

Megatrends That Will Impact the Way We Manage Sales Organizations

Sales Access ManagerSM Miller Heiman sales process with CRM integration

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Megatrends That Will Impact the Way We Manage Sales Organizations

By Sam Reese and Dario Priolo

No question about it: The business landscape is changing dramatically, and smart sales organizations need to change with it.

Major trends—think of them as “megatrends”—in four key categories are driving that shift. Those categories are:

- Demographic
- Technological
- Regulatory
- Social

TRENDS 101

Before we discuss each area in depth, let's start with a definition. What exactly is a trend?

From our perspective, a trend is significant long-term change (or changes) in the dynamics of a market, environment—or, in our profession—an account. That change may happen suddenly or gradually, although it usually occurs over a period of time. For example, two current global business trends are the growing movement toward outsourcing of corporate functions and, in many industries, ongoing consolidation through seemingly endless mergers and acquisitions.

A trend-driven change doesn't slip by unnoticed: It will significantly impact the market—or, in our case, the account—which can perceive the trend as either positive or negative. And a trend typically triggers an event—that is, an opportunity—to which strategic players will respond. Ultimately, to benefit from a wave of change, you must understand both the trend itself and the account's reaction to it. That's doubly important to

keep from being swept away from the biggest waves, the changes we've dubbed “megatrends.”

MEGATREND #1: DEMOGRAPHIC CHANGE

Walk into any large crowd almost anywhere, and you'll immediately see evidence of America's most important demographic trend: the aging work force. The oldest members of the Baby Boom generation—the 77 million Americans born between 1946 and 1964—will begin retiring en masse over the next 10 to 15 years. The smaller generations coming up behind them simply don't have sufficient numbers to fill those vacancies.

That's not the end of the story. The U.S. Department of Labor's Bureau of Labor Statistics estimates that the U.S. economy will create nearly 19 million additional jobs between now and 2014. Meanwhile, we're seeing the emergence of a new breed of worker: free agents. These are often ultra-talented professionals who value control over their work and personal lives above all else, so they've created careers that don't require them to be tied to one specific employer. As a result, they're not interested in filling those vacant jobs, either.

All those numbers are fueling the talent wars—the race to find, hire and retain the best employees. Nowhere is that competition fiercer than in sales, where executives are already feeling the pinch. In one recent Manpower Inc. survey of 33,000 employers, “sales representative” topped the list of jobs that companies in 23 countries reported they were having the most trouble filling.

Those demographic trends also threaten a less tangible but equally critical aspect of sales: the deep, long-standing personal relationships that vanish when a salesperson or a customer-company's contact person—or both—retire or otherwise leave their jobs.

We recommend that sales organizations that want to triumph despite these challenging trends take the following steps:

Offer flexibility. To attract and keep the most talented team members, ask what work arrangements they want and, if possible, make them happen. Consider customized scheduling, part-time hours, job-sharing and other options as long as they fit the organization's needs as well as those of each employee. Survey after survey indicates that many professionals, especially those now younger than 40 years old, value flexibility above most other benefits; they're likely to gravitate to and remain with employers who provide it.

Guard top accounts. We believe that companies should treat their strategic accounts like genuine corporate assets. Following the traditional route of making each account one employee's turf puts customer relationships at risk when team members move on. Instead, establish several peer-to-peer ("many-to-many") relationships within that account. That way, even if a star sales rep quits, the account stays safe.

C-Suite Involvement. Another recent shift—one that ties back to the peer-to-peer relationships—is the direct involvement of CEOs and other C-level executives in sales processes. Put another way: Sales is no longer confined to the sales division. Its activities touch finance, operations and other departments much more now than in the past, and top leadership is taking notice.

Support sales managers. Front-line managers serve as the cornerstone for any sales organization's success. Typically, they're managing both up and down the ladder: Above them are executives with hefty expectations; below them is the sales team that must actually pursue and deliver those results. That's always a tricky balancing act, but never more so than now, with sales-

people in critically short supply. If you're serious about building a world-class sales force, involve sales management early in corporate goal setting so that future plans are in alignment with the resources needed to support successful sales strategy.

MEGATREND #2: TECHNOLOGICAL CHANGE

Nothing changes faster than technology, and, in our industry, the biggest change involves the recent widespread adoption of customer relationship management (CRM) systems. Not so long ago, most sales organizations were reluctant to use such systems because the technology's limitations dictated the relationship-management process rather than enabling and enhancing it.

Today, however, CRM is both simpler and better. On-demand systems are not only more affordable, they're easier to implement and to use. Application exchanges and bolt-on applications also represent major improvements for CRM. As a result, those systems are providing competitive advantage to sales teams who use them to obtain more and higher-quality information with which they can make better decisions.

A related trend: the increasing availability of leading performance indicators. Earlier CRM systems were primarily backward-looking, focusing on lagging indicators, such as past revenues and closed opportunities. Now they're also providing current and forward-looking information, such as real-time reporting and analytics and more sophisticated forecasting. They're also helping sales divisions integrate more closely with finance, operations, marketing and other departments.

Today's technology also enables sales team micro-development. Your sales managers can use software that essentially amounts to a dashboard for each team member, drilling into individual perfor-

mance, identifying specific problem areas and developing a customized prescription for improvement.

MEGATREND #3: REGULATORY CHANGE

Free trade and collapse and loosening of “command-and-control” economies, especially in China and Southeast Asia, have created immense new markets. But globalization has also propelled the emergence of new competition and new threats of commoditization.

In confronting these threats, it’s important to resist the temptation to follow the lead of the Luddites, British laborers who, in the early 1800s, destroyed the newly automated textile machines that they believed threatened their own employment. As the Luddites learned, attacking the manifestations of change, rather than addressing or adapting to the change itself, isn’t a viable solution in the long run.

Today, companies that don’t wish to be commoditized must differentiate themselves from the competition by constantly adding value.

In our view, the best way to do that is to become an expert in your customers’ businesses as well as in your own. You need to:

- **Understand customers’ concerns and desires at least as well as customers themselves do.** Know exactly what each one wants to accomplish, fix or avoid.
- **Move beyond being a seller to being a solution provider.** Offer each client company welcome expert advice on how you can help meet each of its goals.
- **Stay ahead of the trend by being proactive.** Don’t wait for customers to come to you with problems. Seek them out first with solutions.

MEGATREND #4: SOCIAL CHANGE

Today’s most relevant social trend is the skyrocketing popularity of social networks, which connect people virtually so that they can share information, resources and referrals. Even if you don’t (yet) use these networks, you’ve probably heard of the ones popular with the younger generation, such as MySpace.com and Facebook.com.

Why does this particular trend matter? Because today’s young social networkers are tomorrow’s salespeople. Having grown up with social networking, they’re likely to continue relying on this way of communicating and collaborating throughout their careers. (In fact, some business-oriented grownup networking sites are already available; Linked-in and Visible Path are two of the best-known).

In addition, research indicates that social capital—which James Kouzes, co-author of “The Leadership Challenge,” has called “the collective value of whom we know and what we’ll do for each other”—is catching up in importance with intellectual capital. In fact, there’s evidence that effective use of social capital improves business performance for both individuals and organizations. According to Wayne E. Baker, author of “Achieving Success Through Social Capital: Tapping the Hidden Resources in Your Personal and Business Networks: “Individuals who build and use social capital get better jobs, better pay [and] faster promotions, and are more influential and effective compared with peers who are unable or unwilling to tap the power of social capital. Organizations with rich social capital enjoy access to venture capital and financing, improved organizational learning, the power of word-of-mouth marketing, the ability to create strategic alliances, and the resources to defend against hostile takeovers.”

Social networking can be particularly valuable in sales, according to Laura Preslan, research director for CRM at AMR Research in Boston: “Social networks are basically a way to find out who knows whom in an organization—they automate the corporate Rolodex and really help a company leverage existing relationships and maximize sales.”

How extensive are these networks of contacts? Antony Brydon, CEO and co-founder of the Visible Path social networking company, says research indicates that every group of 1,000 people has connections to about five million other people. That’s a lot of prospects.

For those reasons, we recommend that sales organizations not only become aware of social networking, but begin trying it out as a potential new avenue for competitive advantage.

CONCLUSION

What do these megatrends mean, individually and collectively, for sales leaders? Simply this: The wheels of change are in motion. Jump aboard and steer as best you can, or risk being flattened as the juggernaut goes by. Embracing and rolling along with change will help you recognize and take advantage of opportunities as they arise. Dismissing them will likely earn you a spot in the history books—right next to the Luddites.

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About Miller Heiman

Miller Heiman has been a thought leader and innovator in the sales arena for almost thirty years, helping clients worldwide win high-value complex deals, protect and grow key accounts, manage talent and optimize sales strategies and operations.

With a prestigious client list that includes Fortune 500 clients, Miller Heiman helps companies in virtually every major industry to build high performance sales teams that deliver consistent sustainable results to drive revenue.

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