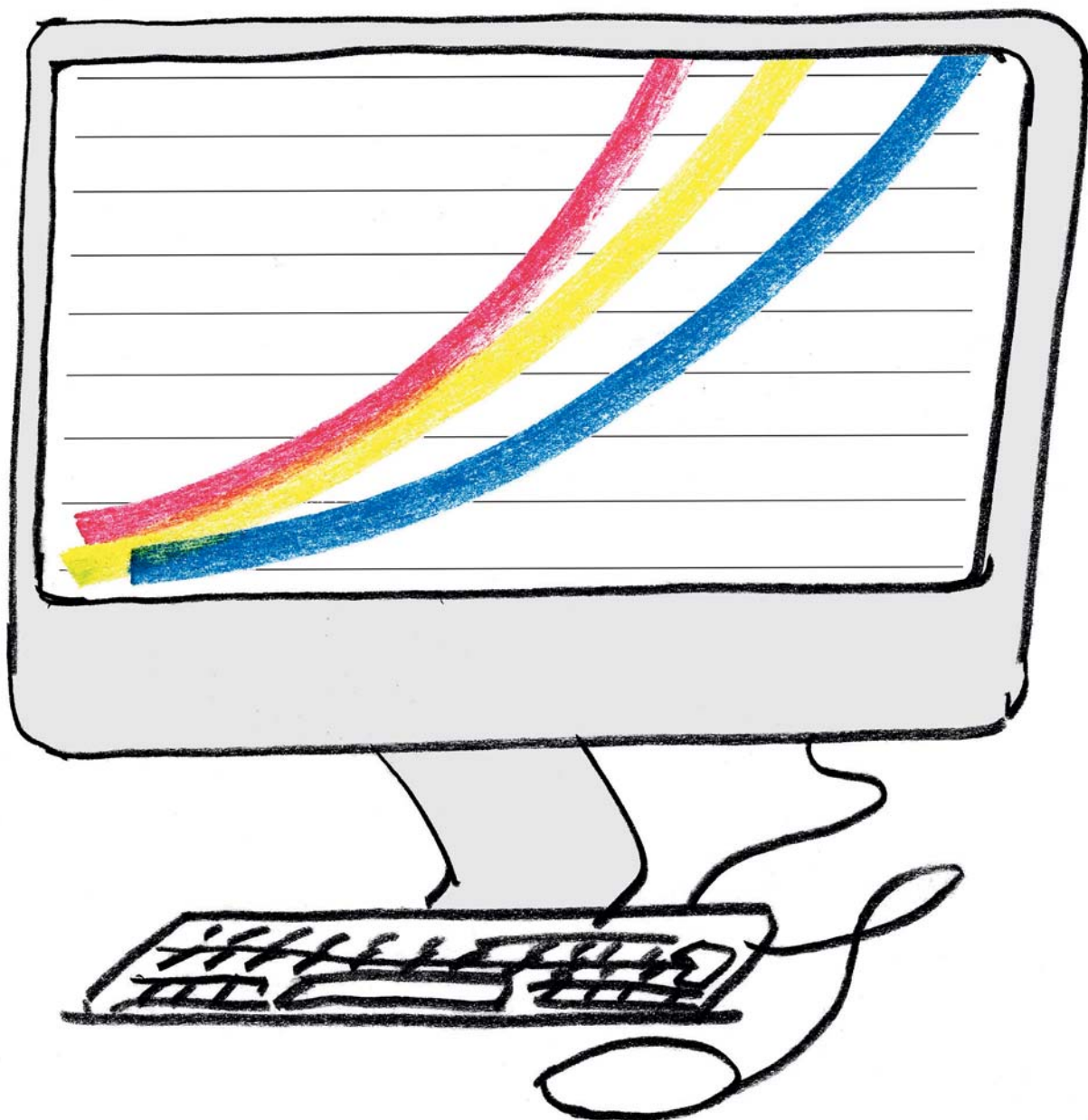


The empowered sales team

Enhancing productivity through the better use of information

A report from the Economist Intelligence Unit
Sponsored by Microsoft





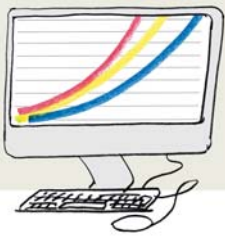
Preface

The empowered sales team: Enhancing productivity through the better use of information is an Economist Intelligence Unit report, sponsored by Microsoft. The findings and views expressed in this report do not necessarily reflect the views of the sponsor.

The Economist Intelligence Unit's editorial team executed the survey, conducted the interviews and wrote the report. Kim Andreasson was the editor and project manager. Ken Waldie was the author. Mike Kenny was responsible for the design of the report. The quantitative findings presented in this report come from an online survey of 126 executives in the sales function conducted by the Economist Intelligence Unit in February and March 2010.

To supplement the quantitative survey results, the Economist Intelligence Unit also conducted in-depth individual interviews with senior executives. Our thanks are due to all survey respondents and interviewees for their time and insight.

June 2010



The empowered sales team

Enhancing productivity through the better use of information

Introduction

Sales professionals create value by transforming their company's raw product or service into a tailored solution for a customer's needs. In a setting where customers have access to an unprecedented amount of product information, this is an increasingly challenging task. To thrive in this environment, companies need to understand the needs of their customers and to discover new ways of engaging with them. A survey of executives conducted for this report asked respondents to identify their main functional role as either sales or customer service. This distinction, however, has become blurred as firms strive to integrate continuous high-quality communications across all customer-facing functions. This is especially true at senior levels.

Toby Denbow, VP of Insurance Systems for FM Global, a large business-property insurer, says: "Our client service teams are responsible for all interactions with our customers, regardless of whether it's pre-sales or support". The executives who were interviewed for this paper were asked to focus on sales rather than customer support. Accordingly, Mr. Denbow went on to say, "The only way to drive more sales is to have more interactions with your prospects and customers and increase the quality of those interactions. If you're not improving in those two areas, then it can be difficult to affect the overall sales process. Obviously, if you're talking to the wrong people at the prospect or client organisation, that can have an impact as well, and that's where some information systems help. But once you've identified the right people to interact with, the quantity and quality of the conversations with them are going to make a difference".

The survey of sales executives found that companies continue to rely on traditional communications

About the survey

In order to assess how organisations are enhancing productivity, the Economist Intelligence Unit conducted an online survey of 236 executives in the sales and customer service functions in February and March 2010.

The quantitative findings in this report come from

the 126 respondents in the sales function. Of these, 51% are at the vice-president level or above and 60% represent companies with global annual revenue of US\$500m or more. Respondents are primarily based in North America (30%), Europe (30%) and Asia-Pacific (21%). Survey takers also represent a broad range of industries, led by financial services (24%), IT and technology (12%), and healthcare, pharmaceuticals and biotechnology (10%).

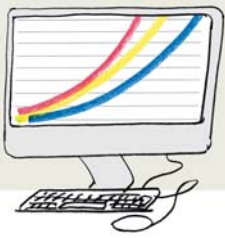


such as face-to-face interactions, e-mail and telephone to carry out sales activities. But they are also beginning to use emerging channels such as online portals and social media to improve performance. More than 60% of respondents say that their organisation is proactive in using new sources of information to increase productivity growth, but nearly as many say they do not do enough to leverage technology in that effort. Tapping into new sources of information without the ability to analyse it properly may actually reduce productivity, as a deluge of data can overwhelm salespeople and make it difficult to find relevant or valuable information.

As a result, pushback from employees is seen as a key barrier to successful new initiatives in the sales function. This may seem paradoxical considering that compensation for sales employees is typically tied to results. But interviews with executives reveal that despite developments in data analytics, traditional barriers still apply: sales professionals need to be convinced that the latest tools will improve their effectiveness, as opposed to forcing them to adopt new methods. Mr. Denbow points out that when new methods are introduced, separating processes from technologies can pave the way for smoother implementation. “Many people have a natural tendency to resist or be sceptical of new processes”, he says, “and it can come across as resistance to a new technological solution, even though that may not be the case. So ideally, companies would roll out a new process ahead of time, then launch the supporting information system and demonstrate how the system enhances the process.”

Enhancing sales productivity through the better use of information is not a trivial task. This Economist Intelligence Unit report outlines the challenges and opportunities involved. The key findings from the research are:

- To help differentiate their companies’ products and services in the minds of buyers, sales professionals need rapid access to specific customer information.
- Investment in new tools and services too often focuses on symptoms rather than the underlying problems.
- Sales tools need to reduce time spent on administrative tasks and give salespeople more time for their core competency: selling.
- Active involvement of senior management and broad consultations with employees are key success factors for productivity-enhancing initiatives.



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Pushing back against commoditisation

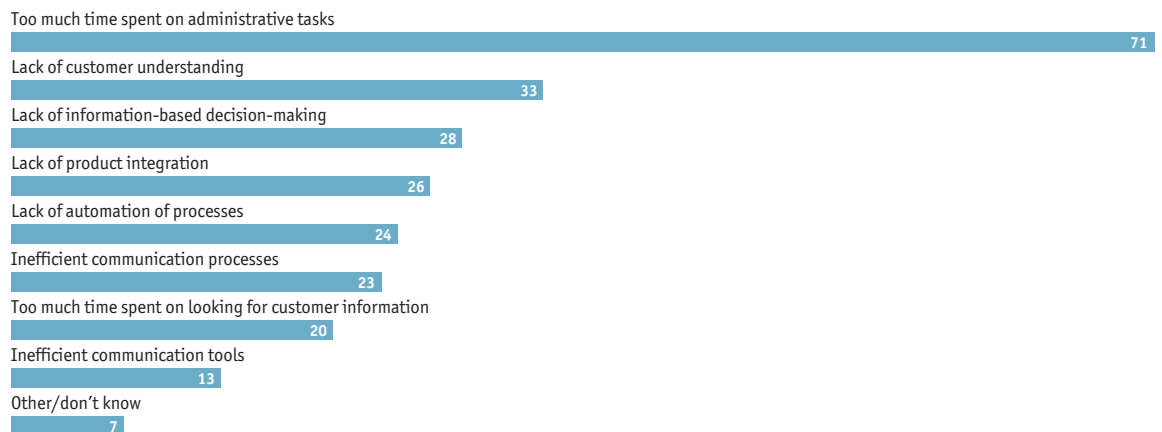
A highly productive sales function is often the first line of defence in companies' efforts to counteract the trend towards commoditisation, which has blurred the distinction among products and services in the minds of customers. A previous Economist Intelligence Unit survey of 558 executives across six industries found that although just over one-half of respondents said that their organisation's customers were more loyal than those of their competitors, almost as many said that customers viewed their products and services more as commodities than they did five years previously.

The data suggest that successful companies can retain customers even in the face of the commoditisation trend. To do so, salespeople need to focus more on demonstrating to customers how a company's product or service can meet their needs. While all customer-facing functions contribute to delivering a unique customer experience, sales professionals must play a leading role because they are often the first person that the customer calls when seeking information or when something goes wrong. To do so effectively, they need rapid access to appropriate customer information.

In this customer-centric setting, sales professionals have no choice but to take on non-sales work. As a result, any tools that make it easier for them to reduce administrative tasks and to hand off calls to customer service, account management and other functions will minimise the amount of time spent in non-sales

Biggest obstacles to productivity growth in the sales function

(% respondents)



Source: Economist Intelligence Unit survey, April 2010.



activities. It is not a lack of information that concerns sales professionals but rather their ability to filter it efficiently to get what they need. The survey confirms that reducing the time spent on non-sales activities is the area with the most room for productivity gains. When asked to name the biggest obstacles to growth, 71% of sales executives chose too much time spent on administrative tasks, far ahead of other factors, such as lack of customer understanding (33%) and lack of information-based decision-making (28%).

Growth through innovation

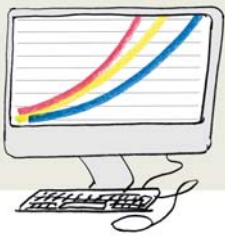
To meet their challenges, survey takers say they are investing in new initiatives to improve sales productivity, or are planning to do so. Nearly one-half have invested in new technology within the past 12 months, while another 30% are in the process of implementing new technologies or plan to do so. Only 17% say they have no plans to invest within the next 12 months, and those respondents are much more likely than others to say that their organisation is not doing enough to leverage new technology into business growth strategy.

But technology investment alone does not necessarily improve the productivity of the sales function. Of the 63 respondents whose companies made an investment over the past 12 months, more than two-thirds say that it increased sales productivity. The fact that nearly one-third did not see positive results, however, suggests that there is still room for better alignment of new information sources with the needs of sales professionals. When technology is used strategically, each system component addresses a particular business need in an integrated whole. The result is reduced time spent on non-sales-related tasks and more efficient access to customer information.

The challenge of execution

Despite cost, the survey demonstrates that a majority of companies are prepared to invest in new technologies to increase sales productivity. But many of them find it difficult to make the needed technological improvements. When asked to identify the biggest barriers to successful implementation of new initiatives, only about one-quarter (23%) of respondents point to cost as the leading challenge. Instead, organisational factors such as planning and implementation difficulties, lack of clear objectives or mandates, and pushback from employees or senior management are found to be more difficult.

Executives provided some insights into how these hurdles can be overcome. Active involvement and clear direction from senior management are the most important factors to productivity-enhancing initiatives. But sales executives also point to the need for broad consultation with employees, even more so than communications with customers. In other words, employee pushback is seen as a bigger threat to improved sales productivity than customer-facing challenges. This reflects the fact that respondents perceive complexity of implementation as the biggest obstacle to successful new initiatives. In this setting, consulting with employees is an important way of ensuring that new technologies succeed in making their work more productive. Thorough planning prior to implementation and sufficient funding are also cited as success factors by about one-third of respondents.

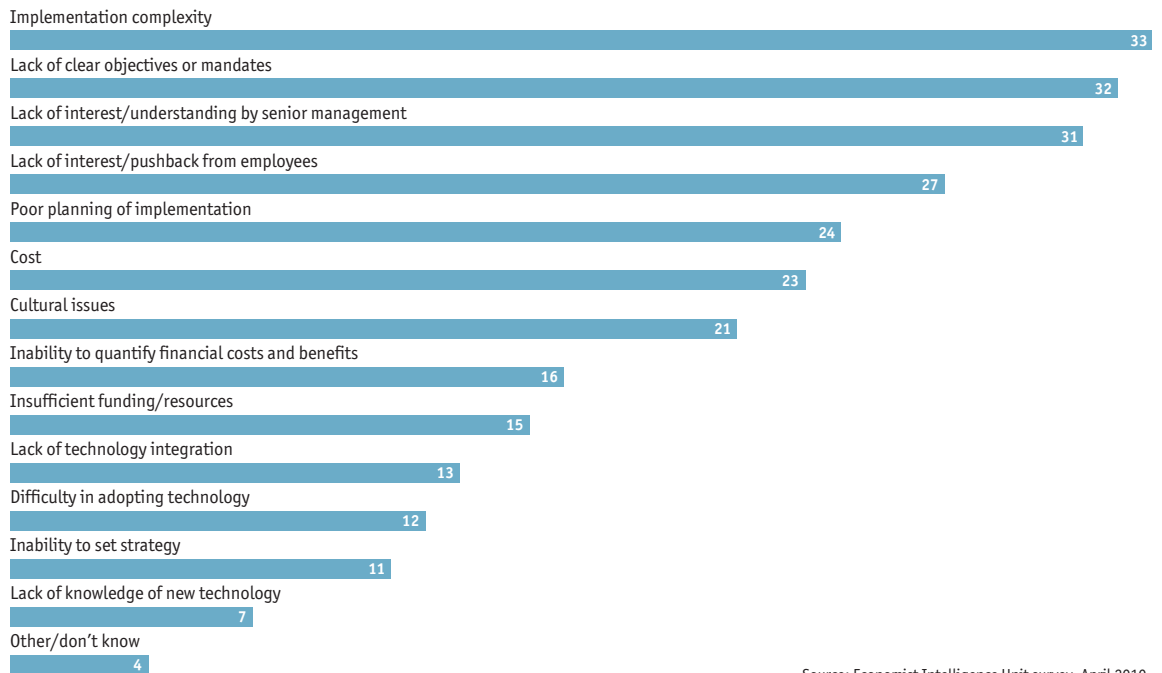


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Biggest barriers to successful implementation of new initiatives in the sales function

(% respondents)



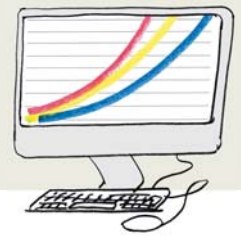
Source: Economist Intelligence Unit survey, April 2010.

Integrating new information sources

How companies improve sales productivity through the better use of new information sources depends on the type of customer relationships involved. While the majority of companies are still trying to deliver information more effectively using traditional channels, some companies have begun to innovate using social media and online portals to interact more efficiently with large numbers of current and potential customers.

And even though only 20% of survey respondents say that their organisations rely on social media, many companies have started experimenting with them. One example is Netflix, an American movie rental business based on the Internet. “We have a Facebook page, we have a Twitter account and we have a Netflix blog,” says Steve Swasey, vice-president of corporate communications. “We use the Netflix blog for announcements more often than we do with the traditional news release. So we’re edging into the social media to stay connected to both mainstream consumers and our core passionate users.” Netflix has put most of its effort into its own website, which encourages user-to-user interactions. As a result, Mr Swasey says that more than 90% of Netflix members say they talk about Netflix with their friends, families or business associates. This approach has helped sales: more than 70% of customers responding to Netflix surveys say they rent movies from the company at least in part because of a personal recommendation from a friend, a family member or a co-worker.

As a business-to-business company, FM Global faces different challenges, since it maintains relationships with large multinational organisations. “We might have up to a dozen people working on a



CASE STUDY:

Turning disparate data into gold

Boundaries between marketing, sales and service delivery are often unclear in knowledge-based enterprises. As a result, they often face unique challenges of integrating data from all customer-facing functions to improve sales from a holistic approach. As a diverse multi-disciplinary professional services firm, PricewaterhouseCoopers Canada, for example, faced the task of linking information between functions to deliver the full power of the company's offering to every client. To do so, the company launched a major transformational programme to consolidate the large amount of information that underlies the business from a substantial number of disparate sources.

The first step was to consolidate this information into an internal online portal that serves as the launch point for sharing across the enterprise. A key challenge was to develop a common foundation of terminology, concepts and standards that could facilitate integration of many different information sources to support the unique needs of every customer-facing function, including sales.

The second step was the strategic use of technology to analyse the data intelligently and transform it into insights that support delivery of an enhanced customer experience. Philip Grosch, an advisory services partner, put it this way: "We needed to listen to customers and understand what they value from us and to shape the PwC experience accordingly."

PwC's experience confirms the finding from the survey that overcoming pushback from users is a

critical element of this kind of innovation. "Too many promises in the past resulted in data overload," confirms Mr Grosch. "New information increased the burden and failed to enable people to spend more time with clients." PwC recognised that to harness collective insight the programme needed to attract stakeholders not only to use the information but also to supply fresh intelligence continuously.

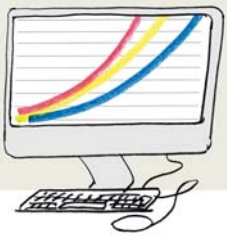
Mr Grosch also agrees with the survey finding that senior executive leadership is an essential success factor, but he goes on to say that support from other stakeholders is also critical: "You need vision and direction from the top to change cultural behaviours, but that by itself doesn't solve the problem. You need everyone to buy in and become an evangelist. You win the hearts and minds of users one person at a time. Success comes when you have evangelists across the organisation."

The process of making this happen, which Mr Grosch calls "Vision to Benefit", consists of articulating the vision in terms of clear benefits to clients, to internal stakeholders, and to the business as a whole. Proponents of the initiative need to link every change to a tangible business benefit and explain how it will provide insight and support to each stakeholder group.

Mr Grosch notes that people are naturally cynical about large transformational programmes, but he believes that this can be managed using an incremental approach. "Deliver in chunks," he says, pointing out that when the vision is delivered in small increments of value—for example, three months at a time—it is easier for stakeholders to see how they can benefit. This means that innovation becomes an ongoing process of "launch, drive adoption, learn, refine the vision, and repeat".

client's account", Mr. Denbow explains, "and they all need to understand our strategy for servicing that client. The client service team needs a shared understanding of the objectives it is driving towards to properly serve that client, the key players in that client's organisation, and their perceptions of FM Global as well as our internal perceptions of the client."

To accomplish this, FM Global integrated its client servicing strategy and all related information into a system for managing client relationships. Since action items and priorities are also incorporated, the client servicing strategy is effectively transformed into a customised plan, along with mechanisms for

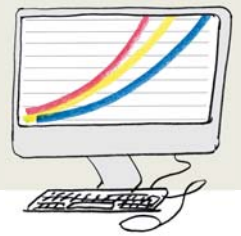


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the client account team to monitor the plan's execution. "Our information system includes many of the traditional elements like helping define where a prospect is in the sales funnel", Mr. Denbow says, "but to us, the client servicing strategy and how we are executing on that strategy lies at the heart of our information system".

This approach also pays off in improving FM Global's ability to sell to a particular client over the long term, a process that Mr. Denbow describes as becoming "more nimble over time". Since information specific to each client is continuously recorded and aligned to support the client strategy, staffing changes can be seamless, "because it shouldn't matter who is talking to that client if that sales or account person understands the history of the prospect or client relationship."



Conclusion

A majority of sales executives say that their organisation is proactive in using new sources of information to increase productivity growth, but only 40% say that their firm is doing enough to leverage new technology into business growth strategy. This gap translates into substantial differences in business performance. Executives who say that their company is doing enough to leverage technology are more than twice as likely to say that they perform much more strongly than their closest competitors in terms of revenue growth, and 50% are more likely to say so for profitability. The results are notable for firms that implemented new technology to boost the productivity of the sales function within the previous 12 months. They are three times more likely than other respondents to say that their company's profitability performance is much stronger than its closest competitors.

The research in this paper shows that a new approach to sales can help to transform the function and improve productivity. For such a process to be effective, companies should:

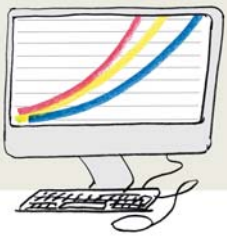
- **Use technology strategically.** There is broad agreement that investments must improve the productivity of the sales professional and ultimately the customer experience.
- **Design new systems to reduce time spent on administrative tasks.** This means providing tools for sales professionals that give them rapid access to the specific information they need and allow them more time to interact with prospects and customers.
- **Experiment with social media.** But core sales strategies should be kept in sight and traditional communications channels still need to dominate the sales landscape.

Technology strategy pursued by firms that rate themselves much stronger than closest competitors

(% respondents)



Source: Economist Intelligence Unit survey, April 2010.



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- **Secure senior management involvement.** Active involvement and not just approval from leaders is a key success factor in any new productivity-enhancing initiative.
- **Consult sales employees.** Ensure that new technologies will meet their needs and that employees are eager to use it.
- **Plan thoroughly.** Clear objectives and mandates as well as systematic planning prior to implementation can overcome difficulties in execution.

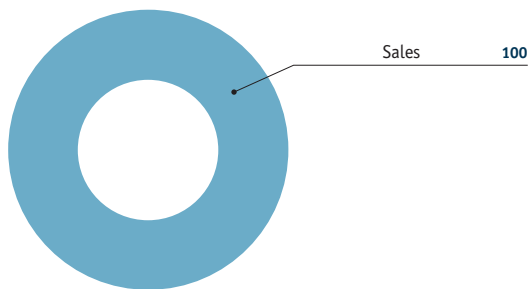
An old business adage says that you can't improve what you can't measure. But measuring improvements in sales productivity can be difficult, since sales volumes are affected by an array of diverse forces.

Mr. Denbow suggests that client satisfaction surveys are a good place at which to begin. "While such surveys are commonplace in many organisations", he says, "the trick is to make sure you act on what you learn from that research. At FM Global, our surveys feed our strategy, and our technology further enhances our ability to improve client satisfaction and develop long-term relationships. That ensures we are well positioned for the future."

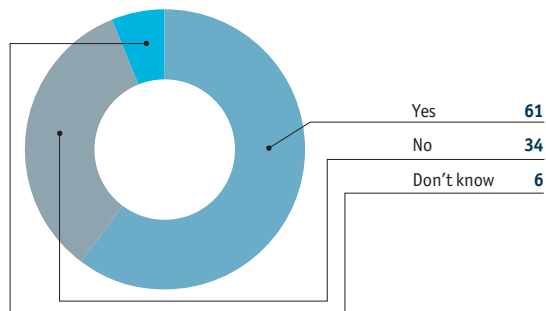
Appendix: Survey results

Percentages may not add to 100% owing to rounding or the ability of respondents to choose multiple responses.

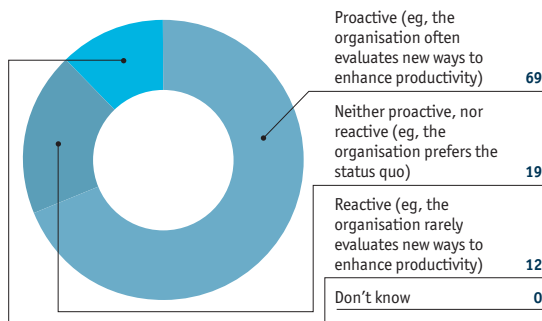
What is your main functional role?
(% respondents)



In your opinion, is your organisation proactive in using new sources of information to increase productivity growth?
(% respondents)



When it comes to your function, how would you characterise your organisation's approach?
(% respondents)

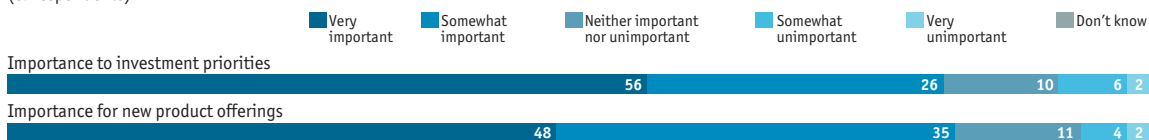


What are the biggest obstacles to productivity growth in your function at your organisation?
Select up to three.
(% respondents)



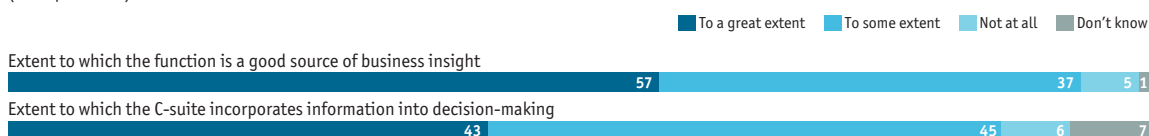
Relative to other functions, how important is your function to your organisation's investment priorities? And relative to other functions, how important is your function at your organisation in generating ideas for new product offerings?

(% respondents)



To what extent is your function a source of good business insight at your organisation? And to what extent does the C-suite at your organisation incorporate information from your function in its decision-making?

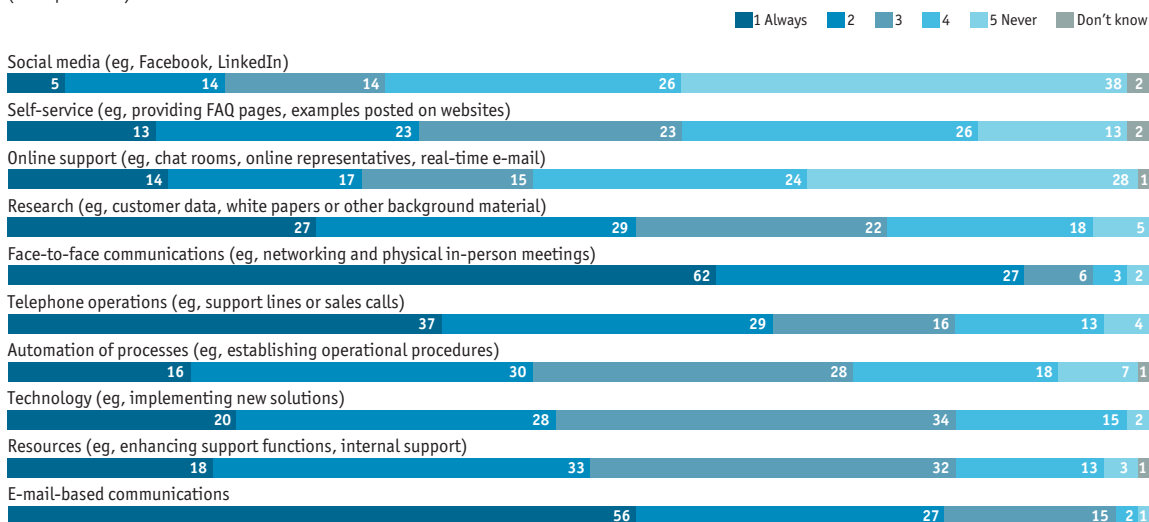
(% respondents)



To what extent does your function rely on the following activities?

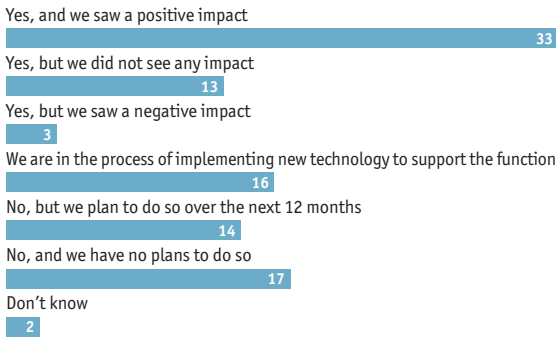
Rate on a scale of 1 to 5, where 1=Always and 5=Never.

(% respondents)



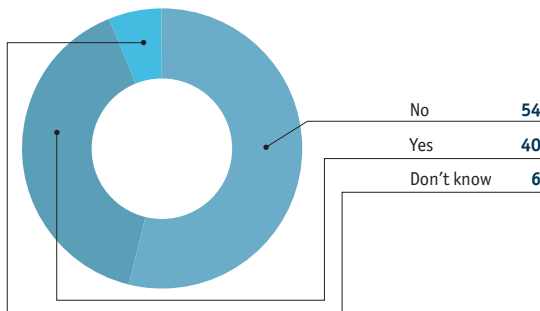
In the past 12 months, has your organisation implemented new technology to boost the productivity of your function?

(% respondents)



In your view, does your organisation do enough to leverage new technology into business growth strategy?

(% respondents)



What are the biggest barriers to successful implementation of new initiatives across your function?

Select up to three.

(% respondents)

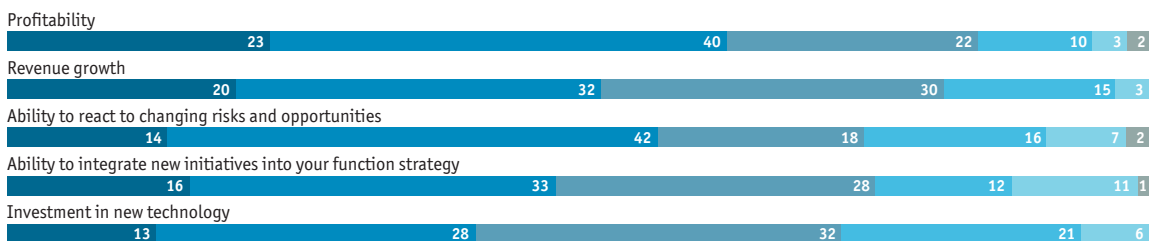


In your opinion, how does your organisation compare with its closest competitors in the following areas?

Rate on a scale of 1 to 5, where 1=We are much stronger and 5= We are much weaker.

(% respondents)

1 We are much stronger 2 3 4 5 We are much weaker Don't know



In your opinion, which of the following factors are most important for the successful integration of new initiatives at your function?

Select all that apply.
(% respondents)



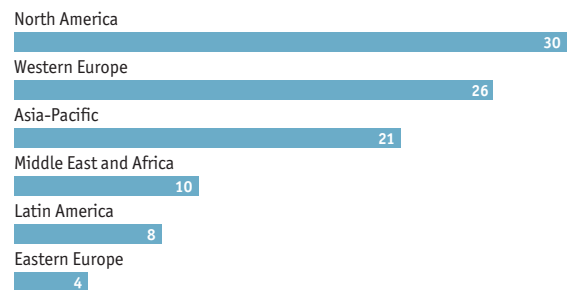
In which country are you personally located?

(% respondents)



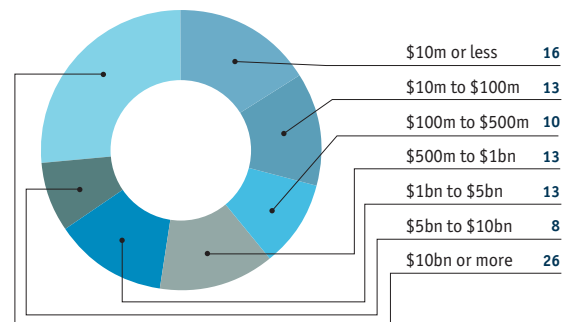
In which region are you personally based?

(% respondents)

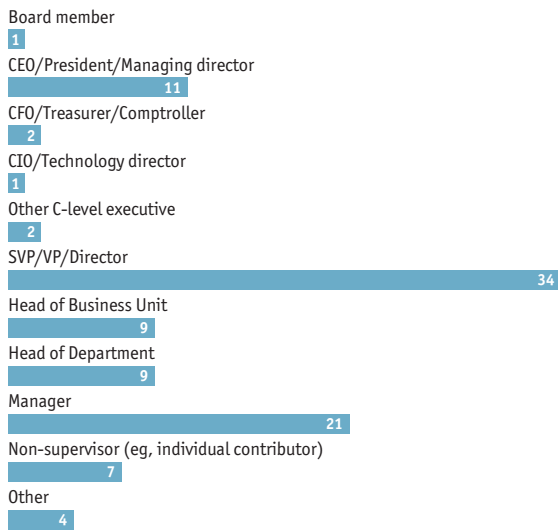


What is your organisation's global annual revenue in US dollars?

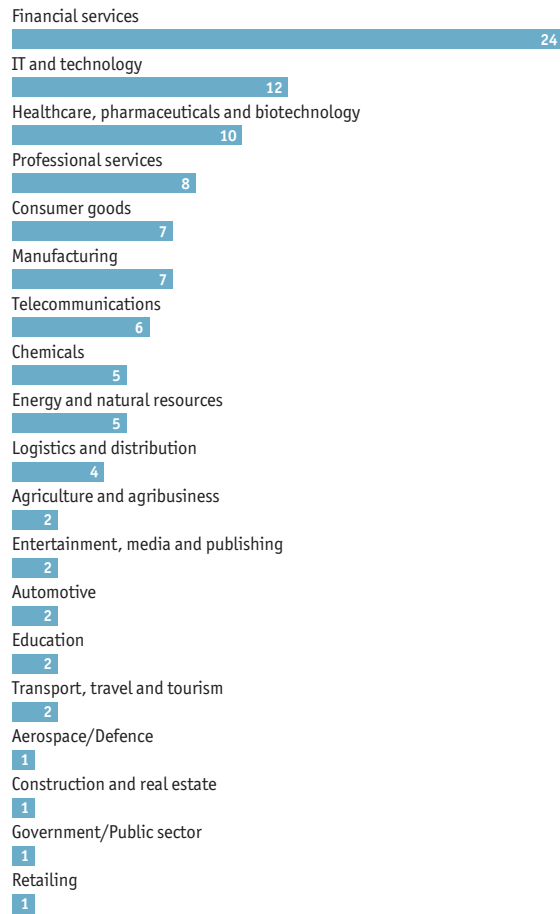
(% respondents)



Which of the following best describes your job title?
(% respondents)



What is your primary industry?
(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsors of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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