The Challenges of the Sales Manager in the Current Business Environment

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Abstract

When it comes to thinking about sales leadership these days, most executives just don’t get it. Chief sales officers – and even chief executive officers, who recognize that the sales organization drives top-line growth – often have an incomplete notion of the CSO’s job.

Sure, they understand that leading the modern sales organization takes much more than motivating and managing salespeople. In recent years, the sales manager have had to devote considerable time and energy to establishing and maintaining disciplined sales processes, including everything from customer segmentation to sales staff compensation. Given the complexity of those processes, even well-run sales departments have to work hard to get them all operating smoothly. The heightened expectations of customers, peer executives in other functions, and the sales force itself require the head of sales to shoulder new responsibilities, ones that have changed the job almost beyond recognition from what it was 20 years ago. In this article are presented the ways in which the business environment has changed the sales chief’s job. Then the article describes the new roles that sales leaders increasingly must play.

Keywords: sales manager, selling solutions, supplier, business strategy, sales process, new environment, global customer, sales force

JEL Classification: E32, L81, L22, M21

Introduction

Sales managers direct the firm’s sales program. They assign sales territories, set goals, and establish training programs for the sales representatives. Sales managers advise the sales representatives on ways to improve their sales performance. In
large, multi-product firms, they oversee regional and local sales managers and their staffs. Sales managers maintain contact with dealers and distributors. They analyze sales statistics gathered by their staffs to determine sales potential and inventory requirements and to monitor customers’ preferences. Such information is vital in the development of products and the maximization of profits [6].

Nowadays, every good manager spend time in the field with the sales force – and often acts as salesperson-in-chief to certain major customers. Selling is changing fast and in such way that sales teams have become strategic resources. When corporations strive to become customer focused, salespeople move to the foreground; product engineers recede. As companies go to market with increasingly complex bundles of products and services, their representatives cease to be more order takers (most orders are placed online, anyway) and become relationship managers. The organization of the sales force and the incentives it’s given are among the most crucial decisions executives make. When companies get into trouble because of misalignment, the chiropractic needed almost invariably involves the sales force. Reorganizing a sales force is one of the riskiest projects a company can undertake – a “heart transplant” [5], where a mistake can ruin careers and cost a company years of profit. Last, and far from least, sales is where the money is. At the top of the game, sales managers from big corporations may be responsible for hundreds of millions in revenue.

1. Aspects about the sales manager occupation

**Work environment.** Sales managers work in offices close to those of top managers. Working under pressure is unavoidable when schedules change and problems arise, but deadlines and goals must still be met. Substantial travel may be involved. For example, attendance at meetings sponsored by associations or industries often is mandatory. Sales managers travel to national, regional, and local offices and to the offices of various dealers and distributors. Job transfers between headquarters and regional offices are common, particularly among sales managers. Long hours, including evenings and weekends are common.

A wide range of educational backgrounds is suitable for entry into sales managerial jobs, but many employers prefer those with experience in related occupations.

**Education and training.** For sales, marketing and promotions management positions, some employers prefer a bachelor’s or master’s degree in business administration with an emphasis on marketing specialization. Courses in business law, management, economics, accounting, finance, mathematics, and statistics are advantageous. Additionally, the completion of an internship while the candidate is in school is highly recommended. In highly technical industries, such as computer and electronics manufacturing, a bachelor’s degree in engineering or science, combined with a master’s degree in business administration, is preferred [7].
Most sales management positions are filled by promoting experienced staff or related professional personnel. For example, many managers are former sales representatives, purchasing agents, buyers, or product, advertising specialists. In small firms, where the number of positions is limited, advancement to a management position usually comes slowly. In large firms, promotion may occur more quickly.

**Other qualifications.** Familiarity with word-processing and database applications is important for most positions. Computer skills are vital because marketing, product promotion and advertising on the Internet are increasingly common. Also, the ability to communicate in a foreign language may open up employment opportunities in many rapidly growing areas around the world, if we take into consideration the globalization effect on business environment.

Persons interested in becoming sales managers should be mature, creative, highly motivated, resistant to stress, flexible, and decisive. The ability to communicate persuasively, both orally and in writing, with other managers, staff, and the public is vital. These managers also need tact, good judgment, and exceptional ability to establish and maintain effective personal relationships with supervisory and professional staff members and client firms.

**Certification and advancement.** Some associations offer certification programs for these managers. Certification—an indication of competence and achievement—is particularly important in a competitive job market. While relatively few sales managers currently are certified, the number of managers who seek certification is expected to grow [6]. Today, there are numerous management certification programs based on education and job performance.

Although experience, ability, and leadership are emphasized for promotion, advancement can be accelerated by participation in management training programs conducted by larger firms. Many firms also provide their employees with continuing education opportunities—either in-house or at local colleges and universities—and encourage employee participation in seminars and conferences, often held by professional societies. In collaboration with colleges and universities, numerous marketing and related associations sponsor national or local management training programs. Course subjects include brand and product management, international marketing, sales management evaluation, telemarketing and direct sales, interactive marketing, promotion, marketing communication, market research, organizational communication, and data-processing systems procedures and management. Many firms pay all or part of the cost for employees who successfully complete courses.

Because of the importance and high visibility of their jobs, sales managers often are prime candidates for advancement to the highest ranks. Well-trained, experienced, and successful managers may be promoted to higher positions in their
own or another firm; some become top executives. Managers with extensive experience and sufficient capital may open their own businesses.

2. New environment

If we will examine the calendar of any successful chief sales officer, we will see how complex the job has become [4]. That complexity stems from the following changes, which have affected sales activities at most major companies.

**Customers have gained power.** It’s no secret that in many industries, supply outstrips demand. Customers have more choices and more information – thanks largely to the Internet – about what they can buy and how they can buy it. The shift in power from sellers to buyers has made customers demand more of their suppliers and the buying experience.

**Customers have gone global.** The globalization of business made the structure of many sales organizations (those with a regional or national focus) anachronistic. Suppliers had better be sure that their organizations mesh with their customers’ global orientation and sourcing processes.

**Channels have proliferated.** At one time, the direct sales force was the sales organization. Today, most companies, regardless of size, go to market through multiple channels. The sales organization may comprise not only people employed by the company – field sales, telesales, and online reps – but also those outside the company, including partners and resellers.

**More product companies sell services.** Whether wrapped around or embedded in products, complementary services have become a way to enhance or simply maintain a product’s competitive edge. Selling these services calls for a special mind-set. The holistic approach required to seamlessly package products and services together is very different from the traditional selling of product. The reason for the difference, he says, is that after a certain period of time, a customer stops buying your product and starts buying your strategy.

A lesson that sales leaders must learn is about matching the sales force structure to the business life cycle [1]. Although companies devote considerable time and money to managing their sales forces, few focus much thought on how the sales force needs to change over the life cycle of a product or a business. However, shifts in the sales force’s structure are essential if a company wants to keep winning the race for customers. Specifically, a sales manager must alter four factors over time (Table 1):
The four factors for a successful sales force

<table>
<thead>
<tr>
<th>Factors</th>
<th>Business life cycle stage</th>
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<tr>
<td></td>
<td>Start-up</td>
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<td>Emphasis</td>
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<tr>
<td>Role of sales force and selling partners</td>
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<td>Size of sales force</td>
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<tr>
<td>Degree of specialization</td>
<td>★</td>
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<tr>
<td>Sales force resource allocation</td>
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Underlying customer strategy

- **Create awareness and generate quick product uptake.**
- **Penetrate deeper into existing segments and develop new ones.**
- **Focus on efficiently serving and retaining existing customers.**
- **Emphasize efficiency, protect critical customer relationships, exit unprofitable segments.**

*Source: Andris A. Zoltners, Prabhakant Sinha, Sally E. Lorimer – Match your sales force structure to your business life cycle, Harvard Business Review – Special Double issue: Sales, July-August 2006*

These variables are critical because they determine how quickly sales forces respond to market opportunities, they influence sales forces’ performance, and they affect companies’ revenues, costs and profitability. Businesses tend to change their sales structures only when major events – such as the failure to meet targets, a change in rivals’ strategies, or mergers – force them to do so.

This conservatism doesn’t serve companies well. The sales force structure that works during start-up is different from what works when the business is growing, during its maturity, and through its decline. The four life-cycle phases aren’t mutually exclusive, some companies display characteristics of more than one stage at the same time. These days, businesses tend to go through the four phases more quickly than they used to, which makes it even more important to have a flexible sales force.
During start-up, smart sales managers focus on whether they should depend on selling partners or create their own sales forces. If they decide to set up sales organizations, they pay a lot of attention to sizing them correctly. As companies grow, sizing issue become even more important. In addition, executives must decide when to invest in specialist sales forces. When businesses hit maturity, the emphasis shifts to making sales forces more effective by appointing account managers and better allocating salespeople’s resources, and making them more cost-efficient by using less expensive people such as telesales staff and sales assistants. Finally, as organizations go into decline, sales leaders’ attention shifts to reducing the size of sales forces and using even more cost-efficient ways to cover markets.

3. New roles

These changes in the business environment have made running a sales organization more demanding than it’s ever been. No other function bears such exposed responsibility for delivering on the numbers. The successful sales manager also needs to oversee sophisticated processes for such tasks as customer segmentation – processes that not long ago represented state-of-the-art practice but today are considered sales essentials. In addition, sales managers must take on five new distinct roles [4].

**Company leader.** The sales manager must hit his targets while ensuring that the sales organization’s actions – at all levels and across all channels – support the company’s strategy. Striking that balance means communicating broader goals to the rank and file, so salespeople can connect their day-to-day responsibilities with the big picture; it also calls for effective collaboration with other functions. Sales leaders can no longer think of themselves as working in a tight little box, responsible only for revenue generation and relationship management.

Every sales manager face similar general objectives: achieving revenue growth, launching new products, acquiring customers, expanding business with current customers, improving sales productivity, and containing or reducing selling expenses. Only through strong leadership can sales chiefs make it clear how these goals can be achieved in support of corporate strategy. In fact, at least 15% of a sales manager’s time should be spent establishing and communicating a clear course for accomplishing the current year’s business plan.

The best sales chiefs are, along with the rest of the senior executive team, leaders of the company as a whole. They actively participate in formulating company strategy as well as executing it. No enlightened manager considers entering a new market, expanding the company’s product portfolio, or taking on a new channel without seeking the advice of the sales manager. For instance, a sales chief can
offer valuable insights about the company’s customers: what their particulars needs are, what products are needed on the market [2].

A sales manager can take on an ever higher profile role in a company where the sales function hasn’t traditionally been a priority, such as in a professional services firm or real estate investment trust. In such a case, the sales manager must lead a cultural revolution, building a sales organization that promotes the firm’s commitment to growth in partnership with its customers.

**Customer champion.** If the customer is the king these days, who lives within his inner circle? Of all the functions, the sales organization comes closest, and the sales manager is thus the most effective conduit for funneling customer-related insights to the rest of the senior executive team. The successful sales leader spends more time with customer today not only because they have valuable things to say but also because they demand to be heard by their suppliers’ most senior people.

Customers want close contact with their suppliers’ senior executives in order to understand product strategy, look at new offerings in advance, and help with decisions about new future products will meet their particular needs [3]. They also want top-level contact so they will have someone to call when something goes wrong – an inevitability in even the best of customer-supplier relationships. Of course, it isn’t always easy for suppliers to forge these high-level relationships, especially since customers’ purchasing managers (who are growing more sophisticated and aggressive and are charged mainly with getting the best price) may view such relationships warily.

**Organization architect.** A good sales manager should also spend a significant amount of his time evaluating and occasionally redesigning the sales organization’s structure to ensure that it supports the company’s strategic goals. Often, this involves finding the right balance between specialized and generalized sales roles. As a supplier’s product portfolio grows larger and more complex, though, or if the customers are numerous and form different industries, some sales specialization is usually required. Indeed, the broader the portfolio and the greater the number of markets in which the customers operate, the greater the need for specialization. That need can be met by a sales force of a generalist sales reps supported by a product sales specialists, for instance, or by separate specialty forces dedicated to a single product or market.

**Course corrector.** A sales manager always needs to be looking at some point of the horizon, then designing and redesigning the sales organization to help company get there. Performance is expected, so the sales managers have to manage their organizations for results, using short-cycle data and analysis. Investments in staff, technology, and tools for account planning, forecasting and quota allocation have
made sales performance data - organized by segment, channel, and sales process – more readily available to sales executives.

**Process guru.** As we have seen, CSO’s increasingly must have a dual perspective, looking outward toward customers and inward at their own organization. Over the past decade, they have honed their processes for selling products and services and managing customer relationships. In fact, a sales manager may spend 10% to 20% of her time defining, creating, managing, and improving such processes.

The focus on process has become particularly important as many organizations have moved beyond selling discrete products or services and toward solution selling, putting together bundled offerings of products and services designed to meet important customers’ individual needs. Careful reinvention and over sight of the sales process are critical also in the case of a merger, an acquisition, or a new product introduction.

### 4. Selling to solve

It’s the byword of modern marketing: instead of selling simple products of services, companies sell solutions. That presents particular challenges for sales leaders to manage. Instead of simply getting a customer to choose their products over rivals’, they draw on an array of corporate and external capabilities to design an integrated offering, meant to solve a customer specific problem.

Companies view solutions selling as a way to built strong relationships with customers and earn price premiums for the value they deliver. Because it can be incredibly inefficient and expensive, however, suppliers must identify most strategic customers and offer solutions packages only to them. Even after doing this, suppliers may learn that some of these customers aren’t interested in making the investment on their end. Customers might want to do things the old way, simply completing a transaction to buy a product or service.

Too often, companies commit to solutions selling without completely understanding what they need to be successful. The sales manager considering this approach not only must understand the process but also must structure the organization to support it. That includes having the competencies – somewhere in the organization, if not in sales – to negotiate with external partners who will be needed to help crafts solutions. It also means that the field organization must be trained in solution selling. Whereas the traditional sales relationship involves a series of transactions, selling solutions calls for a consultative relationship in which those who do the selling add value. Finally, the sales manager needs to confirm that the delivery organization has been trained in solutions implementation, since the customer is going to hold the supplier accountable for a single point of delivery.
Conclusions

In recent years, sales leaders have had to devote considerable time and energy to establishing and maintaining disciplined processes. The thing is, many of them stop there – and they can’t afford to, because the business environment has changed. Customers have gained power and gone global, channels have proliferated, more product companies are selling services, and many suppliers have begun providing a single point of contact for customers. Such changes require today’s sales leaders to fill various new roles.

Sales executives understand that the new selling context has real implications for how they hire, train, manage, coach, and retain salespeople. Sales reps must be able to dive deep, answering specific technical questions, and fly high, providing purchase-justification arguments, solid business cases, and assessments of overall performance impact. They must provide more nuanced application knowledge and be able to “unhook” some of what buyers believe they know without alienating them. The pressure to raise the salesperson’s game is all the more intense because, when customers don’t perceive any added value from their interaction with a seller, the buying process can shift dramatically.

The pressures on a sales manager come from without and within, from above and below. This article laid out a daunting portfolio of roles that a sales leader must embrace if his organization is going to provide the profitable top-line growth the company expects. Over time, the job description is likely to become even more demanding. A sales manager must hold the view that a sales, as a function, is continuously evolving. There is no constant state, only a state in which you are clear about what you need to be changing to in order to succeed.

References

