resistance to the shift to e-commerce, as well as bolster internal resources to fill talent gaps.

The next generation of sales leadership

As new channels such as e-commerce grow and coincide with traditional sales models, organizations must assess whether existing leaders are equipped to maximize the potential of these avenues. At the same time, companies should not be so focused on finding leaders with cutting-edge capabilities that they overlook core

leadership expertise. Today's chief sales officer's experience and skills must be compatible with the organization's culture, strategy and level of technology readiness. Although many organizations are eager to find the same success as e-commerce pioneers, they need to pause and determine what type of sales leader will truly click for them.

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