



GLOBAL SALES MANAGEMENT STUDY 2014

WHY SALES MANAGERS MUST TRANSFORM SALES

A Mercuri International White Paper

Page 1 (2)



About the study

Mercuri International's Sales Management study was conducted in March/April 2014 in 16 countries, covering five big industries. It is based on 1.559 phone interviews with Sales Managers (64%), CEO/Managers (24%) and other people responsible for sales (12%). Of the companies surveyed, 55% have 1-9 sales people, 22% 10-19, 16% 20-50 and 7% 50+ sales people.

Low Performers vs Top Performers

In this study we have divided companies into Low Performers (bottom 20%) and Top Performers (top 20%) and compared them with the average results. By doing this, we can see what Top Performing Companies do differently than less performing companies.

Low Performers have more customers and convert more proposals into orders. So why are they not more successful?

Low performers convert 35% of proposals into orders, compared to Top Performers who convert 30%. Low Performers have on average 43 buying customers per sales person, compared to Top Performers who have on average 24 customers per sales person.

This might sound strange. If a company has more customers per sales person and converts more proposals into orders, is it not a successful company?

Converting orders is not a goal in itself. Low Performers might focus too much on closing a deal and getting volume, and not enough on margin and profit. They may give away too much discount or services for free. A high conversion ratio does not mean a successful business. Most companies don't go bankrupt because of too low conversion ratios but because of too low margins.

And is it good or bad to have many buying customers? For stability and risk diversion it might be good, but not for efficiency and profit. Successful companies often do not have many buying customers, but they have the right customers.

Top Performers meet more customers and prospect F2F

Sales people in Top Performing companies have on average 6,8 sales visits per week, compared to Low Performers who have only 4,8 visits per week. Low Performers do not use social media or other ways of keeping in contact with customers and prospects to a larger extent than Top Performers. So despite the increasing difficulty to get time with customers and prospects, Top Performers manage to do this.

Customers are increasingly knowledgeable and demanding

It's a fact customers are becoming increasingly knowledgeable and demanding. 72% of respondents agree or strongly agree with the statement "In our industry, customers increasingly use news technologies to search information and evaluate alternatives, and 82% agree or strongly agree with the statement "In our industry, customers are becoming increasingly demanding".

82% of respondents agree that customers have become more demanding

Sales must adapt

This means Sales Managers and sales people must work in a different way to be relevant to customers and prospects. 80% of respondents say they have already adapted their sales process to the purchase process of their customers, but the question is to what extent they really have analyzed the buying journey of their customers and prospects, and adjusted to it? Having a website, working with social media, using Google Adwords and banner advertising is not enough to meet increasingly demanding and knowledgeable customers. Sales must instead work in a totally different way to be ready to meet these "new" customers.

Real Sales Transformation is needed

Sales Managers today must in depth analyze and understand the buying behavior and buying journey of the company's customers. Knowing the moments of truth in the buying journey means that the company can standardize and harmonize the way they deal with these situations, be it in an early phase of the buying journey or later. Your sales people must know what tools to use when encountering a customer in a specific phase of his or her buying process.

Towards Assertive Selling[®] and Consultative Selling[®]

With more knowledgeable and demanding customers, sales people must be skilled in more assertive and consultative ways of selling. They must know how to handle objections, how to overcome the information gap between the customer and the seller and how to challenge the customer's perception of his or her needs. At Mercuri International we call this Assertive Selling[®] and Consultative Selling[®], which is part of our program Differentiated Selling[®].

The need for tailored training

According to the CSO Insights' report Sell Cycle Review Analysis in 2013 companies still have problems with understanding their customer's buying cycle. Only a small percentage of companies have this as a core competence and more than four out of ten businesses say that this is an area that needs improvement. So there is a clear need to train sales people to meet all challenges they meet today.

For more information about the Sales Management study, please contact Mogens Danielsen at MI Research Institute.

To get a presentation of the study, please contact your local Mercuri International office. You find an overview of the office closest to you at www.mercuri.net.