

# Evolution of strategic sales organizations in business-to-business marketing

*Nigel F. Piercy*

Warwick Business School, Coventry, UK

## Abstract

**Purpose** – This paper aims to focus on changes in the way in which business-to-business companies are responding to customer and market pressures for higher service and relational investments, and the need for new capabilities in managing the business risk in the company's customer portfolio. The paper seeks to propose a model of the strategic sales organization as a basis for management review of how to realign sales, account management, and marketing processes around customers to achieve and sustain superior customer value.

**Design/methodology/approach** – The study traces the emergence of new pressures and mandates which are changing management thinking about the "front-end" of organizations and edging companies towards a revolution in the role of sales, account management and marketing comparable to earlier reinventions in operations and supply chain strategy.

**Findings** – The outcome of the review is a model of the imperatives for the strategic sales organization.

**Practical implications** – The model produced in the review provides a tool or framework for executive consideration of the strategic sales issue, both in evaluating the strategic role and performance of the existing sales and account management structures and in designing new roles for delivering competitive strength in the future.

**Originality/value** – While the strategic role of the sales organization has been discussed in the literature, this paper provides a practical framework for executives to use in addressing the potential role of the strategic sales organization. The framework also highlights promising research directions for marketing and sales scholars.

**Keywords** Sales management, Sales strategy, Customer information, Marketing intelligence, Integration, Business-to-business marketing

**Paper type** General review

## Introduction

The concern here is a fundamental realignment at the "front-end" of business-to-business organizations, where they interact with the marketplace. Familiar constructions of marketing and sales functions are proving inadequate in responding to the escalating demands of major customers and intensifying competitive pressures. Changing company strategy priorities can be linked to a new organizational form - the strategic sales organization. The pressures on traditional sales organizations from new types of relationship- and value-based marketing strategies, from management productivity initiatives, from developing multi-channel strategies, and above all new and higher requirements from customers for service and relational investments mandate a fundamental change. As a basis for management evaluation of this issue, we suggest a set of imperatives for the strategic sales organization, as a route to designing and developing a new sales role that links business and marketing strategy to customer markets and

which confronts the strategic choices which companies face in dealing with major customers.

At the center of the strategy debate, and the role which the strategic sales organization should play in that debate, is the customer portfolio which analyzes the prospects and relational requirements of different customer types, and the level of business risk they create. The market intelligence role of the strategic sales organization concerns both higher quality inputs to making strategic choices and developing new routes to developing superior knowledge-based value propositions for customers. The cross-functional role of the strategic sales organization will be in integrating functional and partner-organization contributions to the processes of creating and delivering customer value. The infrastructure surrounding many sales organizations was created for a different role and function, and attention must be devoted to realignment of those structures and processes around customer strategy.

Because this issue is emergent and developing, hard evidence is in short supply. While this identifies some promising research directions for scholars, our current focus

The current issue and full text archive of this journal is available at [www.emeraldinsight.com/0885-8624.htm](http://www.emeraldinsight.com/0885-8624.htm)



Journal of Business & Industrial Marketing  
25/5 (2010) 349–359  
© Emerald Group Publishing Limited [ISSN 0885-8624]  
[DOI 10.1108/08858621011058115]

This paper is based on a keynote address given by the author at the "B2B masterclass: business-to-business marketing in the 21st century" at Leicester Business School, De Montfort University on December 17, 2007, chaired by Professor Len Tiu Wright.

Received: 1 June 2008  
Revised: 12 December 2008  
Accepted: January 2009

is on constructing an agenda for managerial attention in confronting the need for a strategic sales organization and the implications of meeting this need. We consider first the changing company priorities that are driving the evolution of a strategic sales organization, and second we examine the pressures currently faced by business-to-business sales organizations. This is then linked to an analysis of the ways in which companies can consider meeting their changing strategy priorities and responding to market pressures – the imperatives for the strategic sales organization. Lastly, we place this debate in the context of the evolution of organizations and specialist functions, and raise the issue of whether shifting relationships between traditional functions suggest that “sales in the new marketing”.

The logic for our approach is developed in more detail in the new book *Strategic Customer Management: Strategizing the Sales Organization* (Piercy and Lane, 2009).

## Putting sales back on the boardroom agenda

### Changing company priorities

The dramatically changing role of the traditional company sales organization is gaining increasing recognition, for example: in relating sales management strategy to a company's overall competitiveness (Olson *et al.*, 2001); in the strategic management of the customer portfolio (e.g. Lane and Piercy, 2004); in playing a leading role in corporate “turnaround” (Hassan, 2006); concerning the change management requirements of strategic customer management initiatives (e.g. Piercy and Lane, 2005); and, in developing appropriate responses to the growing internationalization of customer management strategies (Cravens *et al.*, 2005). The management of the key interface between a company and its customers is increasingly a strategic issue demanding close and renewed management attention. The changing role of sales increasingly makes sales teams strategic resources concerned with managing relationships, underlining that the organization of the sales force and the incentives given to the sales force are among the most critical decisions faced by senior executives (Stewart, 2006).

Radical transformation in the traditional role of the sales force is occurring in many companies. The challenges in this transformation are underlined by escalating levels of company expenditure on sales and account management (e.g. see Kornik, 2007), and the growing importance of effectively managing business-to-business customer relationships, particularly in more collaborative forms of selling (e.g. see Weitz and Bradford, 1999). The vital role of building strong customer relationships is widely acknowledged by executives and scholars. Moreover, many organizations have experienced a shift in resources from marketing to sales, recognizing that sales force strategies are increasingly crucial to attaining many of the top priorities of marketing and business strategy (Webster *et al.*, 2005). Growing trends toward outsourcing routine sales operations underline the focus of more companies on the strategic role of the sales organization and the imperative of competing through superior customer relationships (Anderson and Trinkle, 2005). The rationale for such realignment is clear:

Ultimately, a sales organization's role is to translate the company's strategy from a boardroom vision to an everyday reality, add value for customers

beyond that provided by the products and services, create competitive differentiation, and contribute to the company's profitability (Corcoran *et al.*, 1995).

A number of recent commentaries and studies underline that the transformation in the traditional sales organization and its role in the business-to-business marketing organization represents a process of evolution in response to key pressures from the marketplace.

### Evolution of the strategic sales organization

There are many signs that the role of the sales organization in companies has gone through major changes in companies in recent years and it is likely that this change process will continue and escalate. Importantly, what should not be underestimated is the extent to which such changes are increasingly radical and disruptive to traditional business models and theories (e.g. Shapiro *et al.*, 1998; The Sales Educators, 2006).

Indications of radical change for the sales organization have been emergent for some time. For instance, in identifying academic research priorities for sales, Leigh and Marshall wrote that “The sales function is undergoing an unparalleled metamorphosis, driven by the plethora of changing conditions” (Leigh and Marshall, 2001). They suggested that this metamorphosis concerned the selling function shifting its role from selling products and services to one emphasizing “increased customer productivity”, through enhanced revenues or cost advantage. They supported the transformation of the traditional sales function to a pan-company activity or process, driven by market pressures in which: “customers indicate that the seller's organization must embrace a customer-driven culture that wholeheartedly supports the sales force” (Leigh and Marshall, 2001). Interestingly, they also underlined the parallel between the transformation of the sales organization and other company-wide marketing developments, such as: market orientation and market-oriented organizational culture (Homburg and Plesser, 2000), and marketing as a cross-functional process rather than a functional department (Workman *et al.*, 1998).

Similar analysis by other commentators suggests that “the sales function is in the midst of a renaissance – a genuine rebirth and revival. Progressive firms are becoming more strategic in their approaches to the sales function... Enlightened firms view their customers as assets, and are entrusting their salespeople to management these assets” (Ingram *et al.*, 2002). Interestingly, these authors call for joint action by sales managers, educators, trainers, consultants and professional organizations to improve the conceptualization and practice of sales management. Certainly, there appears growing consensus that traditional approaches will fail, and that “The shaping of the selling function has become a strategic corporate issue”, requiring clarity about the new sales role, new structures and new management approaches (Shapiro *et al.*, 1998).

Indeed, some suggest that the sales organization revolution has already arrived, even if marketing executives and educators have yet to notice that: “sales functions are in the early stages of a transformation comparable to that which reshaped manufacturing 20 years ago” (Mazur, 2000). Indeed, the evolution of the sales organization is already becoming apparent in studies of marketing organization and there is growing evidence of the expanding influence of sales

over strategic decisions. For instance, there are research findings that the sales department has more influence than the marketing department on many so-called “marketing” decisions (Krohmer *et al.*, 2002), and that “primary marketing coordinators increasingly reside in sales rather than the marketing organization” (Homburg *et al.*, 2000), while sales plays a growing role in formulating as well as executing marketing strategies (Cross *et al.*, 2001).

In fact, even the success of marketing-led initiatives like market orientation may depend in large part on the sales organization – for example, one study shows the impact of market orientation on performance to be fully mediated by the adoption of customer-oriented selling by the salesforce (Langerak, 2001). Similarly, the sales organization has long been recognized to have a decisive influence on shaping the direction of new product innovation through the intelligence they collect and interpret (Lambert *et al.*, 1990), and on assessing and accessing targeted key market segments (Maier and Saunders, 1990). Interestingly, it has been noted that new processes needed to sustain value delivery to customers through sales organizations are likely to require evaluation and appraisal that extends to domains far beyond those traditionally associated with selling activities (Ogbuchi and Sharma, 1999).

The state of current thinking about the development of a new strategic activity from what was often regarded as an operational, largely transactional activity can be summarized:

Today’s competitive environment demands a radically different approach. Specifically, the ability of firms to exploit the true potential of the sales organization requires that company executives adopt a new mindset about the role of the selling function within the firm, how the sales force is managed, and what salespeople are expected to produce. The sales function must serve as a dynamic source of value creation and innovation within the firm (The Sales Educators, 2006).

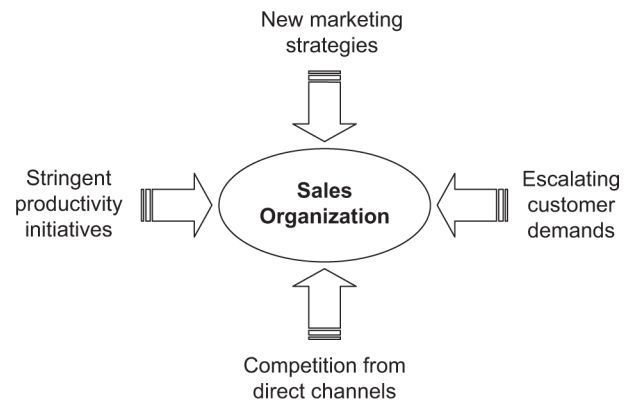
These factors do not merely place sales on the boardroom agenda, they create high priorities for executives to understand the forces which are driving this reshaping of the sales organization, which we consider next. This leads in to a discussion of what a new role for the sales organization may actually involve – the imperatives to be considered. This discussion underlines the importance of focus on the company’s customer portfolio and particularly the need to manage strategic dependencies in relation to major customers. We finish the review by comparing the organizational evolution of sales to similar processes in other functional areas and identify the potential for strategic customer management as a new approach to customer relational investments and pose the provocative question: is sales the new marketing?

### Pressures on the business-to-business sales organization

Sales organizations in many companies are currently subject to powerful company and customer forces that are re-shaping the salesforce role and operation. The major forces acting to re-shape the sales function in organizations are summarized in Figure 1.

On the one hand, the implementation of new types of marketing strategy, driven by customer relationships and value requires the realignment of sales processes with the strategy – many sales organizations have inherited structures

**Figure 1** Forces driving the sales organization



Source: Adapted from Piercy and Lane (2009)

and processes that were set up to do a quite different, largely transactional, job. Conversely, marketing strategies that ignore sales capabilities are the weaker for underestimating the importance of this corporate resource. At the same time, direct channels in multi-channel strategies and the growth in Internet-based channels is substituting for many traditional sales activities, so direct channels compete with the traditional salesperson.

Moreover, in most places management wants more for less – the issue is enhanced productivity, leading to stringent cost-cutting initiatives in many companies. Higher productivity in sales is very attractive to management if both top line and bottom line effects can be achieved at the same time – sell more, cheaper, and profit rises as well as volume. Indeed, some evidence suggests that many senior managers are dissatisfied with the productivity of their sales organizations, and many see salesforce cost poorly aligned with their strategic goals (Deloitte Touche, 2005). However, the greatest challenge comes not from direct channel competition, stringent productivity initiatives or new types of marketing strategy, but from escalating customer demands.

One of the most dramatic changes in business-to-business marketing in the twenty-first century has been the dramatic escalation in the demands for enhanced service, new types of relationships, and greater added-value by business-to-business customers of all kinds. The H.R. Chally consultancy’s *World Class Sales Excellence Research Report* (H.R. Chally, 2006) investigates the views of corporate purchasers and their expectations for the relationship with the salesperson from a supplier, and mandates that the effective seller will:

- Be personally accountable for our desired results – the sales contact with the supplier is expected to be committed to the customer and accountable for achievement.
- Understand our business – to be able to add value, the supplier must understand the customer’s competencies, strategies, challenges and organizational culture.
- Be on our side – the salesperson must be the customer’s advocate in his/her own organization, and operate through the policies and politics to focus on the customer’s needs.
- Design the right applications – the salesperson is expected to think beyond technical features and functions to the

implementation of the product or service in the customer's environment, thinking beyond the transaction to the customer's end state.

- Be easily accessible – customers expect salespeople to be constantly connected and within reach.
- Solve our problems – customers no longer buy products or services, they buy solutions to their business problems, and expect salespeople to diagnose, prescribe, and resolve their issues, not just sell them products.
- Be creative in responding to our needs – buyers expect salespeople to be innovators, who bring them new ideas to solve problems, so creativity is a major source of added value.

These qualities characterize how world class sales forces are distinguished in the eyes of their customers. They describe a customer environment which is radically different from the transactional approaches of the past, and which poses substantially different management challenges in managing business-to-business customer relationships. The sales and service organizations which meet these customers demands and expectations and develop sustainable and attractive customer relationships are likely to look very different to those of the past and to work very differently. The new competitive era in business-to-business marketing may require a strategic sales organization.

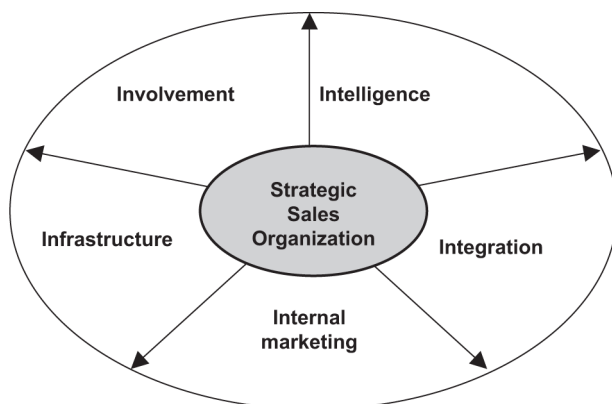
#### Imperatives for the strategic sales organization

We have developed the case more fully elsewhere that the importance of strategic customer relationships mandates a strategic response (Piercy and Lane, 2009). We suggest that the bulk of attention given to the sales and account management area in the past has been primarily concerned with tactical and operational issues, and has failed to adopt a strategic perspective on the management of customer relationships. To support practical analysis and to provide a framework for management action, we have proposed the framework in Figure 2.

The framework suggests the following imperatives for management focus:

- Involvement – placing the sales organization in the center of the business and marketing strategy debate in

**Figure 2** Imperatives for the strategic sales organization



Source: Adapted from Piercy and Lane (2009)

companies and aligning sales operations with strategic direction.

- Intelligence – building customer knowledge as a strategic resource critical both to strategy formulation and to building added-value strategies with major customers.
- Integration – establishing the cross-functional relationships necessary to lead processes which define, develop and deliver superior value propositions to customers, and managing the interfaces between functions and business units impacting on service and value as it is perceived by customers.
- Internal marketing – using sales resources to “sell” the customer across functional and divisional boundaries within the company and across organizational boundaries with partner companies, to achieve seamless value delivery.
- Infrastructure – developing the structure and processes needed to manage sales and account management organizations to match customer relationship requirements and to build competitive advantage.

We consider each imperative in turn, although they are clearly highly inter-related issues.

#### Involvement

As customer demands for superior seller relationships continue to evolve and escalate, then a distinct new role is becoming critical in selling organizations – the strategic management of the relationship with the customer. While harsh economic conditions and the search for competitive edge mandate cost reductions to increase margins, sales revenues and profits are derived not only from finding new customers and sales channels, but from growing relationships with existing customers and sales channels. However, conventionally, sales organizations manage customers for short-term revenues, which in highly competitive markets often results in declining margins and commoditization (Lombardi, 2005). Underpinning a strategic response to radical market change is the challenge of repositioning sales as a core part of the company's competitiveness, where the sales organization is closely integrated into marketing and business strategy (Stephens, 2003).

Strategic involvement of the sales organization has two aspects. The first strategic sales issue is concerned with developing a perspective on the sales organization which does not focus simply on the tactical management of transactional selling processes, but examines the different relationships that may be formed with different types of customers as the basis for long-term business development (Olson *et al.*, 2001). This implies a new appraisal of the activities and processes required to enhance and sustain value delivery to customers through the sales organization. It is also increasingly the case that major customers require a highly specific value proposition built around “unique value” for the customer.

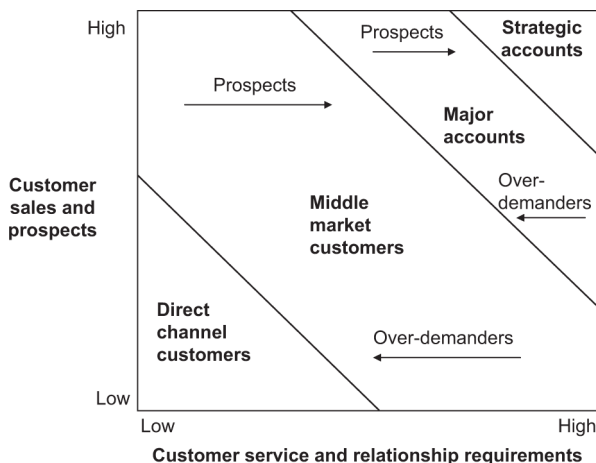
The second strategic sales issue is concerned with interpreting the customer environment as a basis for strategic decisions. As the costs of dealing with major customers continue to increase, companies face important choices in where they choose to invest resources in developing a customer relationship, and where they choose not to invest. With large customers in particular, the risks in investment or disinvestment are high, and it likely that the intelligence-

gathering and market sensing capabilities of the sales and account organization will play a growing role in influencing strategic decisions about resource allocation in the customer portfolio.

For example, Figure 3 shows an approach to mapping the customer portfolio by classifying customer accounts by their sales level and potential, and their service and relationship requirements from the supplier. This approach identifies strategic accounts where collaborative and joint problem-solving approaches are appropriate to win strategic supplier status. Strategic account management strategies and structures have developed in many companies as a way of developing close, long-term and collaborative relationships with the most important customers and meeting their needs in ways which the traditional salesforce did not (Homburg *et al.*, 2002). Important questions surround the selection and management of relationships with key accounts, who may be the most expensive and least profitable customers to serve. Growing buyer concentration in many markets mandates collaborative relationships with these accounts as strategic suppliers, but the costs of partnership and the growing dependence involved underlines the need for careful choices and evaluation of performance and business risk.

Major accounts, on the other hand, may be large in the supplier's terms and have high relationship/service requirements, but they are not partners or collaborators, they are customers in a conventional buyer-seller relationship. However, major account size and prospects identifies the need to develop appropriate sales force approaches to deliver value to these customers. However, it is likely that appropriate sales force strategies will be, and should be, substantially different between key and major accounts. The distinction between major accounts (conventional customers) and strategic accounts (collaborators or partners) underlines several strategic choices. Plans may include the movement of accounts between these categories – developing a closer relationship with a major account to develop a new strategic relationship account, or moving away from a close relationship that is ineffective to move a strategic account to major account status.

**Figure 3** The customer portfolio



Source: Adapted from Piercy and Lane (2009)

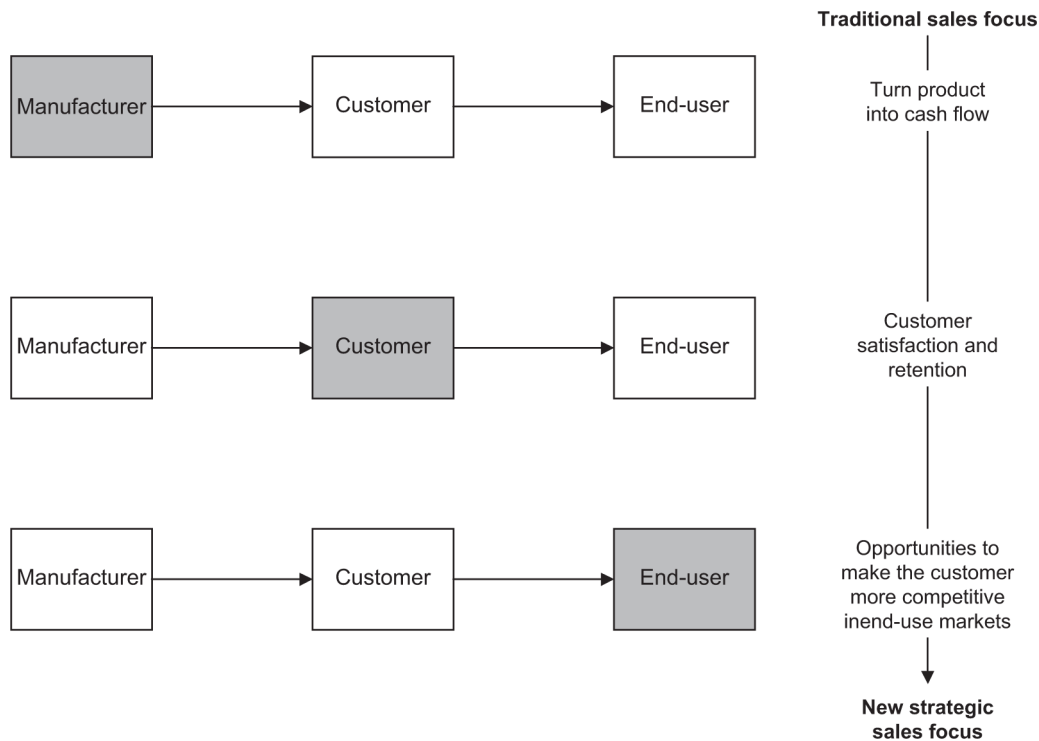
The middle market contains customers with varying prospects, but generally moderate relationship/service requirements. Those with promising potential may be moved into the major account area over time, while those with relationship/service requirements which are excessive compared to their potential, may be moved towards the direct channel. The direct channel is the route to market for smaller accounts with low relationship/service requirements. Customer development strategy may also involve moving some middle market accounts towards the direct channel, because they are consuming more service/relationship resources than they merit, but also moving some from the direct channel to the middle market, based on changing prospects and the costs of serving the account. Such considerations illustrate the potential importance of shifting sales force resources from a short-term transactional selling focus, to longer-term business development issues in line with business strategy.

This mapping process is a screening device for identifying the most appropriate relationship to offer a specific account and the strategic investment choices to be made in allocating scarce salesforce, account management, and other company resources, as well as evaluating the risks involved in over-dependence on a small number of very large accounts. Underlying the strategic sales issue is the question of developing the capability of the sales organization to deliver added-value in different ways to various categories of customers. It is unlikely that a traditional, transaction-focused sales force will be able to deliver added-value required by some customers. However, the deployment of expensive resources to develop added-value sales strategies for particular customers implies explicit choices and investment in creating new types of sales force resource and capability, which should be considered at a strategy level in an organization.

### Intelligence

One clear and repeated demand by corporate buyers is salespeople should demonstrate deep knowledge of the customer's business, such that they can identify needs and opportunities before the buyer does (H.R. Chally, 2006). Increasingly, the deployment of such superior knowledge and expertise is a defining characteristic of the world class sales organization, in the buyer's eyes. The buyer logic is straightforward: if the seller cannot bring added-value to the relationship by identifying new opportunities for the buyer to gain competitive advantage in the end-use marketplace, then the seller is no more than a commodity supplier, and can be treated as such (the product is likely to be bought only on price and technical specification).

This represents a challenging change in focus in the way sales organizations interact with major customers. The transition model in Figure 4 underlines the change in perspective in moving from transaction approach to customer relationships towards a strategic sales relationship. While traditional selling activities focus primarily on the need to convert product and service into cash flow, conventional marketing shifts the focus from seller need to buyer need, and emphasizes customer satisfaction and retention. However, in many situations now faced by suppliers, customers demand that the seller displays not simply a superior understanding of the customer's own organization, but detailed and insightful knowledge of the customer's end-use markets. The strategic

**Figure 4** Changing focus in strategic sales

Source: Adapted from Piercy and Lane (2009)

sales role is becoming one of deploying end-use market knowledge to enhance the customer's competitive position and cost efficiency.

Successful business models like those at companies as diverse as Dell Inc. in computers, Johnsons Controls in automotive controls, and Kraft in groceries display this type of end-use market perspective in their strategic sales relationships. Major customers evaluate their suppliers on the seller's success in enhancing the customer's competitive position, and increasingly expect proof of this achievement. The challenge to suppliers from an increasing proportion of their major customers is to understand the customer's business and the customer's end-use markets and to leverage that knowledge to create competitive advantage for the customer. The alternative is to face growing commoditization and declining margins. Meeting this challenge with major accounts and key accounts is a central element of strategic sales choices. The corresponding challenge for the reformed sales organization is to develop, deploy and sustain new skills and capabilities in market sensing.

#### Integration

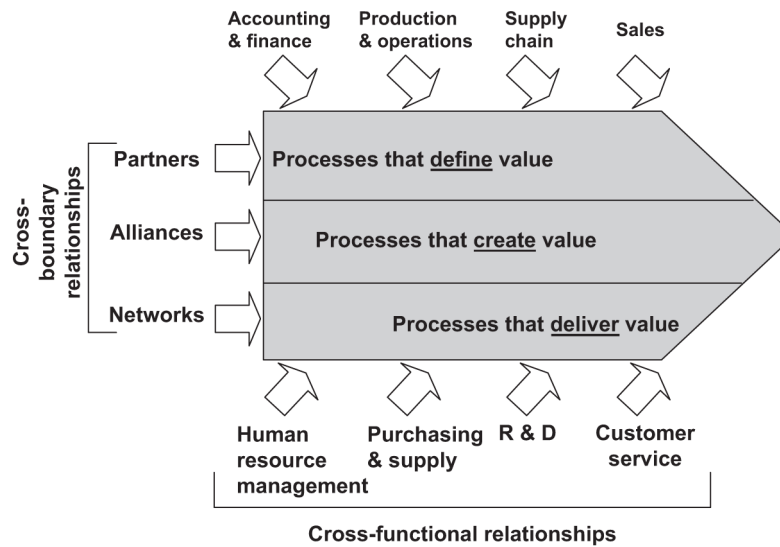
Turbulent and demanding markets create new challenges for managers in supplier organizations. Powerful customers increasingly demand problem-solving and creative thinking about their business, requiring the commitment of, and access to, the supplier's total operation. One European executive describes this as "the convergence of strategic management, change management and process management, all critical elements of transforming the sales function to meet today's

customer requirements" (Seidenschwartz, 2005). Certainly, programmes of value creation around major customers have been plagued by problems of "organizational drag" – the seller's organizational functions are not aligned around processes of creating and delivering customer value (Koerner, 2005). Similarly, retailers emphasize supplier organizational structure and culture as key obstacles to improving customer management effectiveness (IBM, 2005).

Success in the new marketplace increasingly demands the integration of a company's entire set of capabilities into a seamless system that delivers superior customer value – what we have called elsewhere "total integrated marketing" (Hulbert *et al.*, 2003). This logic is based on the observation that superior performing companies share a simple characteristic: they get their act together around the things that matter most to their customers, and they make a totally integrated offer of superior value in customer terms. The Figure 5 model provides a framework for concentrating management attention on the actual and potential contributions of functional units and departments on delivering superior value to customers, and consequently how to improve the integration of these activities.

It is likely that one of the developing roles of the strategic sales organization will be in managing processes of customer value definition, development and delivery that cut across functional interfaces to build real customer focus. Many of the barriers to developing and delivering superior customer value come from the characteristics of supplier organizations. The challenge of strategic customer management mandates effective approaches to cross-functional integration around

Figure 5 Integration around value processes



Source: Adapted from Piercy and Lane (2009)

value processes. Rather than managing only the interface with the customer, the strategic sales force must cope with a range of interfaces with internal functions and departments, and increasingly with partner organizations, to deliver value seamlessly to customers.

**Internal marketing**

It is also likely that a strategic approach to the role of sales in managing customer value will simultaneously impose the problem of positioning and “selling” the customer value strategy inside the organization. For example, consider the issue of service quality, which has proved to be a decisive competitive weapon in many industries. Service quality is normally evaluated in the customer marketplace in terms of whether the perceived delivery of the product or service confirms or disconfirms customer expectations to create satisfaction or dissatisfaction (e.g. see Berry and Parasuraman, 1991). However, those same dimensions of attitudes and beliefs are mirrored in the internal marketplace of company employees and managers.

In the internal marketplace, expectations are concerned with anticipations by people inside the company of external customer preferences and behavior, and perceived delivery is about differences between internal and external criteria of what “matters” – priorities of people in the “back office” or the factory may conflict with those of the external customer. Confirmation/disconfirmation relates not to consumption of the product, but to judgments people inside the company make about the external customer. When external customers “disappoint” employees by their adverse reaction or complaints, this may easily have a negative effect on the future behavior of employees in dealing with customers. The “satisfaction” of employees with the customer may turn out to be the hidden driver of the quality of the service received by the external customer.

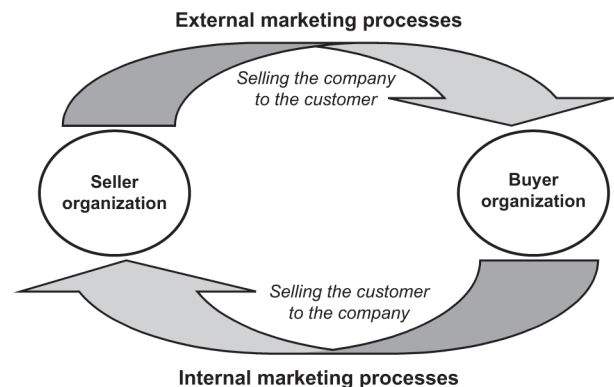
The risk of undermining the competitive position with a major customer as a result of such internal market factors is too serious to be ignored. One role of the strategic sales

organization is likely to be “selling” the customer to employees and managers, as a basis for understanding customer priorities and the importance of meeting them, as an activity that parallels conventional sales and marketing efforts, as suggested in Figure 6.

**Infrastructure**

The role of the transforming sales organization is unlikely to be implemented effectively through traditional sales force structures and processes. Shapiro and his colleagues suggest that “most established sales forces are in deep trouble. They were designed for a much simpler, more pleasant era . . . The old sales force must be redesigned to meet the new needs” (Shapiro *et al.*, 1998). New definitions of the sales task will require substantial shifts in the way that the sales organization is managed. Turbulent markets mandate constant attention to alignment between sales processes and the goals of market and business strategy. Certainly, research suggests that the move from transactional relationships with customers (selling

Figure 6 Internal marketing



Source: Adapted from Piercy and Lane (2009)

on the basis of price and product advantages) to value-added relationships is proving extremely challenging for many organizations pursuing this strategy (American Salesman, 2002). Similarly, the shift from individualistic customer relationships to team-based selling around large customers underlines new infrastructural requirements in the sales organization (Jones *et al.*, 2005).

Change in the infrastructure supporting the strategic sales organization is likely to span organization structure, performance measurement systems, competency creation systems, and motivation and reward systems – all driven by the definition of the new task and role of the sales operation. Traditionally management attention has focused on outcome performance as the main indicator of sales organization effectiveness (i.e. salespeople meeting sales volume and revenue targets). However, if strategy requires the development of closer customer relationships and the implementation of a value-based strategy, then salesperson behavior performance may be a more productive point of focus than is outcome performance (i.e. not simply what salespeople sell, but the behaviors they undertake to achieve their goals and to build customer relationships).

If salesperson behavior performance is key to delivering the outcomes and overall effectiveness required as marketing strategy moves towards a relationship focus, then this has several important implications for the competencies and behaviors to be developed in salespeople, and against which to evaluate their performance. This in turn, has major implications for the type of people to be recruited to sales and account management roles, as well as for the way in which they are managed (Baldauf *et al.*, 2001, 2005). Particular controversy is reserved for the move from outcome-based control (primarily in the form of compensation-based incentives such as sales commission and bonus) towards behavior-based control (direct manager intervention in how salespeople do their jobs, and greater reliance on fixed salary compensation packages) (Piercy *et al.*, 2004a, b).

The process of “reinventing” the salesforce to meet the challenges of new markets and new strategies is likely to require attention to several critical issues:

- Focus on long-term customer relationships, but also assessing customer value and prioritizing the most attractive prospects.
- Creating sales organization structures that are nimble and adaptable to the needs of different customer groups.
- Gaining greater ownership and commitment from salespeople by removing functional barriers within the organization and leveraging team-based working.
- Shifting sales management from “command and control” to coaching and facilitation.
- Applying new technologies appropriately.
- Designing salesperson evaluation to incorporate the full range of activities and outcomes relevant to new types of sales and account management job (Cravens, 1995).

While beyond the scope of this present review, a study of the antecedents and consequences of sales management control strategy is revealing of several issues, which are commonly neglected in leveraging change and superior performance in the sales force, in aligning sales efforts with strategic direction (Baldauf *et al.*, 2005). It should be apparent, however, that

new business strategies and an evolving role for the sales organization in leading strategic customer management will inevitably require considerable re-evaluation of the management of the sales organization. There are numerous practical challenges in realigning the selection, training and development of individuals for these new sales roles (Cron *et al.*, 2005), as well as the development of sales managers with relevant skills and capabilities for the new challenges (Ingram *et al.*, 2005).

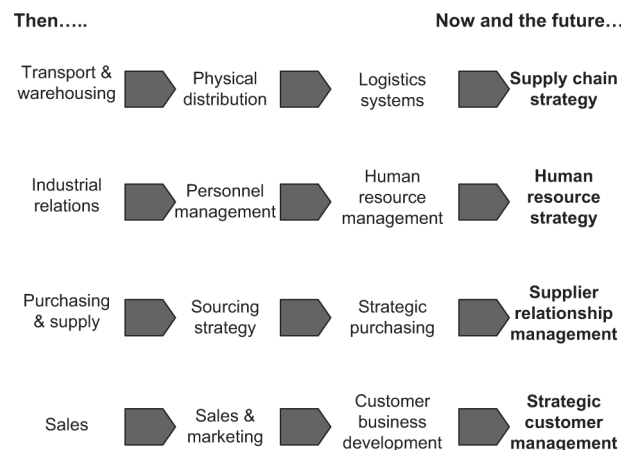
## Organizational evolution in business-to-business marketing

Business organizations evolve and change as the outside world changes, as demands on the company shift, and as management priorities reconfigure, looking for the best ways to enhance performance. Although it is part of a larger process of adjustment, at least in the short and medium-term, one part of organizational evolution is that traditional specialist functions change in how they operate and in the level and type of influence they exert in the company. In some cases they may disappear altogether, in others they reappear in different guises. The emergence of the strategic sales organization can be compared to the evolution of other business functions in the way shown in Figure 7.

At one stage in their development, many manufacturing organizations maintained transport and warehousing functions – operationally very important in getting things moved from factories to distributors and stored where needed, but wholly operational and tactical. However, as physical distribution system modeling identified the massive efficiency gains that come from integrating the movement, storage and location of goods around customer demand in logistics systems, things changed. When this function made the transition to supply chain strategy, its strategic importance was recognized. Similar evolution can be traced in the shift from personnel management to human resource strategy, and from purchasing and supply functions to supplier relationship management.

A parallel type of transition may be happening in the “front-end” of organizations. The transition there was from sales to sales and marketing but the largely unanswered question is what follows. In some companies new customer business

**Figure 7** How organizations evolve and re-prioritize





development structures focus on the opportunities provided by major customers and suppliers, and new job titles like “Director of strategic customer management” and “Strategic customer manager” being adopted to indicate this type of change in the role of what was once sales. For example, Proctor & Gamble has created Customer Business Development organizations at the front of the business. The goal of CBD is to transform the old, narrow idea of buyer-seller relationships with customers, into a multifunctional, collaborative approach designed to achieve mutual volume, profit and market share objectives. CBD teams work with customers to develop the customer’s plans and strategies to the advantage of both customer and P&G. CBD team members work collaboratively with experts from finance, management systems, customer service and brand management to develop and implement business strategies that deliver sustainable competitive advantage for P&G brands with major retailers.

Leading edge examples underline that something new is developing from what used to be sales and marketing, and beyond even customer business development and process-based organization. The organizational evolution beyond CBD may be a strategic sales organization focused on a newly-identified responsibility for Strategic Customer Management as a key driver of business strategy.

### Is sales the new marketing?

Such reasoning has led some to suggest that a re-formed sales organization with a clear and growing strategic role in the business may subsume much of the role associated in the past with marketing. Supporting evidence includes: the shifting of corporate resources from marketing to sales in major organizations; the strategic dependence for many suppliers on dominant customers; and, the higher priority for effective management of a portfolio of customers with different levels of importance to the supplier, different supplier relationship requirements, and representing different levels of business risk. A growing alignment between business strategy priorities and customer-related contingencies may fuel this debate. It is likely that in implementing this transformation, the traditional relationship between marketing and sales may also be radically altered. Certainly, the question itself may stimulate some important debates.

### Conclusions and implications

The primary conclusion to which we are drawn is that, increasingly, the ability of companies to achieve competitive superiority and enhanced business performance through the way they manage customer relationships is a core capability, but one which has been largely ignored by conventional sales and marketing thinking. Company priorities for the way in which they interact with business-to-business customers is rapidly changing, leading to the beginning of a radical transformation in the traditional role of the sales force. This is an evolution which is likely to be as significant as the earlier changes in operations and supply chain management.

However, our analysis also suggests that sustaining and nurturing this strategic sales capability will require a sales organization that behaves differently, does different things in different ways, and delivers value to the business in new ways. It will involve a strategic responsibility for the management of

the links between a company and its market, and for confronting the important choices and decisions that exist. The challenge has moved from sales and selling into strategic customer management.

There is an urgent imperative for executives and scholars to track the pressures which are reshaping the traditional sales organization. These pressures span company needs for the implementation through the sales organization of new kinds of business and marketing strategy, while at the same time looking for enhanced productivity in the management of sales operations. However, the most dramatic impact is from the escalating demands of customers for enhanced service, new kinds of relationships, and greater added-value from sellers. Those demands define a customer environment which has shifted radically in which the transactional approaches of the past are unlikely to be effective.

To support manager and research attention to this area, we propose a framework of imperatives which define the strategic sales organization, which is capable of fulfilling a strategic customer management role. Our framework emphasises close involvement of the sales organization in developing business and marketing strategy, rather than fulfilling the operational and implementational role of the past. The core responsibility of the strategic sales organization will involve placing the management of the customer portfolio and its implied investment decisions at the center of business strategy, and providing customer and market insight to support strategy decisions. Success in strategic sales also mandates customer knowledge both to inform decision makers but also to identify new areas of added-value in working with customers. Delivering superior value to demanding and powerful customers also underlines the need for efforts to achieve full integration of company and partner efforts around customer priorities and the “internal marketing” of the customer to executives and employees in the company and its partner organizations. Lastly, the strategic sales organization will require a different infrastructure to that of the past, and many companies are struggling with the fact that conventional sales organizations were set up and designed to do a quite different job to that which is now required.

The evolution of the “front-end” of companies is already evidenced in process-based models and customer business development structures, which cut across traditional organizational divisions to focus on delivering superior value to customers. These transformational changes raise important and interesting questions, yet to be resolved, regarding the relationship between sales and marketing. The provocative question remains on the table: is sales the new marketing?

### References

- American Salesman* (2002), “Shift to value-added selling is biggest challenge in sales”, *American Salesman*, 13 November.
- Anderson, E. and Trinkle, B. (2005), *Outsourcing the Sales Function: The Real Cost of Field Sales*, Thomson/South-Western, Mason, OH.
- Baldauf, A., Cravens, D.W. and Piercy, N. (2001), “Examining business strategy, sales management, and salesperson antecedents of sales organization effectiveness”, *Journal of Personal Selling & Sales Management*, Vol. 21, pp. 123-34.

- Baldauf, A., Cravens, D.W. and Piercy, N. (2005), "Sales management control research – synthesis and an agenda for future research", *Journal of Personal Selling & Sales Management*, Vol. 25 No. 1, pp. 7-26.
- Berry, L.L. and Parasuraman, A. (1991), *Marketing Services: Competing through Quality*, The Free Press, New York, NY.
- Corcoran, K.J., Petersen, L.K., Baitch, D.B. and Barret, M.F. (1995), *High Performance Sales Organizations: Creating Competitive Advantage in the Global Marketplace*, Irwin, Chicago, IL.
- Cravens, D.W. (1995), "The changing role of the sales force", *Marketing Management*, Fall, pp. 17-32.
- Cravens, D.W., Piercy, N. and Low, G.S. (2005), "Globalization of the sales organization: management control and its consequences", *Organizational Dynamics*, Vol. 35 No. 3, pp. 291-303.
- Cron, W.L., Marshall, G.W., Singh, J., Spiro, R.L. and Sujana, H. (2005), "Salesperson selection, training, and development: trends, implications, and research opportunities", *Journal of Personal Selling & Sales Management*, Vol. 25 No. 2, pp. 123-36.
- Cross, J., Hartley, S.W., Rudelius, W. and Vassey, M.J. (2001), "Sales force activities in and marketing strategies in industrial firms: relationships and implications", *Journal of Personal Selling & Sales Management*, Vol. 21 No. 3, pp. 199-206.
- Deloitte Touche (2005), *Strategic Sales Compensation Survey*, Deloitte Touche Development LLC, New York, NY.
- Hassan, F. (2006), "Leading change from the top line", *Harvard Business Review*, July/August, pp. 90-7.
- Homburg, C. and Plesser, C.C. (2000), "A multiple-level model of market-oriented organizational culture: measurement issues and performance outcomes", *Journal of Marketing Research*, Vol. 37, November, pp. 449-62.
- Homburg, C., Workman, J.P. and Jensen, O. (2000), "Fundamental changes in marketing organization: the movement toward a customer-focused organizational structure", *Journal of the Academy of Marketing Science*, Vol. 28 No. 4, pp. 459-78.
- Homburg, C., Workman, J.P. and Jensen, O. (2002), "A configurational perspective on key account management", *Journal of Marketing*, April, pp. 38-60.
- H.R. Chally (2006), *The Chally World Class Sales Excellence Research Report*, H.R. Chally Group, Dayton, OH.
- Hulbert, J.M., Capon, N. and Piercy, N.F. (2003), *Total Integrated Marketing: Breaking the Bounds of the Function*, The Free Press, New York, NY.
- IBM (2005), *The Strategic Agenda for Customer Management in the Consumer Products Industry*, IBM Institute for Business Value Executive Brief, New York, NY.
- Ingram, T.N., LaForge, B.W., Locander, W.B., MacKensie, S.B. and Podsakoff, P.M. (2005), "New directions in sales leadership research", *Journal of Personal Selling & Sales Management*, Vol. 25 No. 2, pp. 137-54.
- Ingram, T.N., LaForge, R.W. and Leigh, T.W. (2002), "Selling in the new millennium: a joint agenda", *Industrial Marketing Management*, Vol. 31, pp. 559-67.
- Jones, E., Brown, S.P., Zoltners, A.A. and Weitz, B.A. (2005), "The changing environment of selling and sales management", *Journal of Personal Selling & Sales Management*, Vol. 25 No. 2, pp. 105-11.
- Koerner, L.V. (2005), "Conducting an organizational assessment of your SAM programme", paper presented at Strategic Account Management Association Conference, Paris, June.
- Kornik, J. (2007), "What's it all worth?", *Sales and Marketing Management*, May, pp. 27-39.
- Krohmer, H., Homburg, C. and Workman, J.P. (2002), "Should marketing be cross-functional? Conceptual development and international empirical evidence", *Journal of Business Research*, Vol. 35, pp. 451-65.
- Lambert, D.M., Marmorstein, H. and Sharma, A. (1990), "Industrial salespeople as a source of market information", *Industrial Marketing Management*, Vol. 17, May, pp. 111-8.
- Lane, N. and Piercy, N.F. (2004), "Strategic customer management: designing a profitable future for your sales organization", *European Management Journal*, Vol. 22 No. 6, pp. 659-68.
- Langerak, F. (2001), "Effects of market orientation on the behaviors of salespersons and purchasers, channel relationships and the performance of manufacturers", *International Journal of Research in Marketing*, Vol. 18, pp. 221-34.
- Leigh, T.W. and Marshall, G.W. (2001), "Research priorities in sales strategy and performance", *Journal of Personal Selling & Sales Management*, Vol. 21, Spring, pp. 83-94.
- Lombardi, L.J. (2005), "Managing strategic customer relationships as assets", *LIMRA's Market Facts Quarterly*, Vol. 24 No. 1, pp. 23-5.
- Maier, J. and Saunders, J. (1990), "The implementation process of segmentation in sales management", *Journal of Personal Selling & Sales Management*, Vol. 10, February, pp. 39-48.
- Mazur, L. (2000), "The changing face of sales", *Marketing Business*, May, p. 31.
- Ogbuchi, A.O. and Sharma, V.M. (1999), "Redefining industrial salesforce roles in a changing environment", *Journal of Marketing Theory and Practice*, Vol. 7 No. 1, pp. 64-71.
- Olson, E.M., Cravens, D.W. and Slater, S.F. (2001), "Competitiveness and sales management: a marriage of strategies", *Business Horizons*, March/April, pp. 25-30.
- Piercy, N., Low, G.S. and Cravens, D.W. (2004a), "Examining the effectiveness of sales management control practices in developing countries", *Journal of World Business*, Vol. 39, pp. 255-67.
- Piercy, N., Low, G.S. and Cravens, D.W. (2004b), "Consequences of sales management's behavior- and compensation-based control strategies in developing countries", *Journal of International Marketing*, Vol. 12, pp. 30-57.
- Piercy, N.F. and Lane, N. (2005), "Strategic imperatives for transformation in the conventional sales organization", *Journal of Change Management*, Vol. 5 No. 3, pp. 249-66.
- Piercy, N.F. and Lane, N. (2009), *Strategic Customer Management: Strategizing the Sales Organization*, Oxford University Press, Oxford.
- Seidenschwartz, W. (2005), "A model for customer enthusiasm: connecting the customer with internal processes", paper presented at Strategic Account Management Association Conference, Paris, February.

- Shapiro, B.P., Slywotsky, A.J. and Doyle, S.X. (1998), *Strategic Sales Management: A Boardroom Issue, Note 9-595-018*, Harvard Business School, Cambridge, MA.
- Stephens, H. (2003), paper presented at American Marketing Association Summer Educators Conference, The H.R Chally Group, Chicago, IL, August.
- Stewart, T. (2006), "The top line", *Harvard Business Review*, July/August, p. 10.
- The Sales Educators (2006), *Strategic Sales Leadership: Breakthrough Thinking for Breakthrough Results*, Thomson, Mason, OH.
- Webster, F.E., Malter, A.J. and Ganesan, S. (2005), "The decline and dispersal of marketing competence", *Sloan Management Review*, Vol. 46 No. 4, pp. 35-43.
- Weitz, B.A. and Bradford, K. (1999), "Personal selling and sales management: a relationship marketing perspective", *Journal of Personal Selling & Sales Management*, Vol. 27 No. 2, pp. 241-54.

- Workman, J.P., Homburg, C. and Gruner, K. (1998), "Marketing organization: an integrative framework of dimensions and determinants", *Journal of Marketing*, Vol. 62, July, pp. 21-41.

### Further reading

- Piercy, N.F. and Lane, N. (2006), "The hidden weaknesses in strategic account management strategy", *Journal of Business Strategy*, Vol. 27 No. 1, pp. 18-26.
- Rackham, N. and de Vincentis, J. (1999), *Rethinking the Salesforce: Redefining Selling to Create and Capture Customer Value*, McGraw-Hill, New York, NY.

### Corresponding author

Nigel F. Piercy can be contacted at: [Nigel.Piercy@wbs.ac.uk](mailto:Nigel.Piercy@wbs.ac.uk)

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.