Improving and Sustaining Sales Force Effectiveness

As sales forces are shrinking, managers must learn to do more with less. Steps towards such improvement are simple, yet difficult to effectively implement. They're not new, but they are vital; taking these steps can lead any sales force up the path to top line growth.

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During the past 15 years, European pharmaceutical sales forces have grown dramatically in size. As this growth slows or sales force sizes even shrink, senior management must increasingly focus on growing sales through improved productivity. For sales managers facing a mandate to do more with less, this article offers an overview of major barriers to sales effectiveness and a robust process for making sustainable improvements in sales productivity.

Understanding the current state of sales effectiveness in Europe is the first step towards improving productivity. First, the bad news about sales effectiveness: as many companies grew sales forces to drive top line growth, they lost focus on the basics of sales effectiveness. Many pharmaceutical sales forces across Europe lack standard sales effectiveness processes for cultivating the appropriate rep skills and behaviours required to capitalize on their sales efforts.

The good news is twofold. First, these shortcomings represent real opportunities for improvement that can result in big sales gains. Second, the key drivers of sales productivity — targeting, frequency, message, sales manager coaching — haven't changed and can be improved with focused effort.

Common sales effectiveness pitfalls

In the rush to put more "feet on the street," many companies have either failed to develop or lost the ability to effectively profile and target key customers. Armies of sales representatives attempt to cover as many relevant doctors as possible. Yet, even in the least concentrated markets, a relatively small percentage of doctors write the vast majority of prescriptions. Identifying and calling on these doctors remains key to growing the top line.

Unfortunately, in Europe, most companies have not implemented disciplined customer profiling and targeting processes. For example, more than half of the managers responding to a recent RM Consulting International survey[1] indicated that their reps develop their own target lists or may change their lists without management approval. This approach is often driven by a belief that sales is "more art than science" and can't be managed through standard processes perceived as overly rigid or bureaucratic. Yet, managerial abdication in the name of art will not improve organizational performance.

What are the common outcomes of this rep-empowered approach to customer selection? Reps fail to collect critical data on each prescriber that would help effectively identify the customers with the highest prescribing potential. Without good data, reps rely on "gut feelings" to choose their customers. Rather than consistently calling on high potential customers, most reps' target lists more closely resemble a random selection of high, medium and low-value doctors.

Another common outcome is that reps dedicate an inordinate amount of effort to influencers — such as nurses and pharmacists, who provide easy access — while ignoring physicians, who are more crucial to sales results. Figure 1, which presents data for a 100 person specialty sales force, illustrates this tendency. In the absence of a strict targeting regimen, some reps make up to 70% of their calls on non-physicians.

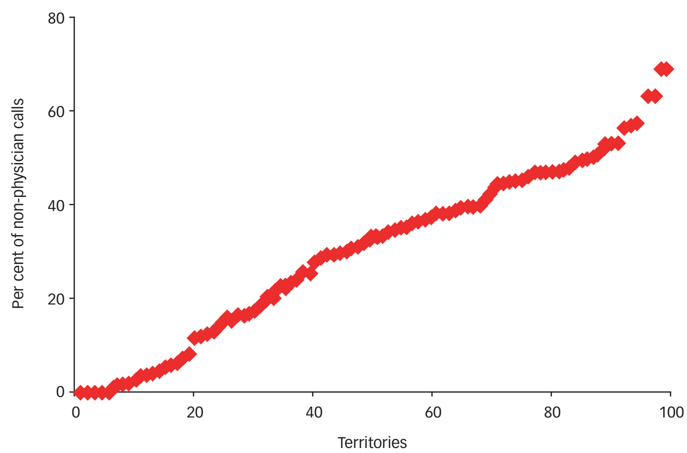
A related issue is the availability of customer data to support the targeting process. Across Europe, government regulations restrict the customer information that data vendors can provide to the pharmaceutical industry. Pharmaceutical companies and data vendors are working together to bridge these gaps in customer information. Many managers regard these efforts as the key to unlocking sales effectiveness. They might consider the US market where customer data is plentiful, yet targeting implementation often remains quite poor. Key customer information is always available through disciplined customer profiling and may sometimes be available from vendors. It is an important tool to support the targeting process. But it does not guarantee targeting success.

Frequency

Studies across all major therapeutic classes, on all continents, suggest that high call frequencies on key customers drive higher sales.[2] Returns do not decline even with the very high customer frequencies common across southern tier countries such as Italy, Spain and Portugal. In northern European markets, where access is often a key issue, attaining relatively high frequency on key customers is a critical determinant of sales success.

Unfortunately, many companies either don't track frequency performance or don't rank it as a high priority. In a recent survey,[1] more than 90% of senior pharmaceutical managers said they did not track frequency performance or that less than half of target customers were visited with the desired frequency. Figure 2 shows a typical frequency distribution for a European sales force, with less than one-third of target customers receiving the desired call frequency.

Figure 1: **Non-physician calls as a percentage of total calls.**



Poor frequency performance often begins with poor planning. Figures 3 and 4 suggest a surprisingly common cause of poor frequency attainment — failure to match sales rep call capacity with planned target calls. A team of 100 reps, each spending 180 days per year in the field making five calls per day, can make 90000 calls in a year. If that same team has 6000 "A" targets with a frequency goal of 10 calls per year and 10000 "B" targets with a frequency goal of six per year, it is expected to make 120000 calls each year.

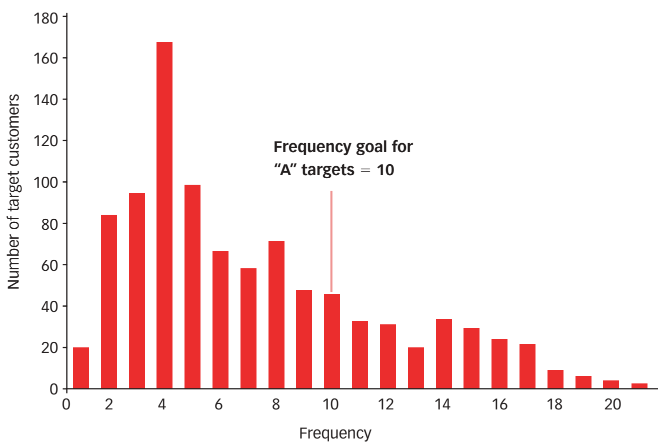
In this instance, management has created a circumstance in which the team cannot meet its activity goals. It is common in such circumstances for reps to attempt to call on all targets with a roughly equal frequency. As a result, they make fewer calls on the highest value customers to make more calls on the lower value targets, thereby reducing overall sales.

When companies do have well defined profiling, targeting and frequency strategies in place, they often undermine the desired sales behaviour by tracking and managing inappropriate metrics. A good example is the calls per day metric — the primary sales activity metric used by many major pharmaceutical manufacturers. The problem with this metric is that it is focused on the rep rather than on the customer. As such, to attain the calls per day goal, many representatives call on low-value, "easy to see" doctors instead of focusing their sales effort on the high value, often "difficult to see" doctors. The metric weakens targeting discipline and can actually reduce sales. A more effective metric (as suggested by Figure 2) is the per cent of target doctors seen with desired frequency.

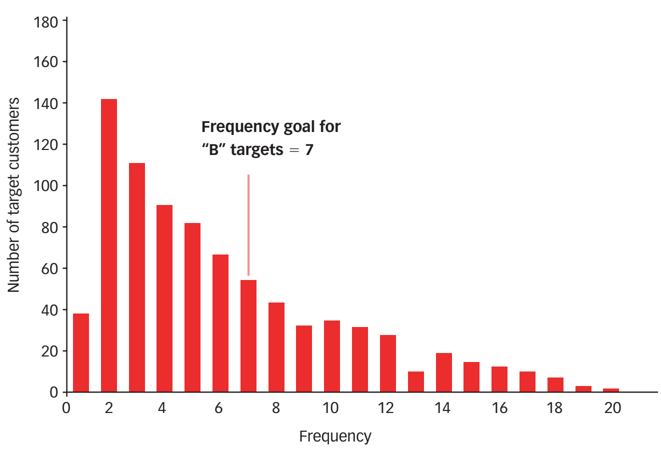
Sales execution and coaching

Sales call execution and sales coaching comprise two significant opportunities for most companies to increase sales. In a recent survey, only 7% of pharmaceutical executives reported that at least half of their companies' sales calls were effective.[1] The rapid growth in pharmaceutical sales forces means that, on average, representatives are less tenured, leaving them without the skills and judgement to execute effective sales calls. In particular, pre-call planning, post-call analysis and information management remain poor across most

Figure 2: **Typical frequency performance ("A" targets).**



Typical frequency performance ("B" targets).



European markets. Figure 5 outlines some of the key opportunities for improvement in this area.

In theory, the recent growth in mobile sales force automation (SFA) and customer relationship management (CRM) systems should improve reps' abilities to use information to plan and execute effective calls. But many reps either simply don't use the information or succumb to "information overload" — a perception that the available data is too plentiful to be useful. Moreover, many companies treat SFA/CRM as a panacea for sales effectiveness. But SFA/CRM is not a solution in itself. It is simply a tool to help automate critical sales processes. Automating poor selling processes, however, will not improve sales.

In the real world, even an exceptional SFA/CRM implementation will create sales force disruption and reduce sales effectiveness in the short-term as sales reps take time in and out of field to learn to use the new system effectively. And if implemented poorly, an SFA or CRM system can negatively impact sales productivity for years. Lack of sophisticated SFA/CRM should never be regarded as an excuse for poor sales performance, nor should the prospect of improved SFA distract focus from essential selling skills and processes.

A critical contributing factor to poor call execution is inadequate sales coaching. The primary role of first-line sales managers should be coaching representatives to effectively manage their territories. Studies have demonstrated that the most successful managers spend more time travelling with and coaching their representatives. However, few companies define the sales manager primarily as a coach.

Many managers spend most of their time out of field handling administrative or other non-coaching duties. When they do travel with their representatives, many revert to their old selling roles, taking over sales calls — doing the rep's job, rather than teaching the rep to do it. Few managers are hired and trained to be successful coaches, and many do not have appropriate field travel requirements. Most companies could significantly improve sales performance by refining sales manager hiring profiles, training new managers in key coaching skills and closely monitoring their coaching activities.

A review of company data will often reveal internal pockets of excellence that can be leveraged to improve performance across the organization. Figure 6 shows a recent snapshot of district sales performance for a 100 person sales team. Of the 10 districts, three clearly outperform the rest in terms of both overall market share and market share growth. Analysing district performance rather than rep performance helps identify systemic differences in the sales process that can be replicated across the organization to improve sales.

Sales effectiveness without additional headcount: an action plan

If the current state of sales effectiveness is bleak — and it is — what can companies do to improve their sales results without adding headcount? The answer is conceptually simple, yet difficult to implement effectively. Nevertheless, leading companies have recently demonstrated that focused effort on key sales productivity drivers can produce quick and significant sales gains.

Successful and sustainable sales effectiveness improvement must be a cross-functional endeavour. Sales training, recruiting, marketing, information technology and sales operations can all contribute to or inhibit reps from performing effectively. Trying to solve the problems of sales effectiveness in isolation from other functions often leads to failure and frustration. To truly improve sales, companies must understand and manage sales

Figure 3: **Frequency diagnostic.**

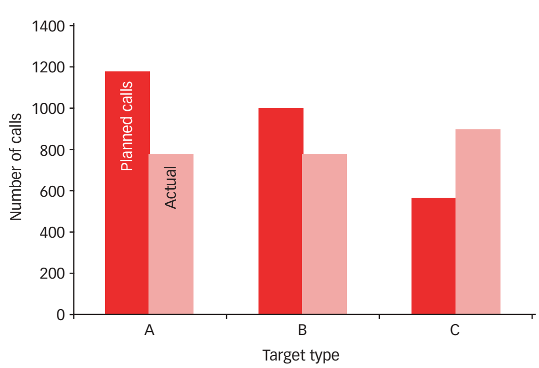


Figure 4: **Cause of gap?**

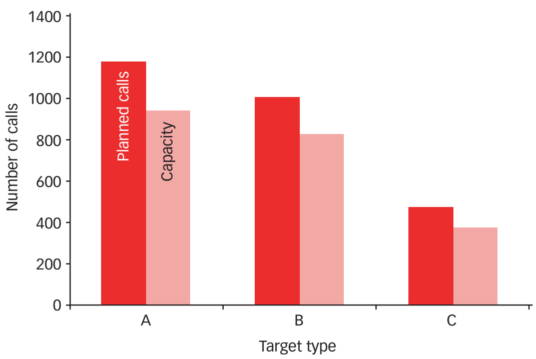
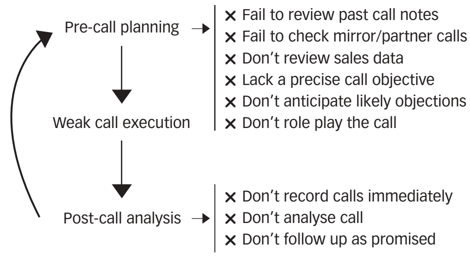


Figure 5: **Key opportunities for improvement.**



effectiveness as a cross-functional concern, not strictly as a sales force issue.

Effectively managing this cross-functional enterprise requires a high level of sponsorship, oversight and governance. The most successful effectiveness initiatives are run by highly experienced managers who are independent of the sales and marketing functions, and report directly to the country manager.

Sales effectiveness improvement begins by creating a cross-functional sales force effectiveness (SFE) team to implement four ongoing activities: diagnosing opportunities for improvement, recommending solutions and detailed action plans, implementing improvements and tracking progress. The process should focus on three key goals: identifying organizational strengths that can be leveraged to improve sales; identifying and improving organizational weaknesses; and identifying best practices to be replicated across the organization.

A critical element of SFE diagnosis is field travel. Because team members are drawn from different functions, many may not have recent field experience — a critical "sanity check" for any diagnosis or solution. All team members should travel with 1–3 reps early in the process to create a common experience from which the team can begin its work. The SFE team may also conduct data analysis similar to that described above and survey or interview field reps and sales and marketing managers.

Once diagnosis is complete, the team must choose to act on a limited number of improvement opportunities that will produce the highest impact in the shortest time. Getting quick "wins" helps develop momentum to support an ongoing SFE improvement process. For each of the two or three key issues selected, the SFE team should assign a small group to develop a charter, create solutions and direct implementation and evaluation.

With an agreed upon implementation plan, SFE teams may be tempted to declare victory and return to their regular jobs. However, doing so almost certainly guarantees failure. Successful implementation requires persistence, monitoring and regular feedback loops. The SFE team should continuously assess whether its recommendations have been effectively implemented and are working. If not, the team must reassess and make adjustments. Best in class companies institutionalize SFE improvement as a permanent and continuous process.

Improving SFE is difficult. The basics are known to all and have not changed significantly recently. Nevertheless, drawing together independent corporate functions to work co-operatively towards the seemingly nebulous goal of improved sales effectiveness requires high-level sponsorship, talent and persistence.

Many companies choose to fight other battles. But those that focus their energy appropriately on SFE have reaped significant rewards. For example, one European company recently initiated an effort to improve frequency attainment across Europe. In just 6 months, in the major five markets, the company realized sales increases of €13.3 million attributable to improvements in frequency. The moral: achieving sales force effectiveness is a dynamic and continuous process of improvement and reassessment — an evolution not a revolution — but one that is worth the effort and ultimately pays for itself in top line growth.

Figure 6: **District performance.**

References

1. RM Consulting International Sales Force Effectiveness Survey (November 2003).
2. RM Consulting International Client Studies (September 1996–May 2004). ■

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