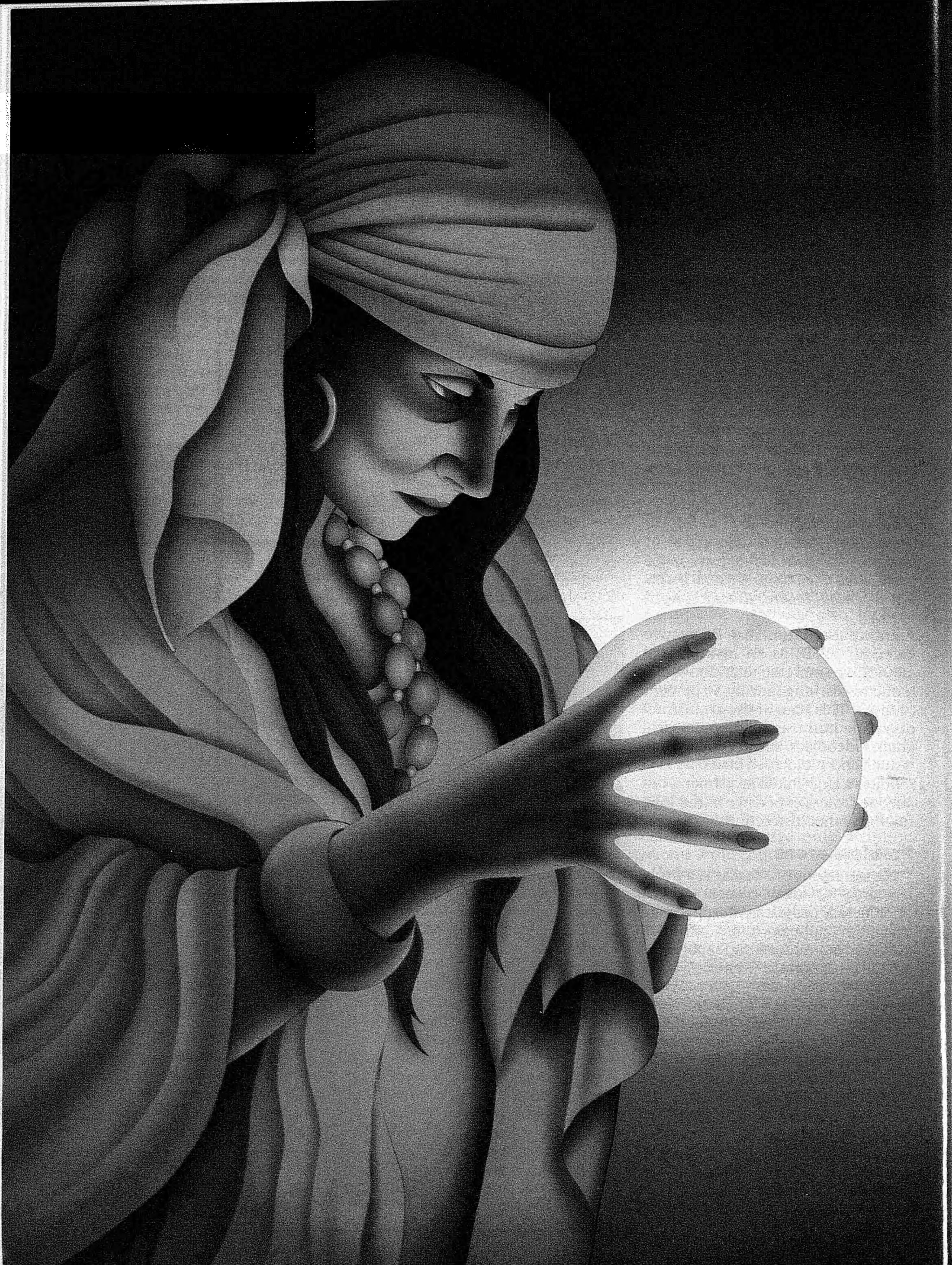

Sales Training in the 1990s

Get out your crystal ball for a look at sales training trends in the next 10 years. These prognosticators make some educated guesses: a few trends will bring big payoffs, while others quietly fade away.

By Neil Rackham and John Wilson

Gurus such as Tom Peters and Michael Kami, who made an impact in the 1970s by using strategic planning to make business predictable, are now making even more impact by saying that prediction failed us in the 1980s and that business life can no longer be predicted. According to Kami, the only thing that will be predictable in the 1990s is uncertainty.

So it is with some apprehension that we attempt to predict sales training trends for the nineties. About ten years ago, we had no such qualms. In the good old seventies, trends for the eighties seemed clear enough. Before we proceed with forecasts for the nineties, it seems appropriate to look at how our predictions for the eighties panned out.

Trends of the eighties

Ten years ago, we identified three major trends we thought would dominate sales training in the 1980s: better selling models, especially for larger and more complex sales; more emphasis on the role of the sales manager in coaching and performance development; and better training designs that emphasized reinforcement and follow-up.

How accurate were those predictions? Not far off the mark. Progress has been a little slower than we expected, but the fundamental trends have been there.

In the late 1970s, we complained that most organizations still assumed that the skills needed to sell small products were exactly the same as those needed to sell large systems and complex professional services. In the eighties, that belief crumbled. The one-size-fits-all selling models we complained about in 1979, with their heavy emphasis on closing and objection handling, have been replaced by more sophisticated models for larger sales. Sales strategy programs are available today that did not exist ten years ago. Better models are also available, particularly for high-end sales.

Our second prediction in 1979 was that the eighties would see a greatly increased emphasis on the coaching role of the sales manager. This has certainly happened in many larger and more advanced salesforces. In high technology sales, for example, such companies as IBM, Digital Equipment, and Xerox have put more emphasis on coaching. And several major banks, such as Chase Manhattan and Citicorp, have also started to develop stronger coaching roles for their sales managers.

Why did we tout coaching so strongly? In 1979, a study at Xerox showed that training suffered an 87 percent loss of skill within one month if it was not followed by coaching. With moderate manager involvement in coaching, the skill loss could be reduced. Really good, systematic coaching could produce a skill gain.

We reasoned that if a corporation such as Xerox, which had a reputation for excellent training, was losing 87 percent of selling skills by not using coaching, other corporations could be losing even more. It was the idea of 87 cents of every skills training dollar being wasted that convinced us that most major corporations should and would take sales coaching very seriously in the 1980s.

The acceptance of coaching has been slower than we anticipated, although it has certainly gained some ground as a training tool in the last ten years. For every IBM, Xerox, or Digital that stressed coaching, ten major organizations gave it lip service only.

What went wrong? We have considered a raft of possible reasons. Two possible explanations are universal enough to apply to most companies. First, the sad truth is that coaching is something that can always be put off. Sales managers tend to concentrate on tasks that must be accomplished by week's end, such as closing business or writing reports. In the week that follows, coaching gets put off again for the same reasons.

The second explanation for inadequate use of coaching lies in who has the decision making power. Most trainers recognize the importance of sales manager coaching, but they don't control the field where coaching takes place; they only control what happens in the classroom. Consequently, they can train managers in how to coach, but they can't make coaching happen once managers leave the classroom.

Our final prediction for sales training in the eighties foretold an improvement in training design, including more emphasis on follow-up and reinforcement. This trend has developed, to some degree.

Most good sales training today, whether in-company or designed by sales training vendors, includes some kind of follow-up activities and post-program support. All too often, however, the reinforcement material looks more like an afterthought to make a program look complete than an

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integral part of the program's design.

Also, less creativity seems to be invested in designing reinforcement activities than in the overall program, resulting in some downright boring follow-up modules. Sales training reinforcement and follow-up have moved along in the last decade, but many companies still have a long way to go.

Reviewing the 1980s as a whole, we have seen real progress in the areas targeted in our predictions, but there is still much room for improvement. And what do we envision for the 1990s? Despite the increasing difficulty of accurately predicting the future of business, four important trends have emerged in the last two years that will continue to significantly shape sales training in the 1990s:

- an increased emphasis on strategy and the overall selling cycle rather than on the individual sales call
- more integration of product and selling skills training
- skill segmentation reflecting differences in market focus and customer segmentation
- training that breaks out of the boundaries of the classroom.

Strategy and the selling cycle

Until the mid 1980s, sales training focused mainly on how to make individual sales calls. Typical skill elements included how to plan for a call, how to open the call, how to probe and answer objections during the call, and how to close the call. From the mid 1980s on, many people—particularly those responsible for training major account salesforces—became uneasy about making sales calls the center of the universe.

"What happens if it takes four or five calls to make a sale?" they asked. "Is every call the same? Or do you concentrate on certain things in the first call and on completely different things during the third or fourth call?"

Good questions. Several research studies have shown that the skills needed for success during early calls in the sales cycle are indeed very different from those needed for success on calls in the middle or end of the selling cycle. Salespeople who treat the sales cycle as a series of calls requiring one basic set of selling skills usually fail.

The traditional call-based sales models can be adequate for small, one-call sales. But the future of one-call salesforces in the nineties is uncertain. Escalating costs are already leading many corporations to reduce face-to-face salesforces for smaller sales. Cheaper options such as telemarketing, part-time merchandising, and alternative distribution channels are likely to reduce low-end salesforces even more.

Sales training will increasingly focus on larger sales. Larger sales require a greater emphasis on strategy and an understanding of buying cycles. In contrast to the call-based focus of the eighties, the nineties will see cycle-based programs requiring skills in

- how to formulate entry strategies to penetrate large accounts
- how to predict key elements of the buying cycle
- how to plan and execute account strategies
- how to deal with purchasing committees and formal evaluation or bid processes
- how and when to negotiate terms and conditions
- how to build increased business by developing durable, long-term, account relationships.

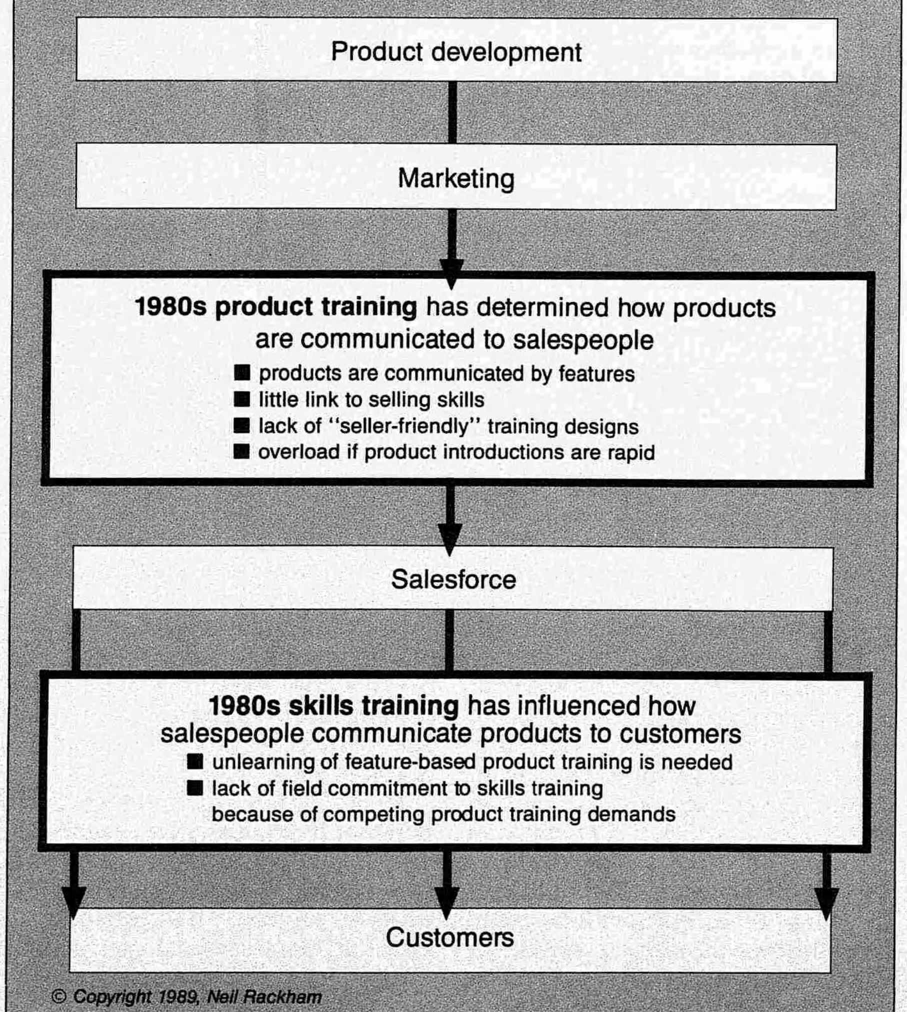
As part of this change, there will also be more emphasis on team selling, internal selling, and account management skills.

Product training versus selling skills training

Product training aims to give salespeople knowledge of the products they sell. Selling skills training teaches basic selling techniques.

For the past ten years, most product training, which is how a new product is introduced to a salesforce, communicated the product by listing its features. Salespeople, being human,

Figure 1—Skills training and product training in the 1980s product-communication process



tended to communicate the product to customers in the same way it was communicated to them. Consequently, after product training, they went out to their customers and began to promote product features.

Ironically, skills training since the 1920s (when E.K. Strong first introduced the concept of features and benefits) has taught that the worst way to communicate products to a customer is by listing features. Evaluations show that when the emphasis is on features, calls are ineffective and new product sales suffer.

While the quantity of product training has been increasing, the quality of the training has rarely kept pace. That must change in the 1990s. The rate of product introductions will almost certainly accelerate during the next 10 years, and products are not likely to become less complex. In fact, salesforces have already become inundated with new product information in the past few years, as the number of product introductions has soared.

Kodak, for example, has launched more new products in the last three years than in the preceding 50 years.

Information overload is even more severe in many service organizations. Major banks and consulting firms say their people are confused by the amount of new product information they are required to handle. Sales are suffering as a result.

Sales training in the nineties must pay as much attention to product training as it has given to selling skills training in the past. And, effective selling skills training may involve unlearning what product training has been teaching up until now.

Separate product and selling skills training is sometimes effective in markets where products change very slowly, but it inevitably leads to inadequate skills training, information overload, and loss of sales in organizations where rapid product introduction is the norm. The 1990s will have an increased integration of product and skills training in organizations that have rapidly moving markets and products.

In some markets, this trend is already visible. For example, in the financial services area, where products can change with frightening speed, it is crucial to integrate product and skills training.

A senior vice-president of one of the country's largest banks recently described product training as "the single most important problem" for his organization. His bank had an excellent record for developing innovative new products, but by the time the salespeople had learned how to sell them, competitors had entered the market with look-alike versions, destroying any competitive advantage.

How can product training and skills training be integrated? The basic principle is simple. Integrated training communicates products to the salesforce in a way that makes them easier to sell. That involves introducing products to salespeople in terms of the customer needs that the products can meet and the problems the products can solve for customers.

Salespeople must also learn what questions to ask to help them to sell products effectively. (In studying product launches, we found that salespeople often gave three times as many features and asked half as many questions when selling new products.)

Several organizations are already doing interesting and exciting work in bringing together product and skills training. One of the best examples is the work done by Howard Kleinert at Canon U.S.A. Canon's approach is particularly impressive because the integration of product and skills training is done by providing training to a dealer network, a very challenging task.

Overall, integration leads to a more efficient process that requires less time out of the field and produces faster learning curves. Integration also leads to a more consistent process by using the same language and the same concepts for both product and skills training. When product and skills training are separate events, conflicting and sometimes competing messages are delivered. Also, integration remains current because skills are practiced around the newest products.

See figures 1 and 2 for a comparison of skills and product training in the 1980s and 1990s.

Skill segmentation in the 1990s

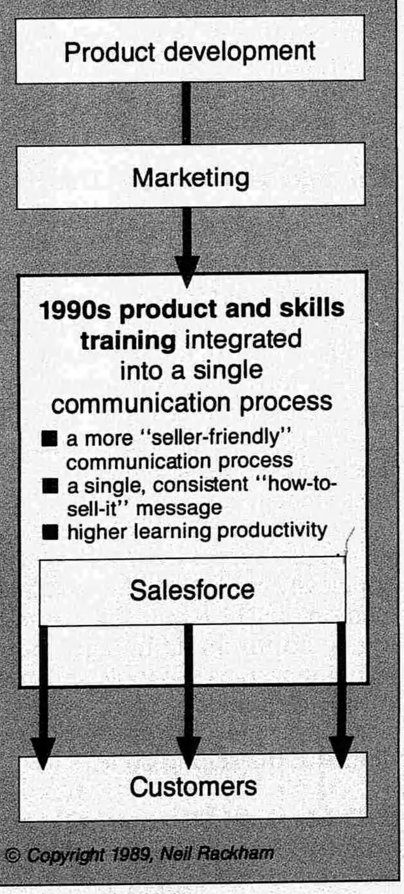
During the eighties, saleforces experimented with functional segmentation, the concept of dividing a capital goods salesforce into hunters and farmers, or a banking salesforce into separate sales and service organizations. The success of these functional divisions has been questionable. The hunter/farmer split was particularly damaging to several companies. The idea seemed fine in theory, but in practice a company's hunters generally succeeded in taking business away from farmers at competing firms.

In the nineties, increased segmentation of markets will lead to more sophisticated and more successful ways to segment salesforces. The consequence for training is that different segments will require different skills.

For example, a typical salesforce in 1980 would have been made up of two groups of salespeople. One group would have been larger and territorially defined, covering average accounts. The smaller group would have covered major accounts.

What was different about the training for each group? As it happens, not much. Most organizations gave the

Figure 2—Integration of skills training and product training in 1990s product-communication process



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same skills training to both territorial and major account salespeople. If there was any difference, it was likely to be that major account people were given some additional training in such matters as negotiation, finance, and proposal writing.

The same organization in the nineties is likely to have at least four different sales groups that reflect different customer segments:

- strategic partnerships
- strategic team selling
- individual salespeople to work with middle-market customers
- cost-effective low-end distribution options.

Strategic partnerships. They reside at the top level of the customer base and involve a few key customers who have entered into close partnership arrangements. The boundaries between selling and buying organizations become blurred at this level.

The creation and management of strategic partnerships involves top executives and requires very different skills from those conventionally thought of as "selling." More than half of some organizations' revenues come from partnership arrangements, now and in the future. As the partnership trend continues, so will the need for sales training that specifically focuses on skills for creating and nurturing such arrangements.

Strategic team selling. This will involve the upper end of major account selling. It is already common in accounting and consulting firms, commercial and merchant banks, and capital goods companies that are so sophisticated that sales tasks have become too complex for one individual to handle. As a result, the need already exists for strategic sales teams who work closely together to develop sales strategy and execution.

The training needs of sales teams are unique. Simple teamwork skills are hopelessly inadequate. More strategic methods will be required for developing a common language, better planning and analysis tools, and mechanisms for understanding and evaluating strategic options at different points of the selling cycle.

Individual middle-market salespeople. Most individual salespeople in the future will be selling at a market level pitched a little higher than territorial accounts and a little lower than major accounts. As a result, their sales training needs will require a stronger emphasis on account planning and strategy, in addition to the specific selling cycle skills that are required in major sales.

In this middle market group, there will be increased retraining of experienced salespeople, a difficult undertaking, particularly in skills.

Cost-effective low-end distribution options. At the low end of the customer spectrum, the name of the game will be cost effective techniques for servicing smaller accounts. Such techniques will involve the use of electronic ordering, telemarketing, and part-time salespeople.

Many organizations will still need traditional face-to-face salesforces. The challenge for training will be to find cheaper, faster ways to help salespeople remain cost-effective. The greatest sales training opportunity in this segment of the salesforce will probably be training for sales managers to help them increase the efficiency of their salespeople. Sales efficiency techniques such as time analysis, territory configuration, and call pattern analysis will play a big part in sales management training for this segment.

Breaking out of the classroom

This final prediction for the 1990s heralds a growth of alternatives to traditional classroom training. The already increasing use of team meetings for training is one harbinger of this trend. Team meetings—part of sales training for many years due to the inaccessibility of classroom training in sales—have become a deliberate policy to involve sales managers in performance development.

Sales team training will also be carried into the classroom. New types of team-based sales training designs have become popular during the last two years. Some of today's sales training leaders are already developing exciting new forms of multilevel design, in which sales managers and their people go through separate but interacting learning tracks.

At its best, this type of training program—sometimes called a two-tier program—brings a much needed atmosphere of reality into the classroom. These kinds of programs play an important role in retraining experienced salespeople, when conventional classroom training often generates resistance.

Another sign of the trend toward alternative training methods is an increasing emphasis on the use of tools to analyze accounts and to form account strategies. The best tools provide simple, practical ways to help managers and their salespeople communicate on the job about what is happening in their accounts.

On an individual level, there will be greater use of computer-based instruction that parallels the increasing use of computers by salespeople. Good old audiotapes will also have a significant role to play, particularly audio newsletters, which are taped training messages sent at regular intervals.

There are some widely forecast trends that we feel will not be success stories in the nineties.

One such prediction is that interactive videos will dominate training for selling skills. It is our observation that interactive videos are not effective in training people to interact. Although we do see a valuable role for interactive videos in product training, we think they will die a quiet death in the skills area.

Another trend we predict will fizzle out in the nineties is the present enthusiasm for generic strategy programs that teach salespeople subjects such as economic forecasting tools, strategic planning models, and military strategy programs. As trainers continue to become more sophisticated, they will focus on programs that offer practical selling strategies that salespeople can use, eschewing elevated concepts that can't be turned into action.

Ten years ago, we summed up sales training in the 1980s this way: "Every sales trainer with ambition and energy should look forward to the '80s. It promises to be a decade of real achievement and demonstrable results."

Indeed, sales training can look back on the last decade with some satisfaction. But the excitement and challenge of the eighties pales beside what lies ahead. Sales training is changing and growing up fast. It will be a good place to be in the nineties. ■