



## Target and position article

# The transformation of professional selling: Implications for leading the modern sales organization

Javier Marcos Cuevas<sup>a,b,\*</sup>

<sup>a</sup> Cranfield School of Management, College Road, Wharley End, Cranfield, Bedford MK43 0AL, UK

<sup>b</sup> University of Cambridge IfM ECS, Charles Babbage Road, Cambridge CB3 0FS, UK

## ARTICLE INFO

## Keywords:

Sales management  
Professional selling  
Sales transformation  
Sales leadership

## ABSTRACT

The nature of professional selling has transformed profoundly over the last few decades resulting in a fundamental redefinition of the role of the sales force. Despite this evolution, there is recognition of the relevance of 'traditional' sales approaches, resulting in an increasing polarization between transactional and strategic or consultative selling. Drawing on interview data with senior sales leaders, sales consultants and prominent sales academics, I synthesize three key drivers for change and identify a set of core transformations sales forces are undergoing: The composition of the offer that suppliers bring to customers, the nature of the relationships between suppliers and customers, and the configuration of sales organizations and the role of sales people. The paper reveals the need to reconcile seemingly disparate approaches to managing sales forces if sales professionals are to become genuine enablers of customer development. It outlines the tensions that underpin the management of both transactional and strategic selling, suggesting the adoption of ambidexterity and paradoxical leadership in the management of modern sales organizations.

## 1. Introduction

It is widely recognized that professional selling and sales management is changing rapidly and significantly. In the last few years, market forces have combined with businesses' internal pressures to improve sales force effectiveness across most sectors. Moreover, investments in the sales function have recently come under scrutiny, and the sustainability of some sales force models called into question with the rise of new channels and technologies (Neslin & Shankar, 2009; Sharma & Sheth, 2010). The analysis of activities in professional selling reveals a fundamental shift in 'what a sales person does'. Moncrief and Marshall (2005) describe 49 selling activities required of today's industrial salesperson that were not present two decades earlier (Moncrief, 1986). Furthermore, selling behaviors linked to success in the past, are not necessarily the right behaviors for today's team selling environment (Ahearne, Lam, Mathieu, & Bolander, 2010; Evans, McFarland, Dietz, & Jaramillo, 2012).

Professional selling is also becoming increasingly polarized. On one hand, there is growing systematization of sales operations and activities (Parvinen, 2013). This approach often relies on digital technologies and third parties such as distributors in order to optimize sales costs (Sharma & Sheth, 2010). On the other hand, higher quality service expectations from strategic customers is forcing sales organizations to

make customer-specific investments, allocating dedicated resources and adopting co-creation approaches to generate value (Lemmens, Donaldson, & Marcos, 2014; Töytäri & Rajala, 2015).

In this article, I present the findings of a study which purpose is to map the transformations of professional selling and to outline some key implications for leading the modern sales organization. In so doing, I bring together relevant academic contributions to the field and insights from 37 interviews with sales leaders from businesses, senior academics, and professionals from international sales consultancy firms. This article contributes to sales management research firstly, by integrating academic debate with observations from practice, showing the high degree of convergence of themes and viewpoints with regards to the transformation of professional selling. Secondly, by revealing the need to reconcile seemingly disparate approaches to managing sales forces if sales professionals are to become genuine enablers of customer development, the focus of this special issue (Sharma & Syam, 2017). In so doing, the paper describes the tensions that underpin the practices to enhance sales performance in increasingly complex sales environments, and offers a fresh perspective on sales management grounded in the concepts of ambidexterity and paradoxical leadership.

\* Cranfield School of Management, College Road, Wharley End, Cranfield, Bedford MK43 0AL, UK.  
E-mail address: [javier.marcos@learning4performance.net](mailto:javier.marcos@learning4performance.net).

<https://doi.org/10.1016/j.indmarman.2017.12.017>

Received 16 March 2017; Received in revised form 15 December 2017; Accepted 23 December 2017  
0019-8501/ © 2017 Published by Elsevier Inc.

## 2. Key drivers of change in selling and sales management

The factors underpinning sales force transformation can be synthesized into a set of three key trends: the nature of customer behavior and evolving expectations of professional buyers, the opportunities (and disruption) offered by new and digital technologies, and the enhanced levels of globalization and competition.

### 2.1. New buyer behavior and rising customer requirements

In the last few years, business-to-business (B2B) markets have experienced significant change in the relationship between customers and their suppliers. Sophisticated customers are increasingly more powerful and thus, seeking to achieve savings and capture more value by adopting supplier segmentation and other procurement strategies. This has often resulted in reductions of 40–90% in their supplier portfolio (Ulaga & Eggert, 2006).

Procurement has become a strategic function linked to the customer's business plan with responsibility for realizing higher profit margins, containing costs and contributing to superior shareholder value (Janda & Seshadri, 2001). Increasingly, professional purchasing managers use complex sourcing metrics to select the “right” suppliers, and dictate the terms of the relationship (de Boer, Labro, & Morlacchi, 2001; Talluri & Narasimhan, 2004). Overall, buyers are demanding more value, not just from the product or service but from the relationship, and want to access specialized supplier capabilities in the best possible terms and conditions.

Likewise, the process of creating value for the customer is undergoing dramatic change. Traditionally, value creation was embedded in a pre-determined product or service. This approach largely ignored the possibilities of value which is co-created with the customer and manifested “in-use” (Vargo & Lusch, 2008). In an effort to move away from commoditization, a new conception of value creation is emerging, in part due to a servitized, knowledge-driven economy. Suppliers and customers now co-create value in the context of the application of products and services within the customer's business adapting the offering to suit very specific needs (Viio & Grönroos, 2014). Some sales organizations respond to these changes by providing opportunities for joint collaboration and innovation or by adopting partnering approaches to offer customized solutions. This is now becoming the norm when dealing with networks where strategic customers are involved (Hakanen, 2014).

A recurring theme in the customer-buyer literature is the increasing power of buyers negotiating higher demands from selling organizations (Herbst, Voeth, & Meister, 2011). Two factors appear to explain the change in supplier – customer relationships. Firstly, the availability of information, that has brought about more transparency and greater product knowledge that buyers use to their advantage. Competitive offerings in the market place can be easily evaluated; even feedback from current or past customers is now more widely accessible. Secondly, buying power has consolidated among fewer customers because of mergers and acquisitions as well as international expansion of key players in many sectors.

The result of a more powerful position means that customers can, and do demand more. At the same time, senior management in customer organizations is asking the procurement function to add more value, and to achieve higher levels of cost reductions, without compromising mission delivery. A renewed focus on ROI is driving companies to request more compelling and measurable evidence of the supplier's ability to add value for the customer's business (Enz & Lambert, 2012). Corporate procurement is developing into a strategic function, and in many industries, procurement's role in driving company success is becoming more widely acknowledged.

### 2.2. New information and communication technologies

Over the last few decades, unprecedented advances in information and communication technologies have profoundly changed the way in which sales organizations operate. Technology is facilitating new ways of working, opening new opportunities and challenges for sales professionals. Traditionally, field sales professionals were the primary source of product and service information for the customer. This has, in many cases, disappeared as customers now access easily information via the Internet (Sheth & Sharma, 2008). As a result, basic tasks such as information retrieval are more efficient and often handled by systems more effectively, which puts into question the sustainability of the traditional role of information provision of the sales person (Rackham & de Vincentis, 1999).

On the other hand, the source of customer insight and intelligence is also changing. Over decades in industrial markets, the salesperson was the primary source of customer knowledge. Today, information systems are providing new opportunities to retrieve, synthesize and analyze customer information. Thus, customer insights are becoming an organizational capability (Maklan & Knox, 2009), and social media and data analytics are enabling the generation of novel and unique customer insights (Arnett & Badrinarayanan, 2005; Marshall, Moncrief, Rudd, & Lee, 2012).

Technology has also accelerated sales operations. Advances in technology are not only facilitating customer interactions but also allowing supplier organizations to have a better understanding of their cost structures and customer profitability. Marketing and sales investments in selected customers, segments and channels can become more transparent. Sales people are becoming ‘knowledge brokers’ (Verbeke, Dietz, & Verwaal, 2011) who need to blend their tacit customer insights with information from across the organization to better manage customer relationships and to identify untapped business opportunities. Thus, technology can become an enabler for the development of enhanced sales knowledge. Sales people's knowledge structures have a profound effect on sales performance (Sharma, Levy, & Evanschitzky, 2007).

Technologies are also disrupting the ‘service provision’ role of sales forces. Online platforms can, in many contexts, provide opportunities to deliver quality customer service reducing the need for expensive face-to-face sales interactions. Artificial intelligence and machine learning is supplanting mechanistic and administrative transactions such as invoicing. This has challenged sales leaders to think about the strategic role of the sales force: what should be the focus of the sales force and what the contemporary approaches to adding customer value in sales are (see Blocker, Cannon, Panagopoulos, & Sager, 2012; Moncrief & Marshall, 2005) (Table 1).

### 2.3. Globalization, concentration and competition

The business landscape in many sectors and across different economies has dramatically changed because of greater market liberalization in some sectors (professional services, airlines for instance), and higher levels of regulation in others (food, pharmaceuticals, financial services). Large-scale mergers and acquisitions have resulted in increased concentration in many sectors, re-shaping competitive landscapes. Thus, traditional sales territories and regions are losing relevance to regional and global customers. This suggests that more strategic customer management roles may be needed in sales organizations (Davies, Ryals, & Holt, 2010). Global account management programs proliferate as a result, and it is argued that local sales organizations play an essential role in the implementation of these programs, taking into account that global customers often buy from the same supplier but at different geographic locations (Panagopoulos et al., 2011).

The global economy has witnessed a dramatic change of cycle in mature markets, particularly through the financial and economic crisis

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