

# Does the Sales function have a role in Corporate Innovation?

by Simon Derry & Richard Claessens

Innovation is all the rage! In a globalised economy the only way UK Plc and western businesses can compete on a global scale is not through price but through differentiation, and differentiation comes from innovation.

This is not a new concept, and the creation of an *Integrated Innovation Framework* within the corporate institution is widely accepted, although not that widely practised! The key question is does the Sales function and process fit within the Integrated Innovation Framework?

## What is a 'good' sale?

Part of the 'growing pains' of a business (especially of that from small to medium and onwards) is the recognition that not all sales are good sales. An immature business grabs all business that is on offer, with all thoughts of margin and opportunity cost temporarily suspended, whereas once the business is overloaded with work, some thought needs to be given to the Strategy of the business.

Part of this strategic evaluation of potential sales should be given over to 'innovation'. The Sales function (and all other customer facing teams) should take into account whether a potential sale is 'innovative'. But what does this actually mean? Asking some of the following questions might open up the business to a different type of sale:

- *Will this sale lead to a new product or service range for the business? Does the product or service need a degree of 'product/service modification'?*
- *How will this differentiate our business from the competition? Either in terms of the client or the product/service being sold? Will this make us stand out in the market or is it just a 'me too' sale?*
- *What are the opportunities for on or up-selling new or trial products/services? How likely are we to be able to showcase our NPD (New Product Development) approach through this client?*
- *What will we gain in terms of corporate knowledge and insight from this sale? (see Customer Insight below). Do we have the systems and processes in place to learn from this successful sale?*
- *What is different, odd, peculiar, unique or special about the sales process in this instance? Have we used MarComms (Marketing & Communications) and the sales resources in a novel or different way? Was this new process key to the success of the sale?*
- *Can we use this sale as an 'exemplar' of an innovative sale? Can we learn and reproduce the sale in future?*

## Market Intelligence and the innovation process

There are several ways in which a business can gather useful market insights to assist in the innovation process.

### Market segmentation and customer profiling

By understanding the different types of customers and markets it serves, a business can deploy its salespeople and other resources to ensure that each type is dealt with appropriately and this, in turn, will improve the insight the business gains on its customers. In other words, the salespeople servicing each sector become more expert in those sectors and subsequently develop a deeper understanding of their customer needs in those markets.

Alongside the segmentation of the market should be considered how the resources are allocated to each sector. So the segments themselves need to be clearly 'marked' and understood. Questions to ponder are;

- a. Are salespeople spending an appropriate amount of their time with the most important customers?
- b. What defines the 'most important customers'? For example, high spend, high profit, or strategically important?

### Consultative selling process

Assuming that salespeople are spending time with the right type of customer, how they deal with those customers during their contacts is vital to ensuring that a valuable market insight is obtained. So what are the key steps in the sale that a salesperson must take to achieve this?

- a. In depth pre-call planning to ensure that the customer can be engaged:
  - a. Factually ("Can I trust this salesperson's expertise?")
  - b. Emotionally ("Do I trust the salesperson to work in my interests?")
- b. Asking 'thoughtful questions' which go beyond a list of questions based on pure facts and help to gain a genuine understanding of the customer's motivation and specific needs. Examples of supplementary 'thoughtful questions' might include phrases such as:
  - a. "Tell me about how that came about...."
  - b. "What would be the consequences of that for your business?"
  - c. "What are your hopes and aspirations for your business?"
  - d. "What are your biggest challenges facing the business at the moment?"
- c. *Active Listening* to ensure that all useful information is captured and that salespeople demonstrate to the customer that they are listening, which helps to build rapport and understanding between them and the customer. This is achieved by asking supplementary questions to delve more deeply into subjects and funnelling the discussion down so that some tangible information (specific needs) is identified.

- d. Summarising the main needs identified with the customer, to check understanding and of course to ensure that the most important needs will be addressed with an appropriate and compelling solution. The customer is more inclined to give more information if there is a belief that there is a genuine interest in them by the salesperson!
- e. It is vital that the salesperson records all the genuine needs that have been identified with the customer and not just those that can be met with the current range of products or services. Whilst it may not result in a sale now, it is another rich source of ideas that can drive innovation in the organisation. It is important therefore, that there is a formally recognised process to capture this information so that they may be reviewed at a later time.

### **Customer Relationship Management (CRM) system**

A system for recording useful information pertaining to individual customers is vital in a business, and a CRM system is often at the heart of this process. However, for it to be of any use, it needs to be properly used. Salespeople who are encouraged to look beyond the 'here and now' can really add value to this process by completing data fields on a CRM system even when there may be nothing gained from this in the short term. One piece of information from one customer could become a vital source of market intelligence when considered alongside inputs from hundreds of other customers. Therefore, it is important that salespeople are aware of the significance of this role and that their performance in this area is regularly appraised.

Assuming that information is diligently captured, there needs to be a process in place to ensure that it is used effectively by Marketeers and others who need to know what is going on in the market place. Secondly, there needs to be a feedback loop in place to show to salespeople that their efforts in collecting the data have made a real difference, for example, in developing a product enhancement. Without a positive affirmation, the salespeople may not collect the information as diligently and the opportunity to gain market insight will have been lost.

### **Mystery Shoppers**

There will always be differences in the capabilities between salespeople, be they based on differing levels of experience, capability or individual personality. Therefore, the quality of the market insight information they generate will vary, and one highly effective way to gain accurate feedback on the salesperson and the wider business is to deploy a mystery shopper service.

A mystery shopper service can;

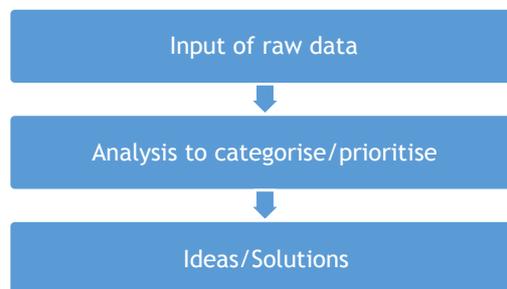
- a. Highlight strengths (for recognition purposes) as well as opportunities for improvement in all areas of the business and not just Sales.
- b. Lead to highly relevant training and development programmes
- c. Identify and correct any systemic failures in the sales process - is the process giving the business information that it needs to understand the changing market and thus innovate?

## The role of Inbound Customer Service (CS)

Complaints and questions to a CS team from customers should be a catalyst for innovation. By understanding the problems and issues of customers and how they relate to the sales process, the sales process can be improved to prevent those issue recurring. Furthermore, improvements are not restricted to the sales process as a valuable market insight can be gained across a wide range of activities in the business. For example;

- a. Does the product work? (Production/Operations)
- b. Does the advertising reflect reality? (Marketing)
- c. Are the instructions/manuals good enough? (Product/Operations)
- d. Does the product/service compare favourably with the competition? (Product/Operations)
- e. Is the product/service reliable? (Product/Operations)
- f. Did the salesperson describe the product/service accurately? (Sales/Training)
- g. Was it easy for the customer to make contact with CS or was this in itself a source of irritation? (Marketing)
- h. Was the customer dealt with properly and promptly or did the issue need to be escalated? (CS/Training)

If 'Chatbots' form part of the customer contact process then these should be programmed to ensure that trends are categorised and logged. Indeed, it is important that all information gleaned by CS is captured systematically and a mechanism established to review it by all stakeholders.



## Finance, Billing & Credit Control - the ignored innovators!

Whilst CS staff can be an important source of customer insight an often-neglected source of wisdom is the team responsible for managing the customers' financial accounts including functions such as Collections and Credit Control.

No sales process is completed until the Finance Team have been involved and completed their function. Oft derided as a 'sales-prevention' function, if included in an *Integrated Innovation Framework*, their effect can be truly transformative!

On occasions, a customer's complaint may by-pass the CS team and go directly to the Finance Team, particularly if there is an intention by the customer to withhold payment until a problem is resolved. Another example of customer input to the Finance Team could relate to the suitability of the standard payment terms set up by the business. Would the customer prefer to pay in full in return for a discount or perhaps to pay via quarterly instalments?

How many Sales Directors have actually sat down with the FD and examined the innovative ways in which T&Cs and contractual terms can be tweaked and changed to make them more attractive to clients? Can the invoicing process become more innovative in terms of how clients are billed and when, money transferred or even discounts given?

To capture this input, it is important that as well as being included in the customer insight process within the business, the Finance Team work with the Sales Team to share information and ideas. This would normally be via a meeting or conference call but how much more engaged in the process would the Finance Team be if they occasionally joined salespeople on important visits? They might also pick up on financial details mentioned by a customer that a salesperson might gloss over or ignore.

If a business is said to be truly innovative then the oft ignored Finance Team must be involved and asked for their ideas on innovative ways to deploy their essential skills and function and not just as an afterthought!

### **Managing the Catalogue - dynamic product updates**

In closing the 'loop' of corporate innovation it is the responsibility of the Sales function to ensure that any product 'catalogue' should be updated with any information from the latest sale or customer insight. So what does this actually mean? Well, in the first instance static, traditional catalogues have had their day. They can point people to a web site and an on-line catalogue but any listing needs to be flexible and dynamic enough to cope with frequent updates and changes.

The flexibility of products and services and how things can be amended and changed to meet the specific needs of clients is a key feature, and a business needs to find a way of innovating in this way. Easy to say, difficult to do!

### **In Summary - A Filtering Process**

In order to make the sales process truly innovative the Sales function needs to sit within an *Integrated Innovative Framework* above all. This requires representation at the highest level within the organisation but also a recognition that the function needs to be innovative in order for the whole business to thrive and service in these competitive times.

- **Identify what a 'good' sale looks like.** Innovation in the sale and in the customer needs to be a factor taken into account.
- **Customer and Market Insight** is central to innovation in the sales process. This includes such skills as Market Segmentation, Customer Profiling, Consultative Selling, Effective CRM systems and the use of Mystery Shoppers.
- The **Inbound Customer Service** function needs to see itself as part of the wider sales process. Any 'touch point' with the customer is an opportunity to identify areas for innovation and be innovative in itself.
- **Don't ignore the Finance Team!** Great innovations can be made in the Finance Team but they are rarely seen as a source of innovation and should be seen within the wider sales process.

## The Integrated Innovation Framework

The model below shows the component parts of a fully integrated innovation process. The challenge is to link the sales and customer facing functions with this process at every point. For example:

- **Planning = Innovation Strategy.** *How does your sales activities link to Corporate Strategy and Innovation?*
- **Pipeline = R&D Plan.** *Where does sales as function and process fit with your pipeline of new ideas?*
- **Process = Ideation to Launch.** *Where does a salesperson go with their next great idea?*
- **Platform = Technology.** *How does your CRM system link to your innovation database?*
- **People = Culture.** *Are all the right people and teams engaged with innovation?*
- **Performance = Recognition.** *Does your recognition process work for or against your innovation process?*



*Integrated Innovation Framework* part of the 6 P's of Innovation introduced in 'Fast Track to Success - Innovation' by Andy Bruce & David Birchall (pub FT Prentice Hall).

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For more information on how these process could be used within your business please contact us.