# Designing a Sales Organization

*Final: May 12, 2016*

Investing in individuals.
Improving our world.

**You are a young B2B company.**

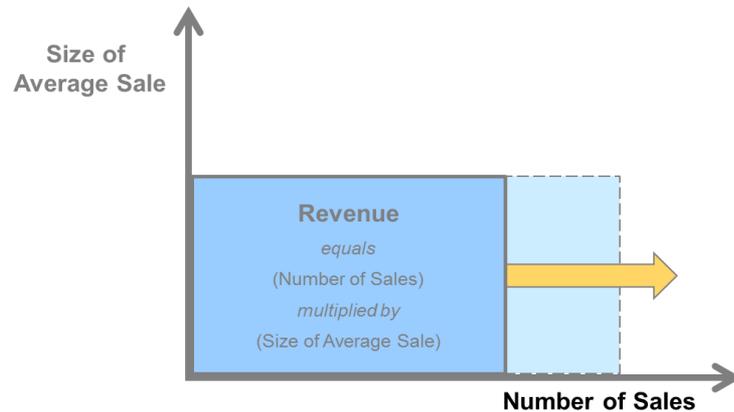# How should you build your sales function

given the nature of your product,

the needs of your clients,

and the capabilities of your organization

## ?

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# Conventionally, the two main methods of increasing sales…



**Growing Number of Sales**

Size of Average Sale

Revenue
*equals*
(Number of Sales)
*multiplied by*
(Size of Average Sale)

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**

Size of Average Sale

Revenue
*equals*
(Number of Sales)
*multiplied by*
(Size of Average Sale)

Number of Sales
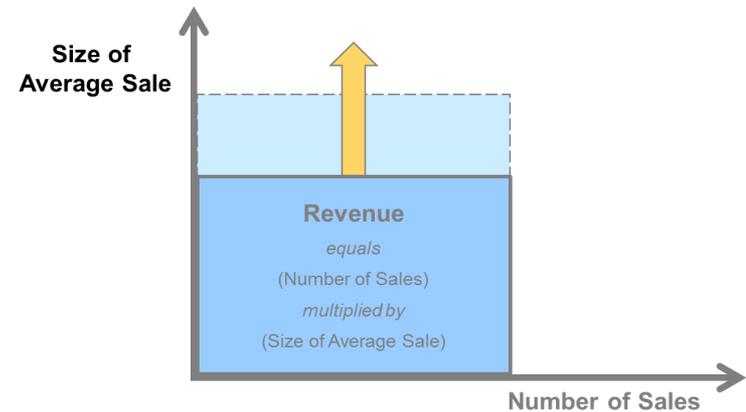
- Ensuring utilization of sold products with customization and customer service
- Improving client retention through detailed, patient relationship-building
- Selling add-on services and products to existing clients based on their needs

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# … are matched to distinct sales archetypes

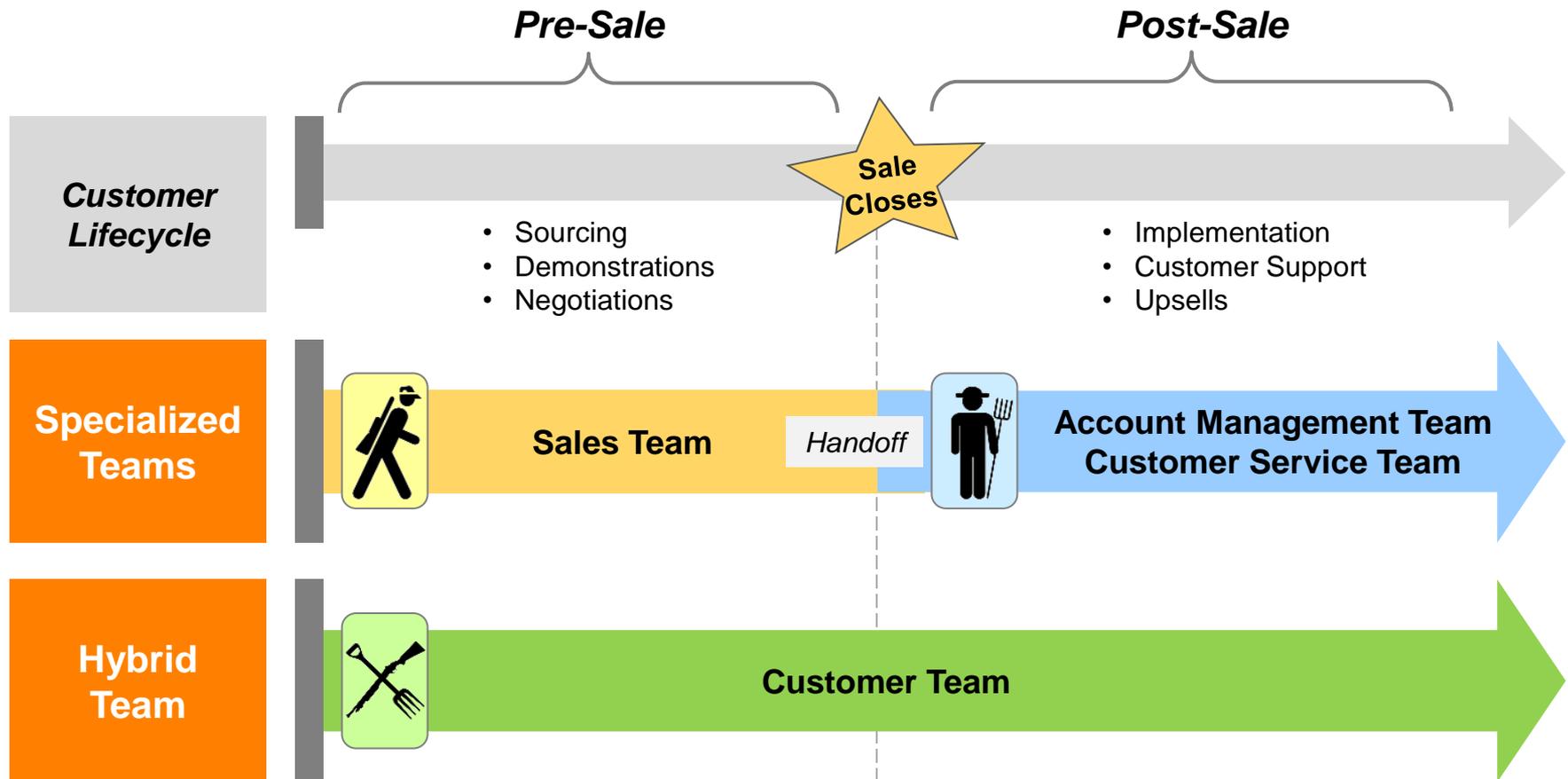| | *Growing*<br>**Number of Sales** | *Growing*<br>**Average Size of Sale** |
|---|---|---|
| | **"The Hunter"** | **"The Farmer"** |
| | Staff dedicated to sourcing new customers | Staff who retain, support and grow existing accounts |
| **Typical Characteristics** | • Emotionally resilient to rejection<br>• Multitasker<br>• Competitive<br>• Lives for the "win" of the close | • Emotionally in-tune to clients<br>• Detail-oriented<br>• Collaborative<br>• Fulfilled by long-term relationship |
| **Common Titles** | • Account Executive<br>• Field Sales Rep<br>• Business Development Rep | • Account Manager<br>• Customer Service Rep<br>• Inside Sales Rep<br>• Consultant |

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# In practice, these roles may be grouped into distinct teams or in a combined team

**Pre-Sale**

**Post-Sale**

**Customer Lifecycle**

**Sale Closes**

- Sourcing
- Demonstrations
- Negotiations

- Implementation
- Customer Support
- Upsells

**Specialized Teams**

**Sales Team**

*Handoff*

**Account Management Team**
**Customer Service Team**

**Hybrid Team**

**Customer Team**

**In both models, the same tasks are ultimately accomplished. The distinction is ownership and accountability**

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# Each type of team model comes with tradeoffs

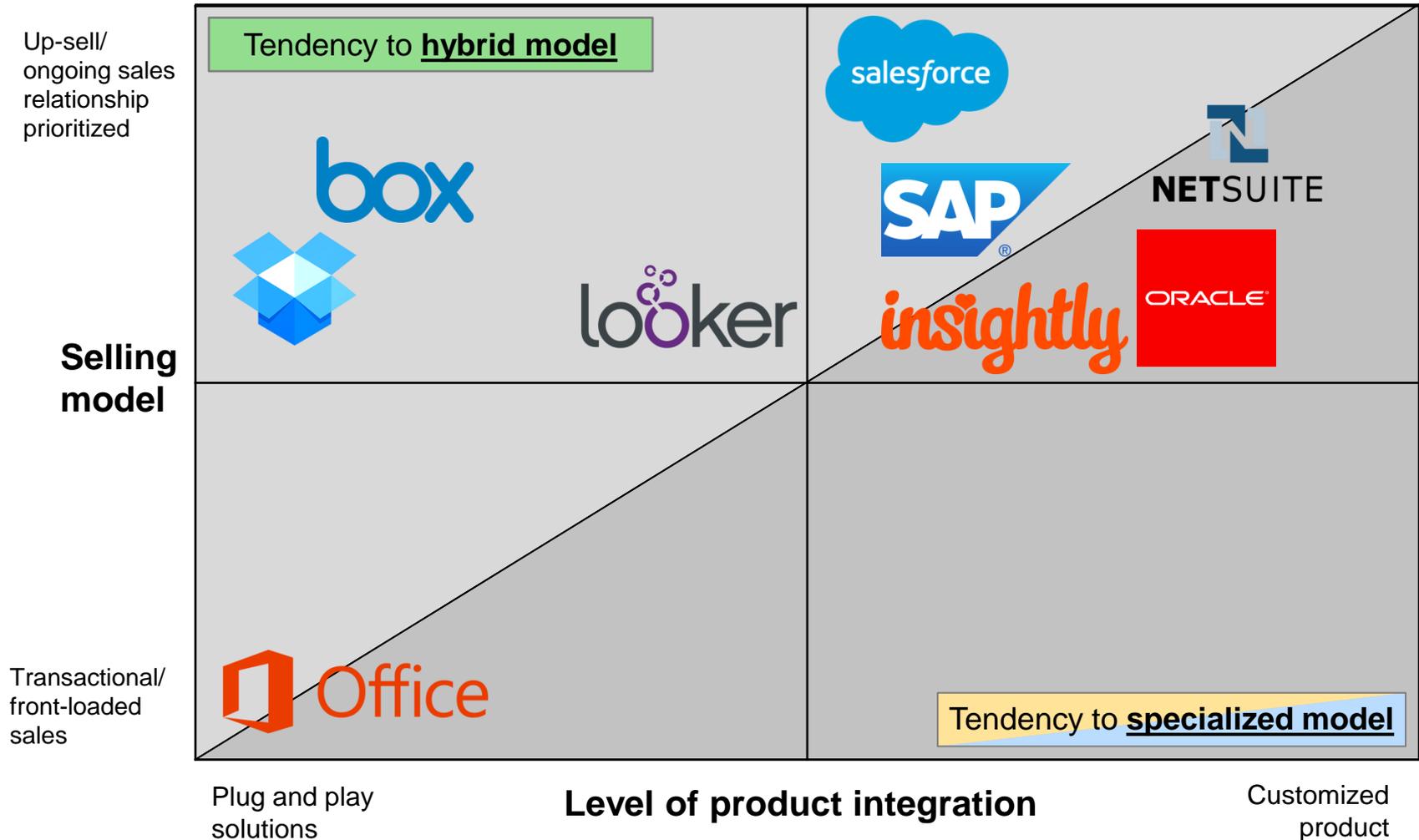| | Specialized Teams | Hybrid Team |
|---|---|---|
| **Advantages** | ✔ Allows salespeople to capitalize on different skillsets and focus on core competencies <br> ✔ Recruitment is straightforward: personality types vary significantly between hunters and farmers <br> ✔ Simple to design incentive structures and track metrics | ✔ Allows strong long-term relationship management where clients are nurtured from lead through account management <br> ✔ Client may form a bond with the salesperson based on trust, making future sales quicker and simpler <br> ✔ Often simpler to scale |
| **Drawbacks** | ✘ Hierarchy can exist between Sales and Account Management <br> ✘ Client may feel abandoned, senses a "bait and switch" <br> ✘ Knowledge may be lost during hand-off | ✘ Few agents can perform both functions equally well: recruitment and performance assessment harder <br> ✘ Conflicting responsibilities may impact success <br> ✘ Incentive structures trickier to design |

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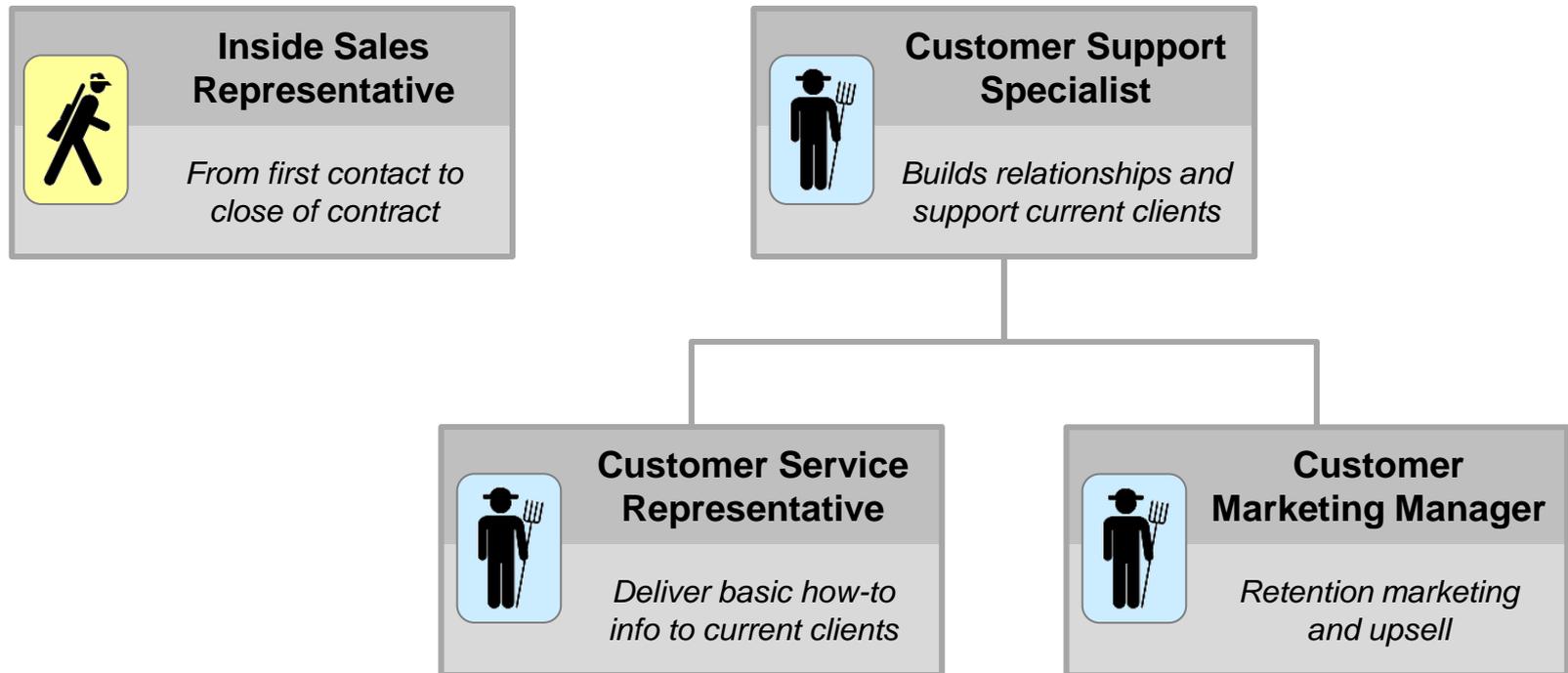# Therefore, design of sales org should be rooted in criteria specific to your clients, product and organization

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

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# For enterprise sales, org design often hinges on relationship between selling model and product customization and complexity



Tendency to **hybrid model**

Tendency to **specialized model**

Up-sell/ongoing sales relationship prioritized

Transactional/front-loaded sales

**Selling model**

**Level of product integration**

Plug and play solutions

Customized product

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# Case Study: Insightly

**insightly** — Specialized Teams

**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

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# Case Study: NetSuite

**Specialized Teams**

**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
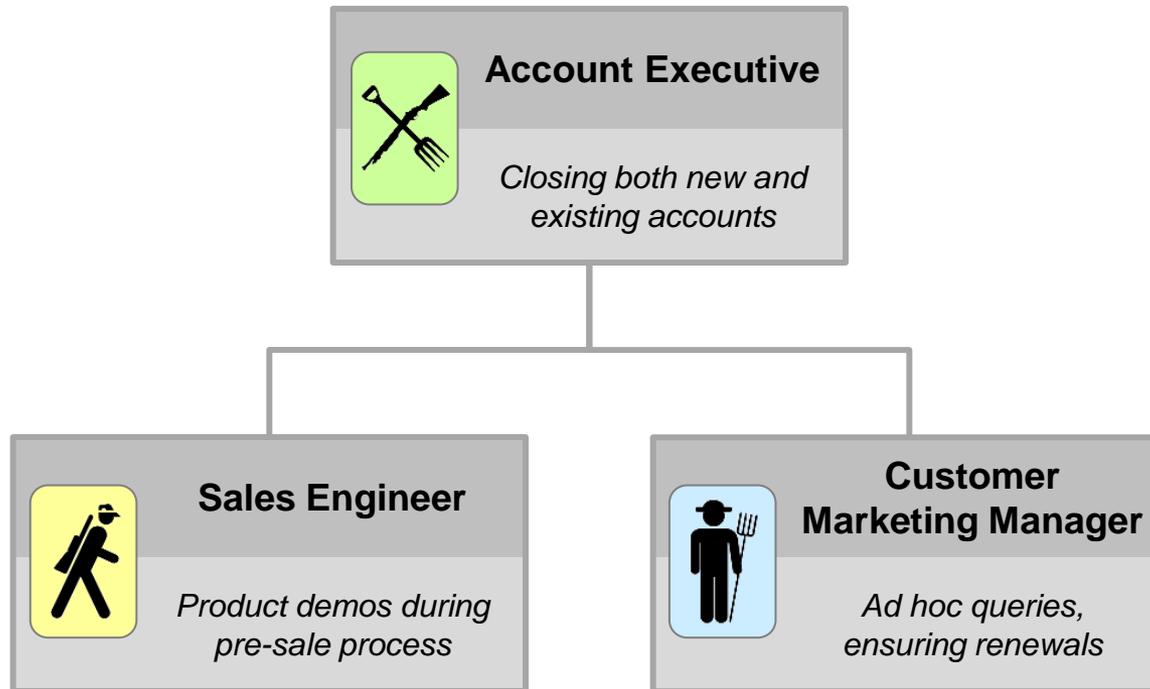
*Technical sales role: product demos, etc*

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# Case Study: Box

**Hybrid Team**

| | |
|---|---|
| **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*

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