

strategy&

Formerly Booz & Company

Inspirational sales leadership

&

**A systematic
approach to
motivating
the sales force**



Contacts

New York

Tracy Entel

Partner

+1-212-551-6093

traci.entel

@strategyand.pwc.com

Jon Katzenbach

Senior Executive Advisor

+1-212-551-6115

jon.katzenbach

@strategyand.pwc.com

This report was originally published by Booz & Company in 2010.

Executive summary



Today's complex business-to-business sales environments call for a different sales leadership approach than the tried-and-true methods that worked when selling was more transactional. The drivers of success in a complex selling environment — such as investment in strategic relationships and insights, tolerance for risk, high-quality teaming, relentless focus on differentiation — require a new approach to sales leadership. “Inspirational sales leadership” leverages a deep understanding of current sales performance to systematically identify leadership behaviors that actually drive results, and then provides the right tools for change. This leadership approach is every bit as disciplined as more traditional approaches, and extends focus and discipline to performance drivers that too many sales organizations leave to chance and individual temperament. Strategy&'s research and practice has demonstrated that this model works effectively across a broad range of B2B contexts, and will become increasingly critical to master as the complexity and value of strategic selling continue to increase.

A new approach to sales leadership

Sales productivity is one of the most studied areas of business. Much has been written on how sales leaders can drive value through tried-and-true methods such as clearly articulated targets, a thoughtful use of variable compensation and incentive rewards, transparent metrics, a focus on the individual, and robust support systems. These classic, formal sales management tactics work supremely well for simple, transactional sales: when individual deals are small, they're closed in large numbers, and the product or service offerings are relatively contained and independent.

The sales leadership questions that are most critical to driving value in today's business-to-business sales environment, however, are generally more complex and require a deep understanding not only of the company's products and services offerings, but also of how the customer's own business functions and creates value. Deals that bring to bear the best of the enterprise to a complex customer need require the salesperson to tie together many internal as well as external capabilities. They typically have a long time horizon, and have a high potential value and a corresponding high level of risk. Outcomes on these types of very large deals are much less predictable, and significantly affect overall company results. Successfully reading the signals of when a large, complex deal is moving forward or getting stalled requires a sophisticated understanding that can't be captured in pipeline tracking systems. The sales leader needs to be in intense dialogue with his or her sales representatives to help recognize these signals, motivate the right responses, and move the process along at different stages of the sales cycle.

In an environment of many different ways to sell, how do leaders focus their sales force sufficiently on these more uncertain, less controllable, but an order-of-magnitude higher-value opportunities? And how do they do this without sacrificing predictable quarterly results? How do they manage the tension between needing a steady flow of top-line results and capturing the greater long-term growth offered by pursuing the most complex deals? And finally, how do the best leaders use non-monetary motivation to keep the individual sales representatives

excited and inspired during complex sales cycles that don't move fast enough to provide motivation solely from results and commissions, and that don't provide easy-to-interpret "proof points" of success very often?

By marrying critical formal and classic elements of sales strategy with "informal" and "inspirational" sales leadership, Strategy& has developed a new approach to sales excellence. "Inspirational sales leadership" helps our clients get the most from their people by identifying the leadership behaviors that motivate the right mix of results, and then systematically applying those behaviors to help their teams reach new levels. Inspirational sales leaders are able to create a sense of purpose, pride, and commitment, which translates into improved performance across every part of a sales team (see *Exhibit 1, next page*).

Exhibit 1

The difference between “good” and “inspirational” sales leadership

	A “good” sales leader will ...	An “inspirational” sales leader will ...
Targets	<ul style="list-style-type: none">– Set clear “stretch” but realistic performance targets	<ul style="list-style-type: none">– Consistently coach representatives on finding the balance between number of deals in the pipeline, and depth of relationship per deal– Occasionally set “impossible” goals to inspire quantum leap improvements
Metrics	<ul style="list-style-type: none">– Provide rationale for the metrics imposed from “above” and help representatives accomplish them– Manage the scorecard to drive as many “greens” as possible	<ul style="list-style-type: none">– Select and focus on a few metrics most relevant to the business unit’s current strategy and connect them to individual definitions of success in a way that drives the other metrics up as well
Supports	<ul style="list-style-type: none">– Coach representatives and teams using a comprehensive model for sales performance; coach low performers to improve their results– Use the same consistent motivational approach with everyone on the team to ensure fairness	<ul style="list-style-type: none">– Coach a few, specific behaviors that are directly connected to performance drivers—know the “DNA” of your sales force– Spend time to create high-impact opportunities for high performers, and build skills with middle performers; pay minimal attention to or counsel out low performers
Teaming	<ul style="list-style-type: none">– Encourage teaming, and include shared/team incentives in the mix– Create meetings and formal processes to enhance cross-functional collaboration– Step in to help hands-on with high-impact deals	<ul style="list-style-type: none">– Consciously and consistently build the right informal networks inside and outside the company to enhance collaboration within the team, across functions and business units, and with clients and suppliers– Coach representatives/teams to close high-impact deals, rather than coming in to close them yourself
Rewards	<ul style="list-style-type: none">– Reward top performers—e.g., “100% club”—and help middle performers anticipate and strive for success– Recognize not just results (lagging indicators), but also effort and skill (leading indicators)	<ul style="list-style-type: none">– Leverage client recognition (being a valued thought partner to the client) as the main source of motivation– Recognize and reward the emotional side as well—e.g., the courage to have the right dialogues; willingness and ability to bring together the right people/strengths to go after distinctive, high-value opportunities; willingness to take risk

Source: Strategy&

A flexible approach to change

For companies adept at putting in place the formal structures and processes they need to operate, harnessing the power of the “informal” can be a very powerful addition. While each company’s approach will be different, the best change programs leverage a deep understanding of current sales force performance to systematically identify the leadership behaviors that actually drive results, and then provide the right tools for change.

A. Understand the opportunity

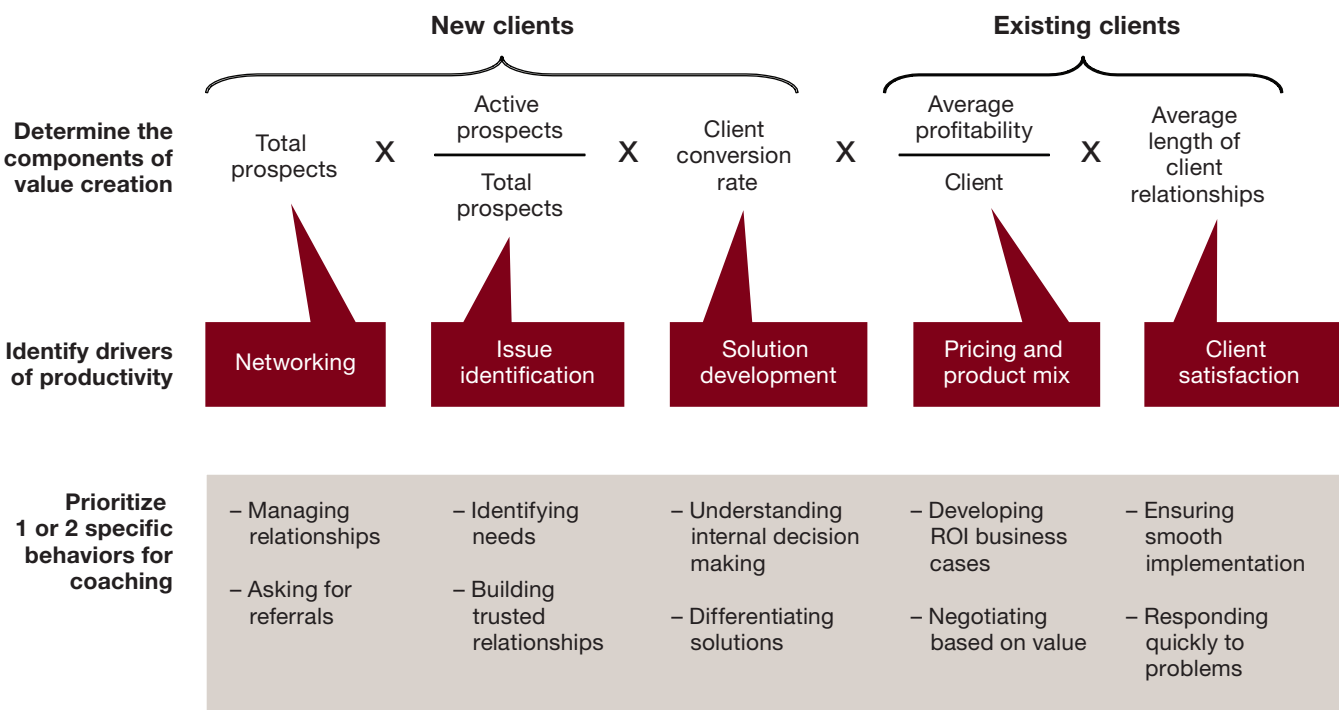
Achieving inspirational sales leadership starts with an understanding of how individual and team actions influence the top line as well as the bottom line. A detailed map of sales representative performance will highlight specific disciplines and behaviors that make a difference for that particular company’s sales success. We help our clients develop a company-specific performance equation that provides leaders with a detailed breakdown of the behaviors that actually drive differences in sales performance, and then estimate the potential impact of change. Creating a performance equation and identifying winning behaviors is relatively straightforward for the simple, transactional sale; bringing the same level of rigor and discipline to identifying and driving effective sales behaviors in large, complex, long-term deals is less common and more difficult, but has high payoff compared to steering on intuition (see *Exhibit 2, next page*).

B. Catalog the specific individual and leadership behaviors that drive sales performance

Inspirational sales leadership requires an understanding of the “right” (value creating) behaviors of salespeople as well as sales leaders. By identifying and studying exemplary managers and their teams, organizations can begin to build a blueprint of the leadership actions that salespeople individually and departments collectively find to be inspirational.

Exhibit 2

Performance equation: A professional services example



Source: Strategy&

Instilling pride in others is an underutilized, but learnable, leadership capability. Different companies' corporate cultures, sales environments, and even individual leaders' personalities dictate how to motivate employees. However, the most powerful sales leaders everywhere tend to focus on a select few actions that drive performance:

- *Effectively translating senior leadership messages and decisions.* The best sales leaders are typically described as a “buffer,” clarifying local constraints and circumstances upward to leadership while effectively translating company objectives and goals into a compelling vision for their teams. They apply an effective filter and translation, rather than just “passing along the message.” They don’t just explain corporate metrics, but adapt and select what they find drives performance against particular goals for each team member, thus creating more motivation and avoiding “gaming the system.” Finally, they ruthlessly prioritize among different requests and opportunities to keep their sales forces focused on the mix of activities that will most reliably lead to both short-term results and long-term growth. In short, they play a true leadership role, rather than just a management role “in the middle.”
- *Adapting leadership and coaching to individual sales representatives' styles, needs, and preferences.* Inspirational sales leaders are well aware that different individuals have different motivations and needs, and they vary their own style accordingly. An especially effective leader we have worked with consciously assesses each sales representative's “ideal level of energy,” and creates productive “stretch” for each person according to the level of tension at which each performs at his or her personal best. He inspires some representatives mostly through positive reinforcement — “you can do it, you’re the best” — and others mostly through constructive criticism, each according to their individual profile and preference.
- *Focusing on team behaviors that lead to business results.* In complex sales situations, the best sales leaders find ways to build pride in the behaviors that have the highest long-term impact for both the individual and the organization. For example, while incentive compensation will build pride as a token of recognition for achievement of short-term results, more sustainable and valuable motivation for a salesperson can be derived from becoming a valued long-term thought partner to the customers. Outstanding sales leaders coach their representatives on the behaviors that will earn their customers' trust and appreciation, and relentlessly point out to them the importance and value of that trust, both to the company and to the representative. Another example: In situations where teaming is required, stimulating pride in the extended sales team and its performance may lead to better collective results than

In complex sales situations, the best sales leaders find ways to build pride in the behaviors that have the highest long-term impact for both the individual and the organization.

focusing on the pride derived from outperforming peers — even though salespeople often thrive on competition. The most successful sales team leaders identify these sources of motivation and find ways to encourage, recognize, and celebrate the related behaviors.

- *Creating different ways of “winning.”* Because winning is important to most sales professionals, but not always possible (especially when the ideal mix contains longer-term, more complex deals), the best sales leaders are creative in finding ways for their teams to experience tangible success. Inspirational sales leaders may consider intermediate milestones, collaboration awards, and client impact recognition in addition to simple revenue targets. These milestones need to be based on proven predictors of business results, such as generating a specifically desired type of customer prospect dialogue, and cannot be attained merely by “showing up,” if they are to have true motivational impact.
- *Building collaboration across functional groups.* Exemplary sales leaders behave as “hubs” in informal networks of specialist, functional, and other resources. They drive pride in collaborating to bring all perspectives to bear on a customer’s need. They are very deliberate about the networks they build (and encourage their sales teams to build), and value quality over quantity. For example, they seek out knowledge from people and groups with different perspectives. Rather than staying within a more comfortable and familiar range of experts similar to themselves, they reach out far across established boundaries to learn as much about their top-priority customers, their needs, and related service offerings as possible. In addition to their “knowledge networks,” they also build conscious “trust networks” of those who can help influence positive outcomes within and outside the organization. Particularly in the context of complex sales with multiple customer stakeholders and multiple offerings that must be integrated into a major deal, an individualistic look at the sales organization misses a significant part of how value is created. The best sales leaders incent and reward targeted collaboration within and across functional borders, not just individual results.
- *Displaying unwavering energy and enthusiasm.* Pride-building leaders focus on the positive behaviors and results of the people they lead, using their people skills to create a connection with each representative. In our experience, pride-building leaders set very high standards and are demanding leaders when it comes to performance results. But because they are fair, understanding, caring, and approachable, their reports are intrinsically motivated to never want to disappoint them.

The best sales leaders incent and reward targeted collaboration within and across functional borders, not just individual results.

C. Provide the right tools to help leaders “shift the curve”

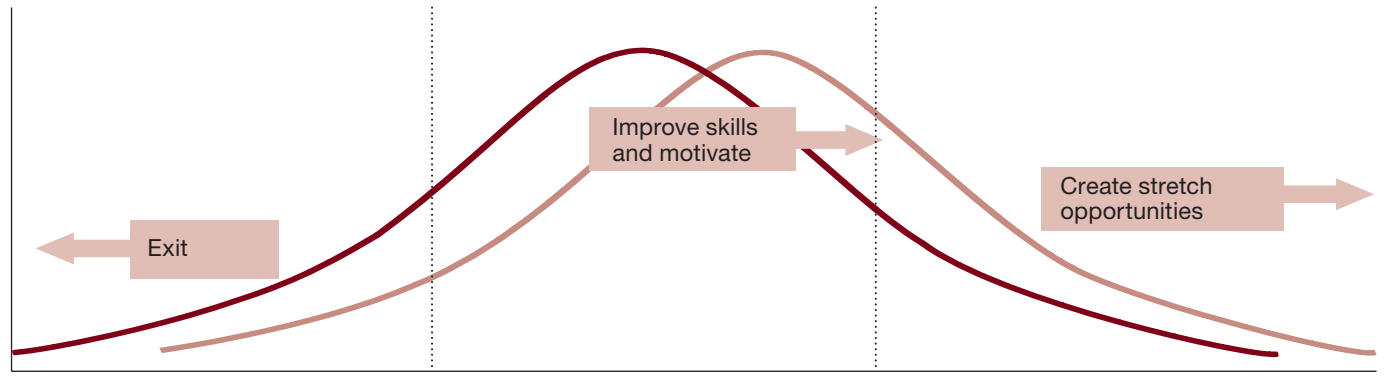
Once inspirational sales leadership behaviors have been identified, companies must help their leaders begin to “move the needle” on sales performance. After analyzing performance maps to identify where sales representatives are currently performing, leaders can then begin to apply their newly identified inspirational behaviors to their teams. While it is tempting to aim for an across-the-board improvement, companies seeking a step change in performance should target improvement to the highest-impact areas. For leaders, this means making tough decisions about low performers, investing time coaching and developing middle performers, and creating the right opportunities for top performers to shine (*see Exhibit 3, next page*). In this new model, instead of assigning the highest-performing sales professionals to the most challenging accounts, sales leaders place them in the areas where they can have the greatest positive impact, remain most motivated, and create the best returns. And instead of investing disproportionate amounts of time to improve low performers’ results, sales leaders routinely move them out.

D. Ensure that company processes, systems, and incentives are aligned with desired behaviors — not just outcomes

With a new “informal” motivation system in place, companies must again ensure alignment with the formal. At a minimum, inspirational sales leadership requires endorsement and adoption from executives, and in most cases, it must also be supported by a realignment of company processes to match new objectives and behaviors. For example: At a technology company, an overload of metrics had long obscured a more valuable focus on business results. Even worse, representatives had learned how to “game the system” and make the metrics look good without impact on the company’s actual results. By refocusing sales teams on just a few key metrics, the company motivated the representatives to do the “right thing,” and was able to improve results on all metrics, while providing a deeper sense of pride in each individual’s contribution to business accomplishments.

Exhibit 3
Shifting the performance curve to the right

Number of salespeople



Sales productivity

Low	Middle	Top
<ul style="list-style-type: none"> – Potential time sink for the leader – Create clear expectations with well-marked leading indicators – Be willing to make tough decisions—ongoing poor performance drains the individuals and the team 	<ul style="list-style-type: none"> – Time spent coaching middle performers and teaming them with high performers can pay off quickly – Motivate desired behaviors with alternative forms of recognition 	<ul style="list-style-type: none"> – Small percentage improvement translates to big top-line impact—worth a leader's time to motivate and inspire – Assign top performers the highest-impact opportunities; avoid draining them by always assigning the most difficult problems

Source: Strategy&

Getting started

A diagnostic identification of internal best practices is often a good first step for sales organizations focused on creating a culture of inspirational sales leadership. Some possible starting points:

- *Performance equation design and “shifting the curve”*: a disciplined and rigorous review of the true drivers of success for complex, enterprise-wide sales as well as “bread and butter” smaller deals, comparisons of the differences, and selection of the right portfolio of opportunities and behaviors to motivate sales professionals.
- *Best-practice observations*: “a day in the life” of the top-performing sales leaders compared to good sales leaders. This can reveal the often unconscious practices that work best in the specific corporate environment, and set top performers apart from their peers. For example, best-practice observation in a mid-sized software firm recently revealed that the top-performing sales teams created significantly more and higher value-added leverage from the technical team, which resulted in longer-term, more profitable customer relationships. Their interactions with the technical team were not especially difficult to document and replicate across other sales teams, which led to steep revenue growth within the first year.
- *Organizational network analysis*: a focused review that pinpoints the nature and structure of the most effective sales performance networks. What types of connections are essential for successful sales leaders to foster for themselves and their sales teams, and where do typical pitfalls and breakdowns occur? For example, a recent analysis for one of our large clients of the value that managing directors were creating by going to market with their peers showed that two-thirds of the top overall value creators (considering their individual as well as their collaborative contributions) did not show up as top performers on a ranking of individual contributions alone. As a result of the network analysis, the company adapted incentives to be commensurate with these top performers’ contribution, and was able to tap into a source of latent capability in terms of determining how best to launch new offerings, break through

barriers to commercial success, and change the mind-set and behaviors of other managing directors.

- *Customer impact case review*: analysis of the decisions and connections that led to winning a deal of exceptional value, with an eye to replicating the underlying behaviors. For example, one customer impact case showed that one of the formal scorecard metrics in place encouraged a lower number of customer touch points than was optimal for sales success, and thus was in direct conflict with the desired sales team behaviors; only those teams that decided to ignore this part of the scorecard were successful in securing large, complex deals.

Strategy& is a global team of practical strategists committed to helping you seize essential advantage.

We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities.

These are complex and high-stakes undertakings — often game-changing transformations. We bring 100 years of strategy consulting experience and the unrivaled industry and functional capabilities of the PwC network to the task. Whether you're

charting your corporate strategy, transforming a function or business unit, or building critical capabilities, we'll help you create the value you're looking for with speed, confidence, and impact.

We are a member of the PwC network of firms in 157 countries with more than 184,000 people committed to delivering quality in assurance, tax, and advisory services. Tell us what matters to you and find out more by visiting us at strategyand.pwc.com.

This report was originally published by Booz & Company in 2010.

www.strategyand.pwc.com

© 2010 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. Disclaimer: This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.