Information Technology and Strategic Sales Management

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Abstract: Sales executives normally think of sales management tools as a way to automate and streamline sales processes (i.e. sales force automation). While delivering important operational benefits, sales force automation is just the first step in realizing the full potential of technology in the sales organization. Companies that fully utilizing sales management tools have moved beyond sales force automation technologies to implement strategic sales tools. They draw on technologies that support the analysis of customer and competitor information to improve the strategic focus of sales activities. They have also move beyond simply winning sales force acceptance of new sales management technologies to create a sales culture where the sales force becomes active contributors to the development of knowledge about customers and competitors.
Introduction

Sales force automation (SFA) has become a key priority for many sales executives. Driven by the need to stay ahead of competitive trends, companies both large and small are spending an average of $10,000-$13,000 and up to $38,000 per sales representative to automate paper-based sales and service processes.\(^1\) Sales executives justify these large investments with the promise of operational cost savings and increased sales force productivity. Indeed, successful implementers of SFA technology have realized productivity gains per sales representative of up to 30% and reductions of up to 25% in the cost of selling.\(^2\)

While the operational benefits of sales force automation are significant, our research suggests that the true potential of sales management technologies lies not in automating paper-based processes but in creating a platform for redesigning the sales organization around information management. In an information based sales paradigm, sales management tools are used not just to streamline sales processes but to improve the strategic focus of sales activities. Information on customer profitability is used to target and segment customers.\(^3\) Information on customer purchasing patterns is used to identifying opportunities to grow customer relationships. Information on “best practice” sales tactics and competitors’ product offerings is used to improve product positioning.

Returns from improving the strategic focus of sales activities can be two to three times as great as returns from simply automating paper-based processes. In preparing for a sales force automation project, sales executives need to keep this broader goal of shifting toward an information-based sales paradigm at the forefront of their planning.
Preparing for this shift has important implications for both technological and organizational planning.

Sales executives that want to capture the strategic benefits of a sales tool need to select and develop sales systems that do not just automate the capture and dissemination of customer information but help create a more analytical selling process. Sales force automation technologies or what we call first generation sales management tools draw on technologies that automate information management. Strategic sales tools or what we refer to as second and third generation tools, on the contrary, draw on technologies that support information codification and analysis.

Sales executives that want to capture the strategic benefits of a sales tool also need to prepare for a significant change to the culture of a sales organization. Implementing a sales force automation tool is much like a standard change management project. It requires changes to leadership, process, rewards and training. While all organizational change is difficult and many sales force automation projects fail, the parameters for successful change are at this point fairly well understood. In implementing a strategic sales tool, by contrast, managers are typically entering new ground. Harnessing the strategic benefits of a sales tool requires developing a systematic approach to knowledge management. The success of strategic sales tools depends on turning the sales force into active contributors to knowledge development.

These conclusions emerge from data collected in twenty-eight companies that recently introduced new sales management tools. Our sample companies included banks and insurance providers, telecommunications products and services companies, computer, network and software products providers, logistics services companies, and
travel services companies. Firm visits and detailed data collection at five of these companies was used to structure our data collection instrument. At the other companies, we collected data through phone interviews. At each company we attempted to interview executives in both the sales and technology organizations. In addition to a primary data collection, we reviewed a large number of reports and articles on new sales tools.

**Automation of Sales Processes**

By one estimate sales along with marketing costs average 15% to 35% of total corporate costs. A sales force automation tool or first generation sales tool can improve the productivity of this costly resource by automating information management to help the “sales force more efficiently manage their sales territory and sales managers to more efficiently manage sales representatives.” The basic building block of all first generation sales tools is a sales productivity system. Sales productivity systems help sales representatives manage the sales cycle for both current and prospective customers.

Sales productivity systems can be used to schedule sales calls, highlight key dates in the sales cycle (e.g. dates for follow-up contacts after initial sales call, renewal dates, etc.), to record all contacts to prospects, finished sales proposals and closed sales deals. Sales productivity tools also can be used to improve the efficiency of administrative tasks including order entry, proposal development, expense management and monitoring of orders and inventory status. All twenty-eight of the companies we spoke to were using a sales force productivity system that included all or most of these functions (Table 1).

A second key building block of a first generation sales tool is a service quality system. Service quality systems draw on a note taking function within a sales
productivity tool to allow sales representatives to record and archive contextual information on customer interactions. By supporting distributed information sharing, service quality systems improve the quality and efficiency of customer interaction. Customer information only needs to be shared with the company representative on one occasion. And during each subsequent customer interaction employees have access to a detailed record of the customer’s relationship with the company.

Service quality systems were originally designed to support employees working in call centers. USAA, for instance, introduced this type of system into its claim services areas to maintain a personalization of service as customers interacted with different members of claims services team. Recording information allowed each call to be

[Table 1 about here]

cumulative even as a customer interacted with different employees. Service quality systems have been taken over into the sales organizations as a way of coordinating sales contacts to business customers, particularly large and diversified companies with multiple sites and locations. About three-quarters of the companies we spoke to used a service quality system in conjunction with their sales productivity tool.
Marketing encyclopedias are a third key element of first generation sales tools. Marketing encyclopedias make it possible for sales representatives to review information on a company’s products, pricing, and product features on-line. They contribute to the quality and efficiency of customer interactions by minimizing the amount of time sales representatives spend searching through product catalogues and brochures.

Cisco Systems, for instance, has created a search tool that allow sales representatives to query the equivalent of three telephone books of product information to come up with a small set of possible product choices in seconds. Charles Schwab, similarly, helps its brokers effectively manage relationships with investors from remote call centers by giving them access to sales systems with detailed information on product offerings and product campaigns. Because integrating marketing encyclopedias into a first generation sales tool adds an additional level of technical complexity, only about 50% of the companies we spoke to make on-line product information available to sales representatives.⁹

By automating all the processes surrounding customer management, first generation sales tools improve the performance of the sales organization in three ways. They allow the sales force to spend more time selling. They improve the efficiency of sales management activities. And, they help maintain continuity in customer relationships in the face of sales force turnover.

**Increased Time on Selling.** By automating paper-based tasks such as scheduling sales calls, writing letters, compiling sales reports, and entering orders, a sales force automation system allows the sales force to spend more time on selling. The introduction of a sales
management system at Xerox, for instance, lead to a 10%-20% increase gain in sales force productivity.\textsuperscript{10}

The automation of customer management and account maintenance activities at a division of Baxter International, similarly, helped sales representatives to reduce the amount of face-to-face contact with small business customers and expand the number of customer accounts managed by 10-15% without doing damage to the quality of relationship management. Rather than visiting small business customers in person four times a year, with the help of the sales management tool the number of personal visits were reduced to two times a year with the other two contacts managed over the phone or through a mailing campaign.

**Efficient Sales Management.** Automating customer contact not only improves the productivity of the sales force but also improves the productivity of sales managers. The information processing capability of the sales management tool improves the efficiency of sales reporting and monitoring. It allows reviews, evaluation, and much of the feedback to sales representatives to be done on-line. Sales managers can review a sales representatives performance (e.g. is the representative not making enough calls, or making lots of calls but not closing deals, or targeting too many of the same type of customer) and then post recommendations directly in a sales representatives electronic in-box.

On-line posting of recommendations supports continuous communication between regular performance reviews. It can also support cost reductions. Upon fully implementing its sales force automation tool, one company found that it saved close to $3000 per sales representative just by shifting to paperless reporting. This was enough to
fund new computer purchases in the first year after implementation and then to purchase software upgrades in the following years.

**Continuity in Customer Relationships.** First generation sales tools not only improve the efficiency of sales management activities but by capturing information on customers can also help new sales representatives get up to speed more quickly. The sales function has always had particularly high turnover. One study of the banking industry found that sales employees with direct customer contact had two to three times the turnover of managers and back-office employees. A study of job tenures and performance among 18,000 sales representatives across a dozen different industries found annual first year turnover rates of close to 40% to be typical of the sales function in all types of companies.

Recording all customer contact and customer information electronically can mitigate against the effects of employee turnover. It allows the sales organization to begin to build a relationship with a customer independent of a particular sales representative. If a sales representative retires, leaves, or takes an offer with another firm, the company does not have to start over from scratch in building a relationship. The new sales representative takes over a territory with more contextual knowledge about existing customer relationships and a sales funnel partially filled with customer prospects. By one estimate, the presence of an SFA technology can increase a new sales representatives productivity by up to 30% in their first year on the job.
Strategic Sales Management

By raising the productivity of the sales organization and improving continuity in customer relationships, automating information management is an important first step in helping companies shift towards an information-based sales paradigm. But the automation of information management alone is akin to what Hammer and Champy have referred to as “using technology to pave the cowpaths.” Technology is introduced to support a business process without making basic changes to the processes that allow technology to realize its full potential. To realize the full potential of a sales management tools, companies need to use the information captured on customers and competitors to create a more analytical sales process.

Using a sales tool to analyze customer and competitor data allows companies to improve the strategic focus of sales activities (Figure 1). A first step in improving the strategic focus of sales activities involves drawing on data on customer purchasing and customer contact to begin to segment customers according to their profitability. The second step in improving the strategic focus of sales activities involves using data on customers and competitors to identifying and act on promising new growth opportunities.

Managing Customer Profitability

It is a rule of thumb in sales organizations that 30% of customers account for 70%-80% of profits. When a company focuses on customer profitably it begins to ask not just which customers are they in contact with, but which customers they want to be in contact with. Managing customer profitability requires capturing and comparing data on
the revenues earned from a customer account (i.e. what is the total volume of products sold to a customer, what are the margins on these products) with the cost of managing a customer account (i.e. how frequently do we have customer contact, what are the main channels of contact, how much does each contact cost). Comparing earnings to costs on each customer allows a company to tailor the level of customer contact to the customer's contribution to profits.

Managing customers according to their profitability has become increasingly common in telemarketing and direct selling efforts. Companies like Fedex, AT&T, and First Card are using vast databases of customer information to organize customers into a large number of sub-segments based on product purchases and profitability. The databases are built up from customer purchasing information that comes in through direct mail, telemarketing campaigns, and point-of-sales transactions. Mining of this customer data is used to make decisions about which customers to contact, what products to offer them, and which customers to drop from future marketing efforts.\textsuperscript{15}

Accurately estimating the profitability of customers managed through the field or call-center based sales organization is much more difficult than estimating the profitability of customer's managed through telemarketing. It requires merging information on customer purchasing and customer contact from marketing campaigns, a far flung sales force, and the service workforce. To effectively manage customer
potential, companies need to develop sales tools with second generation functionality. The basis of second generation sales tools are relationship management software systems that draw on distributed information sharing between the marketing, sales, and service functions to create an comprehensive overview of each customer account. They go further than sales productivity systems or service quality systems to display both the revenue data earned from customer sales and all points of customer contact. This overview of customer contact can then used to estimate customer profitability.

Given the difficulties involved in bringing together information on customer purchasing and customer contact, most companies have not invested in systems that help to estimate customer profitability. Most simply stop at making customer purchasing information available to their sales representatives. Seventy-six percent of the sales organizations we spoke made revenue data available to their sales representatives but less than 20% made profitability data available to their sales representatives or sales managers. A survey of sales executives in 200 global companies similarly found that only 26% of respondents currently measured customer profitability. But the survey also found that 50% of respondents planned to make customer profitability a critical performance measure by the year 2002.16

The growing priority sales executives place on measuring customer profitability stems from the potentially dramatic impact this information can have on sales performance. When one of the banks we spoke to started to track the profitability of its small business customers, it realized it was losing about 18% of its most profitable customers each year. It used the data on customer profitability to segment the level of
attention and intensity of relationship management given to each of its small business customers.

All customers contributing more than $3,000 in net interest margin were given a dedicated sales representative who were incented to retain and build the portfolio of the most profitable customers. Remaining customers were assigned to branches without dedicated account officers. In the first six months of the effort, customer defection rates among the most profitable customers dropped by two-thirds to an annual rate of 6%. Since the most profitable customers contributed $2,000-$3,000 more net income on average than the $1,000 of the median customer, the impact on the productivity of the sales organization was close to 100%, a much more substantial increase than the 20-30% increase normally achieved by successfully automating customer contact.

Managing Growth Opportunities

Once a sales organization has taken steps to align customer contact with profitability, the next step in developing a strategic approach to sales involves managing growth opportunities. Revenue and profit data shows what customers are currently purchasing but not what they could be purchasing. Companies that effectively manage growth opportunities draw on sales tools with third generation functionality to look for opportunities to deepen customer relationships. Third generation sales tools help sales representatives identify and act on the most promising new sales opportunities. They bring together purchasing profiles that highlight gaps in current customers purchasing with information on competitors to help improve product positioning and product pitching.
Very few companies we spoke to use sales tools with third generation features. Less than 30% of the companies we interviewed used purchasing profiles and less than 25% systematically used competitor information. Companies that want to stay ahead of competitive trends will increasingly be under pressure to develop sales tools with third generation capabilities. Growth opportunities increasingly focus on deepening existing customer relationships rather than acquiring new customers or expanding into new product lines. A recent survey of Fortune 500 companies found that CEOs and Sales Executives consider current customers the most important source of growth in the coming years. CEOs and Sales Executives expected approximately 40% of growth to come through existing customer relationships. All of the other growth categories -- including new customers in existing markets, new products, mergers, and new customers in new markets -- were expected to account for 20% or less of growth.17

**Purchasing Profiles** – Purchasing profiles are a key building block of third generation sales tools. Purchasing profiles create an overview of typical purchasing patterns for a cohorts of customers with similar demographic, geographic, or industry characteristics. They highlight the “average” purchasing for like customers and can be used to flag customers whose purchasing is well above or well below the average.

Purchasing profiles draw are similar principles to predictive models which companies like AT&T and First Card use to expand customer relationships in mass market customer segments. AT&T, for example, draws on vast quantities of from its 80 million long distance customers to predict customer spending patterns in finely segmented customer cohorts. Purchasing profiles are different than predictive models in that they cannot truly predict customer purchasing behavior. They are typically found in
market segments for professional, small business and corporate segments. In these segments there are fewer customers that can be directly compared, making it difficult to actually predict behavior.\textsuperscript{18}

The goal of a purchasing profile is not to predict purchasing levels but to help the sales representative develop a mental model of customer purchasing behavior. Purchasing profiles can serve as a substitute for years of sales experience by codifying knowledge that sales representatives develop over time. As one sales manager remarked, “with more experience the good sales representatives begin to see patterns in the purchasing data.” It is this type of information that a purchasing profile captures. They help sales representatives identify gaps in a current customers purchasing patterns to identify opportunities for up-sells and cross-sells. They can also help a sales representative structure an approach to a new customer by understanding the types of products that this customer prospect is most likely to need.

In the course of our interviews we came across two distinct types of technologies used to create purchasing profiles. The first were scripting tools or expert systems. Scripting tools help sales representatives structure the sales interaction. They identify bundles of products and services that are typically purchased by a group of customers with similar characteristics. They offer sales representatives generic prompts to ask about additional product needs based on customer responses to questions on current product holdings, demographic information, and industry information.\textsuperscript{19} Seabury and Smith, a small business insurers, for example, has a scripting system that prompts sales representatives to sell additional coverages based on existing premium levels, a customer’s industry, revenue size, employee count, and geographic location.
California Federal Bank, similarly, has a scripting system in its Investment Division that makes suggestions on the right mix of investment and annuity products based on a customer’s age, impending major life events (e.g. a child going off to college, purchasing a new home, etc.), risk tolerance, and expected age of retirement. CalFed’s profiling system helped support the shift to a business model based on financial planning and advising in the retail customer segment. The first year this model was in place CalFed was able to increase product penetration for 75% of its targetted customers leading to a 25% increase in revenues per account.

A second type of purchasing profiles draws directly on purchasing data to create customer profiles. Rather than offering generic prompts, these profiles show specifically what customers of a certain type, in a certain industry typically purchase. They allow a sales representative to compare a customer’s current purchasing levels to the actual average purchasing levels of similar customers. A sales executive at a pharmaceutical product companies used the example of selling to business customers that do citrus processing: “there are 20-25 standard test that need to be done when processing Citrus. If we see from purchasing data that they are only buying five of these tests from us then we know that the rest of the business is going to our competitors.”

A telecommunications executive whose company was using customer purchasing profiles gave a similar example of how the profiles help with additional sales: “we know from our purchasing data that our average $100 million dollar insurer has about $300,000 in PBX (local exchange) revenues. If we have a customer that fits that profile billing only $100,000 then we flag that customer as a possible up-sell opportunity.” The use of the profiling tool has helped this telecommunication company sustain 14-16% quarterly
growth through 1996-1997 by identifying opportunities from other telecommunications providers.

**Using Competitor Information** -- The second building block of a third generation sales tool is information on competitors and competitors product offerings. Purchasing profiles help identifying growth opportunities but do not help with positioning products to convert a growth opportunity into a sale. There are two ways that companies can improve the sales force’s access to information on competitors.

The first is by developing marketing encyclopedias which give sales representatives information on both the company’s and competitors product offerings. Marketing encyclopedias with competitor’s product information allows the sales force to do real-time comparisons and negotiations on price. Bell Atlantic, for example, has built a quarterly feed of marketing information from an outside vendor directly into its sales management tool in its small business segment. The marketing information supports regular updates on the latest rates for all products that both it and its competitors were offering. Bank One, similarly, has its product managers feed their national product guides with product and pricing information directly into its sales management tool.

The second way to help the sales force with product positioning is by developing a sales solution database. A sales solution database is a knowledge-based sales tool which captures information about the sales forces experience with customers and competitors. The tools are structured with data fields that allow all key bits of information from a sales transaction to be recorded and stored. These key bits of information can include: the type of product being sold; key decision makers in the target company; significant business events that are effecting demand for the companies
product; key factors that drove the decision to purchase or not to purchase; information on competitors and the competitors’ sales tactics.

By writing up the results of each sales case, sales representatives contribute to a growing body of knowledge on successful selling tactics. Sales representatives can draw on the accumulated knowledge and experience of their colleagues on this knowledge to improve product positioning and product pitching. They can begin to “predict” what tactics will work in selling a certain type of product, in each industry, or against different competitors. For example, by monitoring information collected by its sales force about competitors pricing, a window manufacturer we spoke to used its sales solutions database to adjust its pricing and product offerings in real-time. The database became an “early warning system” allowing the company to react to competitors before losing market share. Vantive Corporation, similarly, uses its sales solution database to track competitors selling tactics down to the level of the individual sales representative.

Creating an Information Based Sales Culture

Neither the operational nor the strategic benefits of a sales management tools can be realized without a shift in the culture of the sales organizations. Traditional sales organizations are inhabited by individuals accustomed to working on their own and relying on an intuitive sense of people and business situation rather than data to make decisions. They are people-oriented and not especially receptive to technology. They would rather spend time in front of customers than entering information into a computer system.
In an information-based sales paradigm, sales representatives need to begin to consistently use technology as part of the sales process. They need to learn to rely on the analytic power of customer data to make decisions. They need to begin to contribute to the gradual accumulation of knowledge on customers. The shift to an information-based sales culture occurs in two steps. The first focuses on winning sales force acceptance of a sales tool. The second on building an organizational infrastructure to manage tacit knowledge about customers and market.

[Table 2 about here]

**Winning Sales Force Acceptance**

Winning sales force acceptance of a sales management tool is a crucial first step in shifting to an information-based sales paradigm. For a company to realize the operational benefits of a sales tool, the sales force must enter all customer contact, continuously update their sales funnel, and make use of productivity tools. Winning sales force acceptance of a sales tool is, however, very challenging. In a widely quoted statistic, the GartnerGroup estimates that 55% of all sales force automation projects fail to fully meet their performance objectives.

The sales managers that we spoke with were unanimous in suggesting that once the sales force has some time to use a sales management tool they come to see the benefit
of electronically managing customer information. Most were also in agreement that the first experiences with a sales management tools is normally one of frustration. In the short term, the sales force experiences productivity reductions as they learn to navigate a new system and allocate time for data entry into their work schedule. It is successfully overcoming this short-term resistance that normally makes the difference between success and failure in a sales force automation project.

Our research suggests successful SFA implementations have all the characteristics of a successful change management effort. They involve changes to process, training, rewards, and leadership.\textsuperscript{21} They also draw on a user friendly technical design to make it easier for the sales force to quickly learn to use a sales management tool.

**Organize Sales Training Around Sales Tool** – A first key building block of a successful implementation are changes to sales force training. Successful implementation of a tool does not appear to require a significant increase in sales force training. Most companies report giving users less than three days of training and training accounts for less than 10% of the costs of an SFA implementation.\textsuperscript{22} A successful implementation does, however, require a reorientation of sales training. Successful implementers put the SFA tool at the center of their existing sales and sales process training. By receiving training on the tool at the same time that they are learning to sell a company’s product, sales representatives learn how to integrate the tool directly into their sales routine. The training is contextualized within their on-going work.

**Change Job Expectations to Reward Tool Use** -- Changes to job expectations and reward systems is a second key building block of a successful implementation. The companies that reported transitioning their sales force most quickly into being proactive
users of the sales management tool were those that changed job expectations and performance reviews to support systems use. At its simplest level, building system use into performance reviews meant that sales managers were expected to note and recognize whether their sales force was regularly updating information in their sales funnel and making use of this information to prospect for customers. Several organizations went beyond the regular updating criterion to actually evaluate the overall frequency of use and the quality of the information provided back through the sales tool.

Companies with more aggressive implementation plans often overlaid changes in performance expectations with positive and negative financial incentives. A sales executive in a telecommunications company described the two-year process of getting their sales force to use the system as a transition from "encouraging to threatening to incenting." In a tight labor market neither encouragement nor threats were sufficient to get the sales force to use the sales management tool. It was only once they changed financial incentives giving the sales force a commission and year-end bonus based on tool use that the tool started to be used universally. Other companies found that positive inducements brought most but not all of the sales force on board in support of the tool. It was only once they began administering fines for sales representatives that were not updating information on a regular basis that they got uniform acceptance.

Ensure Consistency in Leadership Support — A third building block of a successful implementation is consistency in sales leadership support. Sales representatives take cues about expected and appropriate behavior primarily from their sales managers. Sales managers must demonstrate a commitment to using the new technology. They must also persuasively make the case that the system will help bolster organizational
objectives. Similarly, regional and corporate sales leadership must also demonstrate consistent support for sales managers to buy in to using the system. Many of the companies we spoke to reported difficulties in winning sales management support in one of more regions where an SFA tool was implemented. Sales managers and sales executives have with rare exception, come up through the ranks of the sales force. Some will share the sales forces skepticism about technology and may wonder about the value of having their people spend time on doing "data updates rather than selling."

Our discussions with sales managers suggest several strategies for overcoming sales leadership resistance to tool use. The most successful strategy appears to be demonstrating or modeling the economic benefits of the tool. Sales managers respond well to numbers. Making a persuasive case with sales figures and numbers that a sales tool will increase the productivity of the sales force helps many sales managers see the direct benefit they get from supporting tool use. A second strategy is to involve sales managers in creating an implementation plan for the tool. The process of creating the implementation plan can be used to address sales managers concerns and get buy-in. A third strategy is to transition very resistant sales managers out of the organization or out of line sales management duties. As one sales executive commented, "not all our sales managers will make it in a more technologically-based sales world."

Create a User-Friendly Technical Design. A fourth key building block of effective tool use is a user friendly technical design. A user friendly technical design facilitates ease of use for a sales force that is not highly technology literate or technology-inclined. There are three key ingredients to making a system user friendly. The first is to develop a point and click user interface rather than a text driven interface. By overlaying a point-
and-click interface over a mainframe system, a large Caterpillar distributor we spoke with was able to make all its customer information available even its most non-technical sales representatives.

The second element of making the system user friendly is to build a robust query engine into the user interface. While the point and click functions link to applications, sales representatives need to be able to quickly access detailed information on customer accounts, product campaigns, etc. A word-driven query system speeds this process. Charles Schwab and AT&T have both developed natural language query tools that linked common customer descriptions of products to more technical product terms in their product databases.

A third element of creating a user friendly interface is to make sure that the desktops and laptops running the sales management tool are sufficiently advanced to allow information to be accessed relatively quickly. One of the insurance companies we spoke to made the mistake of introducing its sales management tool before upgrading sales representatives desktop computers. The sales management tool took most of the existing processing power, making uploading and downloading information cumbersome and systems crashes frequent. In some offices less than 20% of the sales representatives had computers with sufficient processing power to be able to quickly access the system. Since it took an inordinate amount of time to get information inputted, most sales representatives simply stopped using the system.
Managing Sales Force Knowledge

Winning user acceptance of the sales force tool makes it possible to realize the operational benefits of a sales management tool. To realize the strategic benefits of the tool, however, a company must move beyond acceptance to the sales forces active participation in creating knowledge. As a company moves from first to third generation sales tools, it shifts from needing to capture explicit information about customers (e.g. current customer purchasing, sales wins and losses) to needing to capture more implicit information about the sales force’s experiences and interaction with customers (e.g. logically related products, reasons for the win or loss, competitors’ tactics).

This implicit information is in the heads of the sales force. It comes from interactions with customers and competitors. By converting this implicit information to explicit information that can be used by the whole sales organization, a company can turn its sales force into the “eyes and ears” of the company in the marketplace. Our research suggests three key steps in capturing this implicit information.25

[Table 3 about here]

Standardizing Content and Vocabulary. The first step in making implicit knowledge usable by the broader sales force is standardizing content and vocabulary in a strategic sales tool. Standardizing content means identifying a standard set of elements that should be included in each sales write-up. One of the software product vendors we
spoke of with, for example, created fields in their sales solution database for descriptions of the company, products pitched, the competitor, and the tactics used by the competitor’s sales representative. Creating standardized content helps identifying trends across companies and over time. Standardizing vocabulary means training sales representatives to use a common set of descriptors when they write up sales cases. Bank One, for instance, uses sales process training to create a common vocabulary around writing up sales cases. Creating a standardized vocabulary makes it easier for sales representative to interpret information entered by their colleagues.

**Rewarding Contributions to Knowledge Development.** A second step in harnessing implicit knowledge is rewarding contributions to knowledge development. This means expanding job expectations and changing reward systems so that sales representatives are motivated to create and share knowledge with their colleagues. As with encouraging user acceptance of a sales tool, the most powerful tools for shaping contributions to knowledge are those that encourage sales representatives to think differently about the sales process. SBC Communications, for instance, began to give sales representatives a 10-15% commission on all new business opportunities that came in through and were tracked in the sales management tool. To earn the commission, sales representatives had to complete a description of the key events in sales process that lead to an eventual successful sale.

**Creating a Knowledge Manager Role.** A final step in successfully managing sales force knowledge is developing a knowledge manager role. There must be an individual responsible for deciding on an on-going basis what types of information should be included in sales write-ups and for monitoring the quality of information in the sales tool.
The knowledge manager should ideally be someone with good insight into a company’s selling process and sales culture. At Baxter International, the responsibility for managing the sales tool fell to a former sales representative who became responsible for drawing on sales force knowledge to create customer profiles. In his new knowledge management role he reported directly to the division head. AT&T has assigned the knowledge management role in its commercial market segment to data managers in regional offices. The data managers have traditionally been primarily responsibility for analyzing customer revenue data and generating lead lists and are closest to the sales information.

By supporting the capture, analysis, and dissemination of customer information, sales management tools have the potential to significantly improve sales force performance. Caught up in the benefits of sales force automation, most sales executives focus on the operational benefits of sales management tools. Our analysis suggests that sales force automation is just the first step in a broader transition to an information-based sales paradigm. The true value of a sales tool is creating a platform to manage information about customers and competitors. By harnessing this information, sales organizations can improve the strategic focus of sales activities. The paper also suggests that realizing both the operational or strategic benefits of sales tools requires significant changes to the culture of the sales organization.
Figure 1. From Sales Automation to Sales Analytics

First Generation Sales Tools: Automate Sales Process
- Sales Productivity Systems
- Marketing Encyclopedia

Second Generation Sales Tools: Estimate Customer Profitability
- Sales Productivity Systems
- Marketing Encyclopedia
- Relationship Management System

Third Generation Sales Tools: Identify Growth Opportunities
- Sales Productivity Systems
- Marketing Encyclopedia
- Relationship Management System
- Predictive tools

Operational → Strategic
Table 1. Functionality of Sales Management Tools

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<tr>
<th>Functionality of Sales Management Tool</th>
<th>Companies Integrating Feature (%)</th>
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<tbody>
<tr>
<td>1. First Generation Features</td>
<td></td>
</tr>
<tr>
<td>Sales Productivity Systems</td>
<td>100%</td>
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<tr>
<td>Service Quality System</td>
<td>76%</td>
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<tr>
<td>Marketing Encyclopedia</td>
<td></td>
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<tr>
<td>Company information</td>
<td>48%</td>
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<tr>
<td>Competitor information</td>
<td>24%</td>
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<td>2. Second Generation Features</td>
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<tr>
<td>Relationship Management Systems</td>
<td></td>
</tr>
<tr>
<td>Revenue data</td>
<td>76%</td>
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<tr>
<td>Profitability data</td>
<td>19%</td>
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<tr>
<td>3. Third Generation Features</td>
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<tr>
<td>Purchasing Profiles</td>
<td>29%</td>
</tr>
<tr>
<td>Sales Solutions Databases</td>
<td>5%</td>
</tr>
<tr>
<td>Implementation Strategy</td>
<td>Specific Steps</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Organize Training Around Sales Tool</td>
<td>• put sales tool at the center of existing sales and sales process training</td>
</tr>
<tr>
<td></td>
<td>• allow sales representatives to learn about the tool in the context of their on-going work</td>
</tr>
<tr>
<td>Change Job Expectations and Rewards</td>
<td>• have sales managers assess use of the sales management tool in performance evaluations</td>
</tr>
<tr>
<td></td>
<td>• create monetary rewards and incentives for systems use</td>
</tr>
<tr>
<td>Ensure Consistency in Leadership Support</td>
<td>• demonstrate the economic benefits of the tools to sales managers</td>
</tr>
<tr>
<td></td>
<td>• involve sales managers in developing an implementation plan</td>
</tr>
<tr>
<td></td>
<td>• encourage very resistant managers to transition out of the sales organization</td>
</tr>
<tr>
<td>Develop a User Friendly Technical Design</td>
<td>• develop a point and click user interface rather than a language driven interface</td>
</tr>
<tr>
<td></td>
<td>• make sure that the desktops are sufficiently powerful to run the sales management tool</td>
</tr>
<tr>
<td></td>
<td>• develop a robust query engine to search information in the sales management tool</td>
</tr>
</tbody>
</table>
Table 3. Managing Sales Force Knowledge

<table>
<thead>
<tr>
<th>Implementation Strategy</th>
<th>Specific Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardizing Content and Vocabulary</td>
<td>• identify standard data elements that should be included in all sales write-ups</td>
</tr>
<tr>
<td></td>
<td>• create a common set of descriptors for each element to facilitate communication</td>
</tr>
<tr>
<td>Rewarding Contributions to Knowledge</td>
<td>• use rewards to encourage sales representatives to think differently about sales process</td>
</tr>
<tr>
<td></td>
<td>• use rewards to focus sales representatives on organizational contributions</td>
</tr>
<tr>
<td>Creating a Knowledge Manager Role</td>
<td>• make someone accountable for the quality of information in the knowledge tool</td>
</tr>
<tr>
<td></td>
<td>• choose a knowledge manager with good perspective on the selling process</td>
</tr>
</tbody>
</table>

6 Quote taken from an interview with a senior sales executive for telecommunications products distributor.
9 Product information typically resides in a separate on-line database that must be networked into the sales management tool.


16 Customer Relationship Management Survey, Andersen Consulting and the Economist Intelligence Unit.


18 There is an instructive parallel here to commercial banks efforts to develop predictive models to support credit scoring programs. Banks have had difficulty fully automating credit decisions for loans of more than about $100,000 because above this threshold it is hard to find a sufficient number of comparable customers to create a risk profile.


22 R. Dickie, op. cit. “Sales Force Automation: What’s This Really Cost.”


