



MORE THAN REVENUE: THE RISE OF THE TRANSFORMATIONAL SALES LEADER

Few personnel decisions impact a company's success more than hiring a new sales leader. After all, the chief sales officer has always been the company's primary revenue driver, customer-relationship builder and sales-force developer. Yet, while this role remains mission-critical, the sales function today is more complex, making the hiring decision all the more impactful.

Spencer Stuart helps our clients identify, assess and hire hundreds of sales officers each year. We are increasingly seeing a redefinition of the chief sales officer role to include the expertise and capabilities to:

- Critically evaluate outdated sales models, and champion strategic and operational changes to build a more efficient, effective sales organization
- Collaborate with the CEO, vice president of customer service, chief marketing officer and other key executives to inspire cultural change and instill a customer-centric sales orientation across the entire company
- Take strategic ownership of the long-term go-to-market model — not just focusing on growing top-line revenue in the short term, but creating and leading strategies that sustain sales growth and profitability into the future

Increasingly, organizations expect their chief sales officers to create, implement and advocate for transformational changes within their companies. As one CEO told us upon beginning a sales officer search for her company: "We need a head of sales who can deliver more than revenue. We need him or her to change the way we go to market, broaden our relationships with our customers and identify new opportunities for our products."

The need for transformational sales leaders

Sales leaders have always focused on improving the effectiveness and productivity of their organizations by tweaking compensation plans, adjusting territories, shifting account coverage, and training, mentoring and motivating the sales force. Yet, these types of incremental improvements are no longer enough. Large-scale transformational change initiatives are required to dramatically realign and refocus sales capabilities. Why? In our recent conversations with CEOs and sales force leaders, we identified three primary drivers:

Customers are more informed and have higher expectations. Today's customers are more empowered and informed than they were even a short time ago. Before talking to a typical sales rep, they already have progressed well down the purchasing process, researching their options, seeking references from their peers and understanding market pricing. They come to the sales rep with very specific and detailed questions and requests — and they expect their sales representatives to meet them. The traditional company-customer relationship has been redefined, and sales techniques and business practices that were successful in the past no longer bring the same results.

Data analytics is being applied to the sales function.

The widespread adoption of — and significant investments in — big data and the analysis of data are having a profound impact on sales force management. Data about customers and prospects exists both inside and outside the organization in vast quantities that weren't available previously. Forward-thinking companies have invested in applications to integrate these external sources (e.g., credit reports, public records and social media) and internal databases (e.g., customer purchase history, customer service calls, website visits) in ways that

provide a more holistic picture of the customer. Coupled with predictive analytics, organizations can use this information to become smarter at identifying prospects and turning them into customers. Data analysis also helps companies predict the profit potential of different customer segments, and identify and retain high-value customers. Further, with each step in the sales process now digitized, sales force performance can be assessed more precisely and new approaches tested based on data-driven feedback. Sales leaders are being asked to lead the charge in applying data analytics to customers — with the visible support of the leadership team — so that the entire organization envisions and embraces the impact data can make on sales and the company.

Markets are more competitive. Finding new customers — and retaining existing ones — has never been more challenging, forcing companies to rethink how they go to market. With the sales leader manning the wheel, companies must drive a new path that reaches beyond making short-term sales gains and hitting annual sales targets. Success today means taking the long view — three to five years down the road — all the while striking a balance between progress and the company's ability to adapt.

As the executives we interviewed agreed, the role of the chief sales officer is more complex than ever before. Success in this new dynamic requires sales leaders with a different set of capabilities.

Customer dynamics require new skill-sets

Although many of the characteristics that have traditionally defined the best sales leaders still hold true, companies are increasingly measuring the strengths of their chief sales officers in entirely new terms.

Historically viewed as a crucial trait of sales leaders, the ability to build trust with customers is now seen differently, according to Bill Scannell, president of global sales and customer operations at EMC Corporation. "People buy from people they like and trust, and that used to be 90 percent of the game, but today it's 10 percent," Scannell said. "Today, it might get you a seat at the table, but if you can't quickly identify how you can work with the customer and how you can help solve problems, save money or drive revenue, it's going to be a short conversation."

Age-old sales practices predicated on strong social relationships, pitches based on product features, and price haggling don't work well with today's sophisticated buyers. Armed with an ever-expanding array of Internet-connected devices, buyers are no longer dependent on their sales representatives to provide information when making purchasing decisions.

"Prospects are well down the buying path today, usually before a rep ever calls on them," said Matt Thompson, executive vice president of worldwide field operations for Adobe Systems. "When they do connect with a salesperson, they want to see the value demonstrated. They want our sales reps to help them 'imagine if' and show what our solutions can do for them."

Vahé Torossian, corporate vice president of Microsoft's worldwide Small and Mid-market Solutions and Partners (SMS&P) organization, agreed. "If the customer doesn't have his or her needs reflected in the way he or she is going to consume the product or the service, we can lose that customer overnight," he said. "Sellers increasingly have to think about customer lifetime value. Their job cannot be selling and walking away. In the era of cloud services, making sure customers are using the services is an imperative to drive cross-sell and up-sell opportunities. Usage is a success factor."

Sales leaders must be an advocate for change across the company

Sales leaders must continually focus on solving buyers' needs, and a customer-centric mindset must underscore virtually everything they do. This requires a significant cultural transformation in the sales organization, demanding proven leadership and an ability to inspire "buy-in" across a varied set of company functions and diverse teams.

"Many companies are going through a significant cultural shift across the company," Thompson said. "Here at Adobe and with many of my peers, the sales leader is being asked to lead this cultural transformation — not just within the sales force but across all company touchpoints with the customer."

Beyond tactics aimed at closing the deal and boosting short-term revenues, sales leaders must be focused on creating and leading strategies that ensure their organization's long-term profitability. Ultimately, sales is no longer a single function. Sales today is an end-to-end process that requires all functions across the organization working harmoniously to meet customer needs.

"The sales strategy is a subset of an evolved go-to-market strategy," said Rob Salmon, executive vice president of worldwide field operations for NetApp. "It means that the entire company is continually spending energy all the way from inception and development to identifying who the ultimate target is and what that customer outcome is that you're looking to achieve."

In implementing transformational changes, sales officers can expect to encounter resistance within the company. As Salmon put it: "Transformation time is an uncomfortable time." As a result, sales leaders should not only be prepared to address resistance in their organizations, but also have the skills needed to convert reluctance into enthusiasm.

Communication is critical to transformation and creating buy-in. As Torossian said, "Transformation by design is difficult. You have to explain the *why* to people at every level of your organization. Keep repeating it. Never assume that people know."

"Buy-in" is critical," Scannell said. "People will execute a strategy if they feel like they've put their fingerprints on it."

Data analytics skills coveted

With the widespread adoption of multichannel communication devices and systems to record customer data and to track customer and sales force activities, an explosion of data is now available to sales leaders. Forward-thinking companies are utilizing this data as a key enabler of overall transformation, and are insisting that their sales leaders have data analytics expertise.

“Data analytics skills are a big, big deal right now,” said Vivek Sankaran, senior vice president and chief customer officer of Frito-Lay North America. “It’s not just about cranking out a spreadsheet. It’s about figuring out how to get to the root causes and how to stay ahead of your customers’ needs.”

John Nosenzo, senior vice president of global customer operations at Beckman Coulter, concurred. Over the past five years, he has observed that companies are placing far greater significance on understanding — and responding to — the voice of the customer.

“Don’t get me wrong, companies have always thought about the voice of the customer, but it usually came out of R&D paying a visit to the customer, which is pretty much a one-time event,” Nosenzo said. “Today, it must be an ongoing series of discussions with the customer, and it’s the sales leader’s responsibility to make sure that happens.”

Thompson agreed, adding that, “We need to deliver innovation to our customers all the time, not just on 18- or 24-month development cycles.”

Feedback on market dynamics is critical

In a global economy in which market dynamics are continually shifting, business success requires innovative, long-term go-to-market strategies, and companies are increasingly relying on their sales leaders to create and lead them.

“Part of my role is to keep a pulse on what’s really happening in the market and feed that back into our marketing and product development agenda, so that we can make priorities and shape things internally to meet them,” Sankaran said. “I expect everyone on my teams to think the same way.”

Because competition for new customers has never been more intense, companies expect their sales leaders to have a firm grasp of both global and local market dynamics.

“We’re all trying to be more efficient and more productive as we think about the new business models that are emerging, not necessarily based on technology but based on customer consumption models,” said Salmon. “You have to have somebody who truly understands the market and what you need to do to go in and win that market.”

Identifying a transformational sales leader

In identifying a transformational sales leader, there are no magic formulas or absolute truths. What’s more certain is that successful sales leaders today must have the skills to lead their organizations through the changes required by an intensely competitive market in which conventional sales practices and old ways of thinking are no longer sufficient.

In helping scores of companies successfully identify, assess and hire sales leaders, Spencer Stuart has identified a number of key capabilities that are absolutely essential for sales leaders today:

Broad skill-sets: Transformational change is an activity that touches every aspect of a company — its people, processes, structure, culture and strategies. It is a complex task that requires a wide range of capabilities, including strategic insight and business judgment, social intelligence, self-awareness and exceptional people management skills.

Cross-functional influence: Transformation also requires the ability to influence and inspire more than just the sales organization. The sales leader must impact functions including marketing, customer care and engineering to drive customer-centric, go-to-market processes.

Critical thinking skills: In the view of the executives we interviewed, the most valued sales leaders today are those who come to the table with a solutions orientation, and the ability to apply a consultative approach in thinking about — and solving — the most critical business challenges.

Success driving development of new go-to-market strategies: Driven by new customer dynamics and buying processes, a hypercompetitive marketplace and the increasing importance of data analysis in the sales function, chief sales officers are expected not only to lead sales, but to guide transformational change, as well. They must excel in developing new, often unorthodox, go-to-market strategies, and they must be confident in leading their organizations to execute those strategies.

Ability to infuse new talent: Now more than ever, companies are seeking sales leaders with track records of success in recruiting individuals who have new skill-sets, technical knowledge and faster execution speeds. These new additions to the sales team are needed not only to increase revenues and build market share, but also to create a pipeline of talent for future leadership needs.

Very few sales leaders excel equally well in all of these areas. Some may be adept at strategic thinking and envisioning change but lack the ability to get other people in the organization to share their vision. Others may excel at implementing change initiated by someone else but fall short at envisioning strategic alternatives. Companies must assess the full spectrum of their prospective sales leader's capabilities and how it meshes with the organization's long-term strategies.

"I would suggest you need someone who has that proven track record of success, but actually does understand that sales is an art and a science and, while they're really good at the art, they also have the ability to do the science part," Nosenzo said.

As Thompson said, "The chief sales officer still needs to feel great accountability and focus on the revenue number. They need to be an inspirational leader and great communicator. They need to be focused on closing the deal. But now they also need to be operationally savvy and strategic in their thinking. You can't just ask for more sales reps to grow the business. The market has become hypercompetitive. You need to be looking out three to five years at how you go to market, and working toward that strategy to optimize across your channels and build the right capabilities in your field."

Salmon agreed, adding that, "The best sales leaders I know don't represent sales; they represent the entire company, and they're able to work incredibly well across all functions inside the company."

About Spencer Stuart

Spencer Stuart is one of the world's leading executive search firms. Privately held since 1956, Spencer Stuart applies its extensive knowledge of industries, functions and talent to advise select clients — ranging from major multinationals to emerging companies to nonprofit organizations — and address their leadership requirements. Through 55 offices in 30 countries and a broad range of practice groups, Spencer Stuart consultants focus on senior-level executive search, board director appointments, succession planning and in-depth senior executive management assessments.

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