Designing a Sales Organization

Final: May 12, 2016
You are a young B2B company.

How should you build your sales function

given the nature of your product,

the needs of your clients,

and the capabilities of your organization

?
Conventionally, the two main methods of increasing sales...

**Growing Number of Sales**

- Increasing number of leads at “top of funnel” through aggressive outreach
- Reducing attrition through sales funnel
- Increasing speed through tunnel
- Understanding an industry and its players

**Growing Average Size of Sale**

- Ensuring utilization of sold products with customization and customer service
- Improving client retention through detailed, patient relationship-building
- Selling add-on services and products to existing clients based on their needs
... are matched to distinct sales archetypes

**Growing Number of Sales**

**Growing Average Size of Sale**

**“The Hunter”**
- Staff dedicated to sourcing new customers
- Typical Characteristics:
  - Emotionally resilient to rejection
  - Multitasker
  - Competitive
  - Lives for the “win” of the close

**“The Farmer”**
- Staff who retain, support and grow existing accounts
- Typical Characteristics:
  - Emotionally in-tune to clients
  - Detail-oriented
  - Collaborative
  - Fulfilled by long-term relationship

**Common Titles**
- Account Executive
- Field Sales Rep
- Business Development Rep
- Account Manager
- Customer Service Rep
- Inside Sales Rep
- Consultant
In practice, these roles may be grouped into distinct teams or in a combined team.

In both models, the same tasks are ultimately accomplished. The distinction is ownership and accountability.
Each type of team model comes with tradeoffs

<table>
<thead>
<tr>
<th>Specialized Teams</th>
<th>Hybrid Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>▶ Allows strong long-term relationship management where clients are nurtured from lead through account management</td>
</tr>
<tr>
<td></td>
<td>▶ Client may form a bond with the salesperson based on trust, making future sales quicker and simpler</td>
</tr>
<tr>
<td></td>
<td>▶ Often simpler to scale</td>
</tr>
<tr>
<td>▶ Allows salespeople to capitalize on different skillsets and focus on core competencies</td>
<td></td>
</tr>
<tr>
<td>▶ Recruitment is straightforward: personality types vary significantly between hunters and farmers</td>
<td></td>
</tr>
<tr>
<td>▶ Simple to design incentive structures and track metrics</td>
<td></td>
</tr>
<tr>
<td><strong>Drawbacks</strong></td>
<td>▶ Few agents can perform both functions equally well: recruitment and performance assessment harder</td>
</tr>
<tr>
<td></td>
<td>▶ Conflicting responsibilities may impact success</td>
</tr>
<tr>
<td></td>
<td>▶ Incentive structures trickier to design</td>
</tr>
<tr>
<td>▶ Hierarchy can exist between Sales and Account Management</td>
<td></td>
</tr>
<tr>
<td>▶ Client may feel abandoned, senses a “bait and switch”</td>
<td></td>
</tr>
<tr>
<td>▶ Knowledge may be lost during hand-off</td>
<td></td>
</tr>
</tbody>
</table>
Therefore, design of sales org should be rooted in criteria specific to your clients, product and organization.

<table>
<thead>
<tr>
<th>Criteria for Selection of Sales Org Model</th>
<th>Specialized Teams</th>
<th>Hybrid Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client Dynamic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td><strong>Transactional</strong>. Straightforward exchange of product and payment</td>
<td><strong>Personal</strong>. Emotion or trust would create sense of loss if rep shifted</td>
</tr>
<tr>
<td>Handoff</td>
<td><strong>Smooth or justified</strong>. Minimal cost or justified over long term</td>
<td><strong>Disruptive</strong>. Loss of knowledge or relationships risks future success</td>
</tr>
<tr>
<td><strong>Nature of Product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of Product in Market</td>
<td><strong>Requires Education</strong>. Significant upfront education required</td>
<td><strong>Easily Understood</strong>. Clients are aware of or understand product</td>
</tr>
<tr>
<td>Complexity</td>
<td><strong>Complex</strong>. Contracts or product features require specialized staff</td>
<td><strong>Straightforward</strong>. Non-specialists can make choices for product</td>
</tr>
<tr>
<td>Customization</td>
<td><strong>Extensive Customization</strong>. Onboarding needs dedicated staff</td>
<td><strong>Little Customization</strong>. Off-the-shelf product meets client needs</td>
</tr>
<tr>
<td><strong>Organization Capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization Size</td>
<td><strong>Large</strong>. Sufficient staff exists to cover multiple types of roles.</td>
<td><strong>Small</strong>. Individuals must stretch to cover multiple responsibilities.</td>
</tr>
<tr>
<td>Predictability of Demand</td>
<td><strong>Predictable</strong>. Staffing can be planned to meet demand</td>
<td><strong>Unpredictable</strong>. Spikes in demand require flexible staffing</td>
</tr>
<tr>
<td>HR Function</td>
<td><strong>Sophisticated</strong>. Able to support specialized recruiting, evaluation</td>
<td><strong>Undeveloped</strong>. Cannot invest in specialized recruiting, evaluation</td>
</tr>
</tbody>
</table>
For enterprise sales, org design often hinges on relationship between selling model and product customization and complexity.

- **Up-sell/ongoing sales relationship prioritized**
  - Tendency to **hybrid model**
  - Transactional/front-loaded sales

- **Selling model**
  - **Plug and play solutions**

- **Level of product integration**
  - **Customized product**

- **Tendency to specialized model**
Case Study: Insightly

Insightly provides web-based CRM and project management solutions

~50 employees

Inside Sales Representative

From first contact to close of contract

Customer Support Specialist

Builds relationships and support current clients

Customer Service Representative

Deliver basic how-to info to current clients

Customer Marketing Manager

Retention marketing and upsell

As of June 2015
NetSuite sells ERP and CRM software for a periodic subscription fee

~2,500 employees

- **Account Executive**
  - Prospecting, sales and negotiation

- **Account Manager**
  - Upsell and cross sell, in addition to support for existing clients

- **Pre-Sale Solutions Consultant**
  - Technical sales role: product demos, etc

As of June 2015
Case Study: Box

Box is a B2B online content-sharing and cloud-management software system

~1,000 employees

Account Executive

Closing both new and existing accounts

Sales Engineer

Product demos during pre-sale process

Customer Marketing Manager

Ad hoc queries, ensuring renewals

As of June 2015
This work is licensed under the Creative Commons Attribution-ShareAlike 4.0 International License.

To view a copy of this license, visit http://creativecommons.org/licenses/by-sa/4.0/ or send a letter to Creative Commons, PO Box 1866, Mountain View, CA 94042, USA.