



# The sales force conundrum

How B2B information companies can hit their sales targets



uncommon sense

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Getting sales right is a strategic priority for B2B information companies. Their unique combination of high fixed costs and extremely low truly variable costs means that every new customer win, and every further sale to an existing customer, flows straight to the bottom line.

Sometimes there exists too little focus on how best to sell products, driven, in part, by the naïve belief that if the product is good enough it will sell itself

Acquiring as many new customers as possible, and maximising the account opportunity for each, is therefore key to driving profitable growth.

Yet despite the significance of sales force to B2B information companies, too many businesses underperform in this area. Sometimes there exists too little focus on how best to sell products, driven, in part, by the naïve belief that if the product is good enough it will sell itself. It won't. And even when businesses do make sales force a strategic priority, they are not always clear on the recipe for success.

To help companies address this, OC&C joined forces with Outsell to survey the sales leadership of 54 information businesses across EMEA and North America.

The objective of this study was to:

- i) Explore how well these executives believe sale force 'works' in their companies today
- ii) Identify which dimensions of sales force have the biggest impact on business performance
- iii) Reveal areas for improvement of which executives might not be aware.







# The case for improving sales force execution

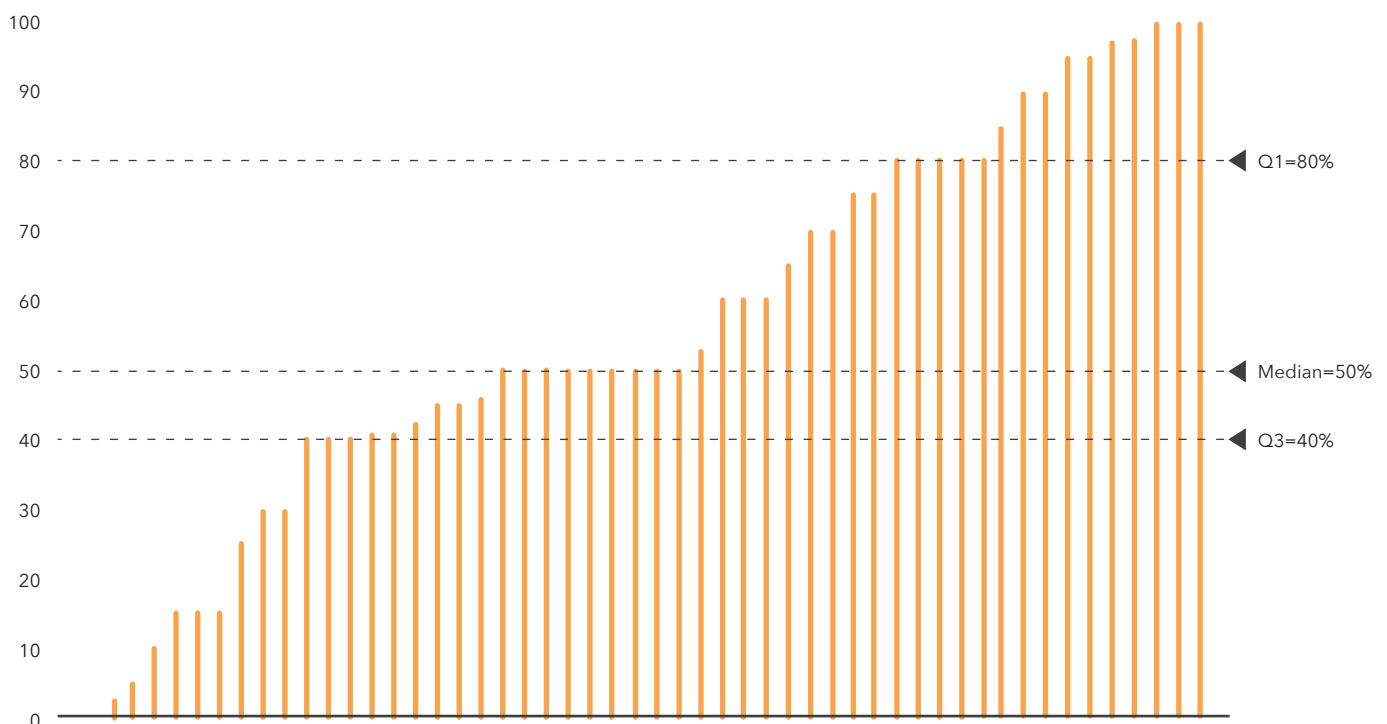
Our research confirmed what we suspected: there exists a major opportunity for B2B information businesses (including those with an already successful sales team) to improve the effectiveness of their sales force activities.

As shown in the chart below, we found that businesses consistently fail to achieve sales force targets.

- In more than half of companies surveyed, the share of sales reps that hit quotas last year was below 50%
- Even in companies growing fast and hitting overall sales targets, many reps underperform

## SHARE OF SALES REPS MAKING QUOTA LAST YEAR (ALL RESPONDENTS)

% Reps making quota last year by company

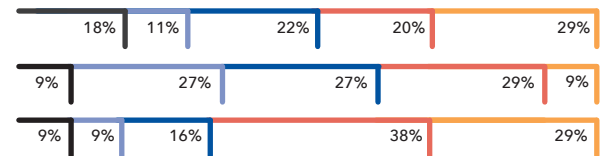


Source: OC&C Strategy Consultants' and Outsell's 2018 Sales Benchmark Survey

## SELF-IDENTIFIED ROOM FOR IMPROVEMENT

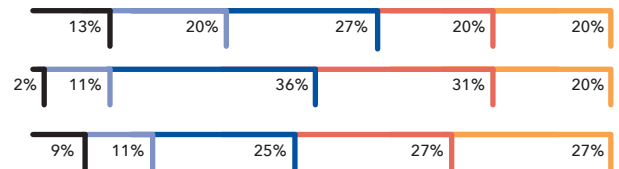
### Prospecting new customers

- Incoming leads are scored and captured
- The sales team has an ample number of qualified prospects
- The sales team is properly incentivized to go after these leads



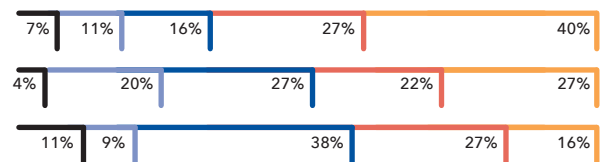
### Bidding qualification & prioritization

- There is clear criteria to prioritise opportunities
- There is a structured pipeline review and qualification process
- The sales team is properly incentivised to prioritise 'good' business



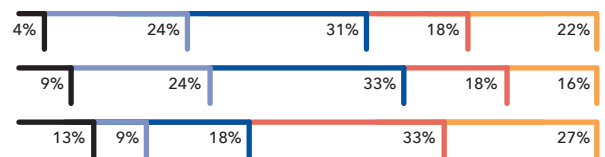
### Pricing

- There is a structured price architecture
- The sales team has the right tools to identify relevant pricing
- The sales team is disciplined and incentivised to stick to pricing strategy



### Upsell and cross-sell

- There is a clear identification and quantification of cross-sell and upsell
- The sales team has the right tools to identify and act upon this potential
- The sales team is properly incentivised to pursue upsell and cross-sell potential



Strongly disagree 1 2 3 4 5 Strongly agree

Source: OC&C Strategy Consultants' and Outsell's 2018 Sales Benchmark Survey

The sales executives we surveyed admitted deficiencies in how their sales teams operate today. Across seven of the twelve key sales force processes we explored, less than half the executives agreed their businesses operate effectively today, as seen in the chart above.

There are a couple of areas where most executives are confident they are doing the right things to encourage good outcomes.

- More than 50% of surveyed executives believe their sales team are properly incentivised to pursue new leads, prioritise 'good business', and pursue upsell opportunities.
- Most executives believe they have a clear, structured price architecture in place for reps to follow.

However, the overall message was clear. B2B information businesses too often fail to meet sales targets; and recognise the opportunity for improvement in this area.

In more than half of companies surveyed, the share of sales reps that hit quotas last year was below 50%

# Three steps to improvement

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Our study reveals three distinct steps that information companies must take to boost sales force performance. They must:

1. Identify a growth strategy
2. Align the sales force with that strategy
3. Focus on the dimensions of sales force with the biggest impact on performance

## **1. IDENTIFY A GROWTH STRATEGY**

The growth strategy for any business must reflect the characteristics of its market: the number of customers addressed, the number of these customers the business serves today, and the number of products each customer might purchase. In particular, it is crucial for companies to identify the share of future growth that will come from new customer wins, versus selling more products to the same customers. And whether growth is likely to come from a concentrated set of key accounts, or from many smaller accounts.

## **2. BUILD A SALES FORCE APPROACH WHICH REFLECTS THE STRATEGY**

The sales force organisation, and how it's run, must reflect this context and the accompanying growth strategy of the business. This is because what a successful sales force looks like varies depending on the strategic goals pursued. Where different business units are pursuing different strategies, a different approach to sales is required.

## **3. FOCUS ON THE ELEMENTS OF SALES FORCE WITH THE BIGGEST IMPACT ON BUSINESS PERFORMANCE**

Even if they do the above, too many businesses focus on the wrong areas of sales, forgetting that not every aspect of how a sales team is run has the same impact on how well the team performs.

Those processes and structures that don't impact performance are too often given credence over those that do. Often companies focus too much on the "output of sales force" (incentivising the right behaviours, tracking pipeline) and too little on ensuring that the sales team receive the best "inputs" (enough clearly defined leads, the right tools to sell against these leads).

In order to identify the most impactful dimensions of sales force for each type of business, we analysed the correlation between how well a business identified itself as performing on each dimension of sales force, and the sales force 'outcomes' of that business (the share of reps that met quotas, and whether the business achieved its aggregate sales plan). This allowed us to calculate an 'Impact on Sales Force Performance' score for each dimension (for each type of strategic direction pursued).







**FOUR TYPES OF STRATEGIC DIRECTION (AVERAGE REPORTED VALUES IN SURVEY)**

**New  
business  
focussed**

Unique logos **16,800**  
 Total sales **\$135m**  
 Avg. sales per customer<sup>1</sup> **\$19k**  
 % of total sales that is renewal business **34%**

Unique logos **1,400**  
 Total sales **\$115m**  
 Avg. sales per customer<sup>1</sup> **\$90k**  
 % of total sales that is renewal business **42%**

**Renewal  
business  
focussed**

Unique logos **15,100**  
 Total sales **\$230m**  
 Avg. sales per customer<sup>1</sup> **\$19k**  
 % of total sales that is renewal business **92%**

Unique logos **3,300**  
 Total sales **\$230m**  
 Avg. sales per customer<sup>1</sup> **\$70k<sup>2</sup>**  
 % of total sales that is renewal business **90%**

**Several smaller customers**

**Fewer larger customers**

<sup>1</sup> Annual estimate for mature customers (excludes recent wins and lost customers)

Source: OC&C Strategy Consultants' and Outsell's 2018 Sales Benchmark Survey

# Strategies to deploy: new win focussed businesses

For businesses looking to grow by winning new accounts, leads are everything. Ensuring sales reps have an ample number of qualified leads is the biggest driver of sales force performance, and businesses should be expanding the list of leads provided to reps, including pre-qualified leads.

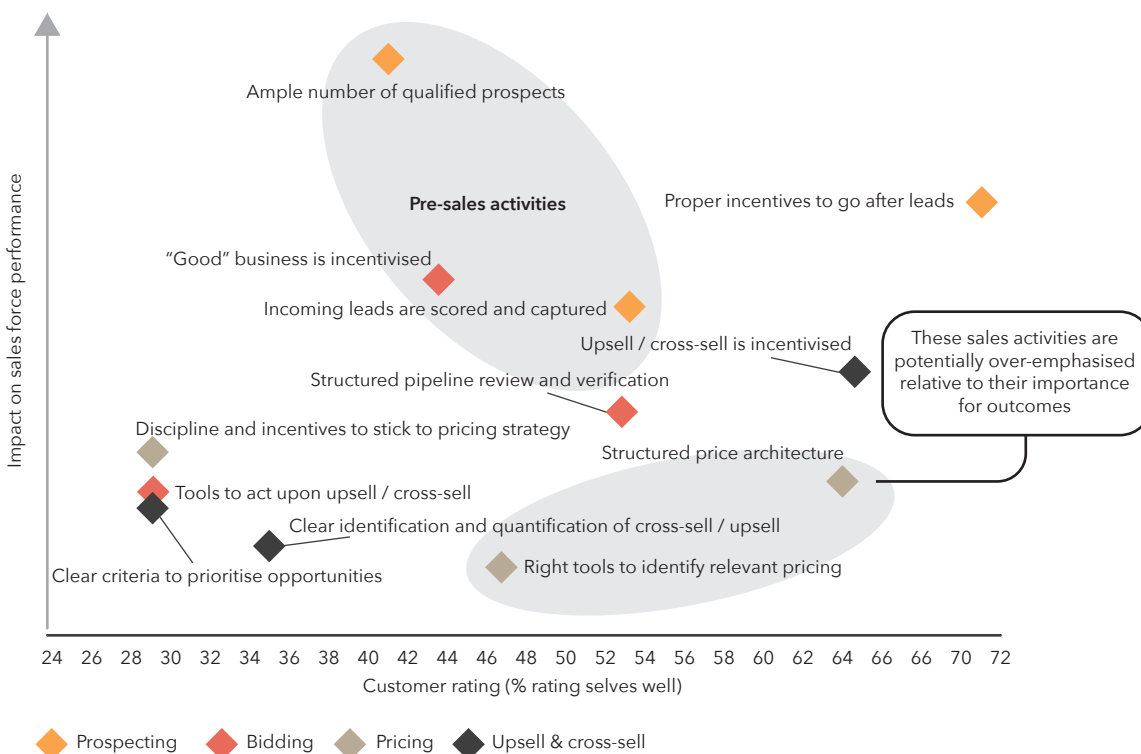
- Only 40% of executives in new-win focussed businesses agree they provide reps with enough leads

Too often, the focus is on maximising the efficiency with which sales reps pursue the book of business they are given - ensuring they are well incentivised and structuring the pipeline they are pursuing.

Too little emphasis is placed on the pre-qualification activities required to generate long enough target lists for these reps.

For companies targeting a large number of new wins, each with a low average value, 'qualifying' leads is particularly important as reps can spend less time with each account. Where average account value is larger, prioritising good business matters relatively more.

## NEW-WIN FOCUSED BUSINESSES



Source: OC&C Strategy Consultants' and Outsell's 2018 Sales Benchmark Survey







# Strategies to deploy: renewal-focussed businesses

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In renewal-focussed companies serving a handful of large accounts, companies are not doing enough to help sales team understand how to maximise account size.





Not enough companies are providing reps with the right tools to identify cross-sell and upsell opportunities, and whether or not companies provide such tools is a better predictor of sales force performance than any other dimension tested in our survey:

- Only 20% of companies believe they provide reps with the right tools to identify, cross-sell, and upsell opportunities in their book of business.

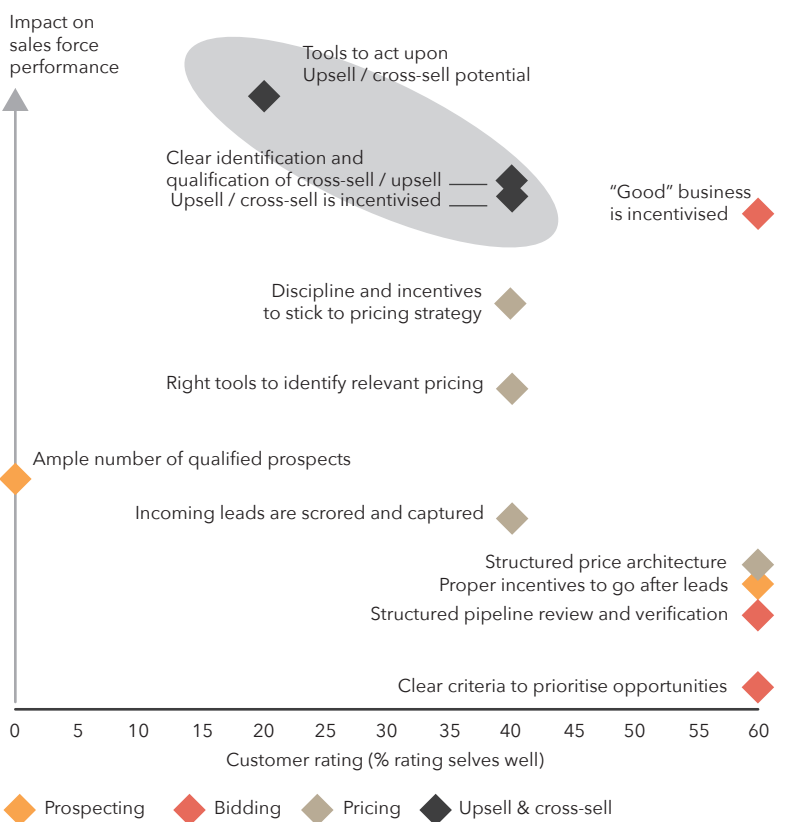
Where sales are concentrated in a few large customers, providing tools to act on these opportunities is critical: each opportunity missed has a meaningful impact on overall performance. Where customers are more fragmented, and reps spend less time with each customer, systems to help reps identify where these opportunities exist are relatively more important to success.

Segment-specific 'upsell pathways' are typically low-cost to create, and boost productivity by giving sales reps clear cues on which is the right 'next' product for each of the customers they serve.

In companies with a broad array of products, these cues avoid sales reps having to spend time thinking through the right products to offer 'from scratch' in each account, or wasting time trying to sell a product that isn't a good fit for a specific customer.

## IMPROVEMENT OPPORTUNITIES FOR RENEWAL-FOCUSED COMPANIES

### Renewal-focused, high sales value companies



Source: OC&C Strategy Consultants' and Outsell's 2018 Sales Benchmark Survey

Sales force effectiveness is critical to profitable growth for B2B information companies. However, it is not something that can be improved without first understanding the strategic direction of the business, and what the right sales force approach is for this strategy. The return on investment from improvements to sales force can be large, but only if guided by a fundamental understanding of the strategic objective.



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