The data, tools, and analytics that companies are increasingly using to improve their sales forces will not only help top performers shine, but they will also help drive sales force laggards to the middle of the curve.

The New Science of Sales Force Productivity

by Dianne Ledingham, Mark Kovac, and Heidi Locke Simon

Bob Brody leaned back in his chair, frowning. Corporate wanted another 8% increase in sales from his division this year, and guess whose shoulders that goal would fall on? Ah, for the good old days, when he could just announce a 10% target, spread it like peanut butter over all his territories, then count on the sales reps for each region or product line to deliver. Sure, some would fall short, but the real rainmakers would make up the difference. Today, the purchasing departments of Bob’s customers used algorithms to choose vendors for routine buys; pure economics often trumped personal relationships. For more complex sales, purchasing wanted customized end-to-end solutions. There’s no way one person could close those deals, no matter how much golf he or she played. Most of the time, you needed a team of product and industry experts, not to mention rich incentives and a lot of back-office support.

The fact was—he knew he’d have to face it sooner or later—Bob was overwhelmed. Nothing about the sales process was as simple or predictable as it used to be. Eight percent growth? He wasn’t even sure where to start.

If this little fable sounds familiar, it’s because managers often face similar problems. Over the past few years, we have worked through these sorts of challenges with dozens of senior executives in Brody’s position. Even though the world around them was changing, they were still handing down targets from higher management and religiously putting more feet on the street, hoping that some of those new reps would once again save the day. Even arbiters of best practice such as General Electric can recall the wing-and-a-prayer style that, until recently, characterized their sales efforts. The company would give each individual his or her patch and say,
“Good luck, and go get ‘em,” observes GE’s Michael Pilot, who started his career 22 years ago as a salesperson at the organization and is now president of U.S. Equipment Financing, a unit of GE Commercial Finance.

Today, the savviest sales leaders are dramatically changing the way they run their groups. They are reinventing their sales approaches to respond to new market environments. They are expanding their lists of target customers beyond what anyone had previously considered. They are boosting their sales reps’ productivity not by hiring the most-gifted individuals but by helping existing reps sell more. (See the exhibit “More Reps, or More Productivity?”) As a result, their companies are growing at sometimes startling rates. Pilot’s division—a large group in a mature industry—added $300 million in new business (about 10% organic growth) in 2005 alone, an improvement he attributes specifically to a reinvention of the operation’s sales process. Similarly, SAP Americas, under president and CEO Bill McDermott, has more than doubled its software license business in three years, increasing its market share by 17 points.

What these leaders have in common might be called a scientific approach to sales force effectiveness. It’s a method that puts systems around the art of selling, relying not just on gut feel and native sales talent—the traditional qualities of the rainmaker—but also on data, analysis, processes, and tools to reload the boundaries of markets and increase a sales force’s productivity. The goal isn’t to replace rainmakers but to narrow the gap between the top 15% or 20% and the rest of the sales force. Companies that use the tactic well have found that, while even top sellers do better, reps in the lower quartiles show dramatic improvement, with productivity jumps of 200%. Such increases enhance the performance of the sales team as a whole and enable a company to reduce the expense of hiring new reps. Some firms using the approach have seen their average sales per rep increase by as much as 50% in two or three years, though most gains cluster around the 30% mark.

No latter-day Arthur Miller is likely to write a play about the practitioners of the new method; the drama is in the results, not the details. But if “the future of business is to do things by design, not by chance,” as one sales leader put it, this new science may be what’s required of the men and women charged with bringing in a company’s revenue.

Putting Science into Sales
GE’s Pilot understands how extensive a reinvention can be. As recently as the mid-1990s, the company was still
More Reps, or More Productivity?

Companies that choose to take a scientific approach to sales force effectiveness may want to evaluate the two options shown here. The growth target for this fictitious global manufacturer—in this case an increase in revenues of $1.1 billion over five years—can be attained through various combinations of productivity improvements and new hires. But the cheapest and most effective route is usually to increase productivity as much as possible through use of the four levers—targeted offerings; optimized automation, tools, and procedures; performance management; and sales force deployment—and only then to put more feet on the street. The management challenge is ensuring that you have put enough science into your sales organization to drive that productivity predictably.

![Productivity improvement approach diagram]

**Year 0**
- $1.4 billion in total sales
- 500 sales reps
- $2.6 million sales per rep

**Goal:** Increase revenues by $1.1 billion in five years

**Year 5**
- $2.5 billion in total sales
- $4.4 million sales per rep

**Capacity increase approach**
- 750 sales reps
- $3.2 million sales per rep

**Sales per rep**
- (in millions)

- $5
- $4
- $3
- $2
- $1

**Number of sales reps**
- 500
- 600
- 700
- 800

Expecting sales teams to assemble and prioritize their own database of prospects for their territories. The company’s field sales managers even manually classified all the names in the division’s database as either high priority or low priority. “We relied on telephone books,” recalls Pilot. “And newspapers. And signs on trucks as they went by or signs on buildings.” By 2004, says Pilot, he knew that GE Commercial Finance had to “put some science into it.”

Pilot’s first step was to revise the way he segmented customers—by using data that included records of past company transactions. The new database held information such as four-digit standard industrial classification codes, the type of equipment being leased, and so on. Then Pilot asked his field managers to create a list of prospective-customer characteristics, criteria that they believed would correlate with a customer’s likelihood of doing business with GE. He took the 14 features they came up with, ran regression equations against the database of transactions, and identified six criteria that had high correlations. If a prospective customer tested well on those six criteria—such as predicted capital expenditures and number of filings for new business transactions—the probability that it would do business with GE was high.

The division scored its list of prospects based on the six attributes and then worked the new list for a while. Something interesting emerged. “We found that the top 30% of prospective customers were three times more likely to do a deal with us than the bottom 70%,” says Pilot. In other words, that top group was made up of the new highest-priority prospects—and yet only about half of them had previously been classified as high priority by sales managers. The company had, in effect, identified 10,000 new high-priority prospects that it would otherwise have overlooked.

But it wasn’t just the increase in sales acreage that made the difference; the new information also allowed Pilot to redesign his sales force. For example, he could take on the difficult job of restructuring territories, ensuring that each one contained plenty of opportunities.

Dianne Ledingham (dianne.ledingham@bain.com) is a partner with Bain & Company in Boston. Mark Kovac (mark.kovac@bain.com) is a partner in Dallas, and Heidi Locke Simon (heidi.lockesimon@bain.com) is a partner in San Francisco. All three are leaders in Bain’s Global Performance Improvement practice.
Companies that use a scientific approach to sales force effectiveness have found that reps in the lower quartiles show dramatic improvement, with productivity jumps of 200%.

faster. “So much of the process of ramping up salespeople is just pointing them at the right targets,” he says. “If you can do that, you’ll get a big boost in productivity.”

Pilot also used the information to support his sales force with new tools and processes for the field, such as targeted marketing campaigns that zeroed in on high-potential segments. Now every lead and piece of business generated gets tagged to a particular campaign. “It helps you think about what worked, what didn’t, and where to double down and spend dollars for greater return on the marketing side,” says Pilot.

The division’s $300 million in new business for 2005 reflects both an increased sales pipeline and a 19% higher rate of conversion, or closings, in a market the company once believed was maturing. That revenue, Pilot notes, “is coming from customers that we know we wouldn’t have been calling on” without the new approach. “At the end of the day,” he says, “it’s about building our business around customers and finding ways to help them grow.”

Setting Targets
Setting annual sales objectives is any company’s first step in creating a sales plan. Like our fictional Bob Brody, sales leaders have traditionally set goals based on upper management’s aspirations for the company. Since those ambitions typically reflect shareholder expectations, they can’t be ignored. But sales leaders too often apply the targets across every region and segment, without gathering the market and competitive data that would make their goals more realistic. Since variations across regions and segments are probable, sales reps often end up with quotas that are unrealistically reps’ motivation by developing an online personal compensation rate calculator. “People can actually go in and say, ‘OK, here’s where I’m at right now in the quarter,’” says Sidhu. “It tells them exactly what the deal will mean to them financially.”

Two years ago, Aggreko North America, a division of UK-based equipment rental company Aggreko, adopted a scientific approach to goal setting with dra-
can do so because the question of how to boost productivity is no longer a mystery to them. (See the sidebar “TOPSales: A Science-Driven Approach.”) On the contrary, they have learned to use four levers that make productivity increases both predictable and manageable.

**Targeted offerings.** Most organizations already know how to gather the data that enables them to segment their customer base. But companies pursuing a scientific approach boost productivity by taking segmentation one step further. They systematically divide their customers according to factors such as potential value of the account, share of wallet, vertical market, type of product, and type of sale. They define roles and support a team approach with a careful architecture and smart management.

**Targeted offerings** aimed at individuals with a net worth of more than $25 million have made a big difference to Citigroup’s private banking operation. That group serves business owners, real estate developers, lawyers, professional athletes, and other specialized segments, each with particular challenges and needs. “The industry has changed a lot in 15 years,” says Todd Thomson, chairman and CEO of Citigroup’s Global Wealth Management division. “It used to be about selling stocks and bonds and then mutual funds and other things. It was mostly transaction-based.” Today, Citigroup focuses less on selling investment products – commodities that can be bought and sold anywhere – and instead offers wealth management services and advice on how to reach short-, mid-, and long-term goals. The products, while still important, are secondary.

To make the transition, Citigroup stayed focused on two things. First, instead of simply growing its adviser and banker base, the firm made investments in the professional development of its people and platforms, such as by providing their private bankers with finance and business training taught by leading business school professors. Second, the company segmented its clients by type and created dedicated teams focused on supporting the needs of each client group. “We have a set of products, including risk management tools, that have been crafted and directed toward real estate developers,” says Thomson. “When our private bankers and their teams show up to talk to a developer, we’re smarter about what they need and how to deliver it than the competition is.” The private bankers – the team coordinators – are encouraged to increase the reach of Citigroup’s management expertise, which includes dealing with equities, fixed income, trust management, and even cash management for entrepreneurial businesses.

“Over the past year, we’ve encouraged our people to think about how to solve [customers’] problems, and we’ve seen a massive increase in assets from those clients,” Thomson says. The result: Citigroup’s U.S. private bankers generate an average of $5.5 million per rep in revenue, compared with about $4 million average sales per rep in the rest of the industry.

**Optimized automation, tools, and procedures.** “Sales force automation” has become a buzz term in recent years,
and many companies are putting IT-based tools to work to improve sales force productivity. Aggreko North America uses CRM software with a "profitability predictor" that allows its reps to tweak an offering if margins aren't where they should be. GE Commercial Finance has Monday morning sales meetings that are facilitated by a "digital cockpit" that lets managers peer into reps' pipelines. Cisco, famed for its Web-based sales tools, knows that technology is effective only if it supplements and complements disciplined sales management processes (such as routine, detailed pipeline discussions based on a well-understood characterization of various stages in the pipeline and systematic channeling of leads to sales reps).

A dramatic transformation at SAP Americas, in particular, shows how important systematic processes can be. When McDermott took over in 2002, one of his first moves was to set standards for individual sales reps that reflected the market potential: $500,000 for the first quarter of the next year, $750,000 for the second quarter, and so on. The quarterly targets alone dramatically changed many people's thinking; traditionally, SAP reps had always counted on a big fourth quarter to pull themselves through the year. Instead of allowing reps to scramble to meet annual sales goals at the end of each year, that would team up with SAP to close the deals.

Merely setting such goals, however, is not enough. Supporting them with management processes, selling materials, and automated tools for measuring leading indicators and results is what makes outcomes more predictable. For example, reps are regularly informed about key industry trends and about which of SAP's comprehensive product offerings will be most relevant and valuable that year for a target segment. When reps identify clients that could make better use of key SAP products to address an industry trend, "your whole marketing muscle and your pipeline muscle are really focused on letting those clients know that they're leaving

For a company to rely on the persuasive or relationship-building powers of a small group of talented individuals is simply insufficient.