

Sales force effectiveness and its key success factors in the last 10 years –  
an empirical approach

Prof. (FH) Mag. Dr. Karl Pinczolits

Professor of Sales at the Marketing Communications and Sales Institute

University of Applied Sciences Wiener Neustadt

Johannes Gutenberg-Straße 3, 2700 Wr. Neustadt, Austria

Tel. 0043 2622 89084 313, Fax. 0043 2622 89084 99

Email: [karl@pinczolits.at](mailto:karl@pinczolits.at)

Mag. Daniela Vevera

Lecturer of Marketing Research at the Marketing Communications and Sales Institute

University of Applied Sciences, Wiener Neustadt

Johannes Gutenberg-Straße 3, 2700 Wr. Neustadt, Austria

Tel. 0043 2622 89084 312, Fax. 0043 2622 89084 99

Email: [daniela.vevera@fhwn.ac.at](mailto:daniela.vevera@fhwn.ac.at)

Dr. Marina Pinczolits-Benczak

Lecturer of Marketing and Sales at the Marketing Communications and Sales Institute

University of Applied Sciences of Wiener Neustadt

Johannes Gutenberg-Straße 3, 2700 Wr. Neustadt, Austria

Tel. 0043 2622 89084 313, Fax. 0043 2622 89084 99

Email: [marina@pinczolits.at](mailto:marina@pinczolits.at)

#### Abstract:

After the optimisation of production and administration, the effectiveness of sales force organisations is the last area where companies search for effectiveness potential. The effectiveness of the sales force will become a central success factor to reach long-term company goals. This summary of continuous empirical studies shows that the efforts for attaining more effectiveness in sales are not as great as in the areas of production and logistics. Resistance to change and technology gaps lead to the fact that companies want to increase effectiveness but the knowledge level remains low and business processes still have a huge potential for a boost in effectiveness.

#### Keywords:

Sales force effectiveness, sales force, productivity measurement

#### Introduction:

The study which was presented 10 years ago for the first time still tries to answer the following questions:

1. How can sales force effectiveness be measured and directed?
2. Where is the biggest effectiveness potential in sales?
3. How can sales be created more effectively?

The effectiveness of the persons involved, more precisely of the sales force and the sales managers is examined. Moreover, the effectiveness of the customers and market management as well as the effectiveness of the sales organisation are measured. These practical and intersectoral surveys try to fathom the most important aspects of sales.

This article deals with research in the field of sales using a panel of sales people which has been surveyed since 2000. It is a practical and empirical approach.

General conditions: In the German speaking countries in Europe there are approximately 2.5 million sales persons. This target group was surveyed in a long-term-study on the topic of sales force effectiveness. Out of this large target audience a sales manager panel was selected with 150 participants. Furthermore a panel with 350 sales representatives was formed. These two panels were surveyed on a continuous basis with regard to important topics regarding sales force effectiveness, therefore offering the opportunity to document the changes within the last 10 years. The results that are presented in this article are the outcome of the last sales manager panel survey. Currently the new sales representative panel study is being analysed. In 2010 a study of first class performance in sales will start. The aim of the panel is to find out the current topics regarding the controlling and directing of sales and to explain their importance and relevance.

The sales manager panel study deals with the challenges regarding the topic of effectiveness in the field of sales in Austria, Germany and Switzerland. To this purpose a sales manager panel has been surveyed for the past 10 years. As a result some trends and developments have been recognised and probable changes in the future have been forecasted. The main points of investigation of all these studies are the effectiveness of the sales force and sales managers, the effectiveness of the customers and of the sales organisation. The aim of the studies is to illustrate the effectiveness in sales in general, to identify potential for an increase in effectiveness and to present ways to realise these opportunities. The results of these surveys demonstrate that effectiveness is the key factor to reach growth of a company out of itself and

to guarantee business success over a long period of time. The main outcomes of the surveys of the last 10 years are:

The number of companies that engage actively in the topic of effectiveness in sales has almost doubled. Firstly, more than 80% of the companies regard effectiveness as important and secondly, companies investigate sales effectiveness on a continuous basis. These surveys are the basis for the formulation of the sales strategy, for stipulating goals with the sales persons, directing sales, optimising customer support, increasing employee performance and customer relationships and finally for improving processes within the company.

Another outcome is that the decrease of the cost of sales to improve effectiveness is not regarded as an appropriate solution. 70% of the companies have sales costs under 25% and a third of the firms even below 10%.

Sales effectiveness can be increased mainly through the optimised assignment of sales persons, customers and processes and not through the reduction of costs as is common in other company areas such as administration and production.

The sales force effectiveness was and is the first and main starting-point for increasing effectiveness. 80% of the companies monitor the job performance of their sales staff. The best possibilities to increase effectiveness in this area is to implement efficient time management in general, to optimise the time spent directly with the customer and to optimise the number of customers.

The most recent area in effectiveness measurement is the effectiveness of the sales management. It was found out in the survey that sales managers invest most of their time into their own customers. The potential here lies in the encouragement of his or her management competencies.

The quality of service in the area of customer support is only relevant for a third of the questioned companies. These are mainly firms in the retail sector or B2C companies that

regard this topic as important. In general the quality level is appraised through customer surveys.

Sales are mostly controlled through the performance of the sales force, and secondly through the effectiveness and profitability of costumers and markets. Management by objectives as well as meetings and sales conferences are used mainly for directing and focusing. Self-monitoring processes which are supported by CRM systems are used by 64% of the companies. A future potential for increasing the effectiveness in the area of sales control is to demand job performance in the goal setting process as well as to optimise customer management and the self-monitoring process of the sales force.

Leadership and sales controlling in the area of sales management takes place through turnover, contribution margin and sales goals. The management of the sales force is achieved by 96% of the companies with result-oriented goals and by 53% with activity-oriented goals. 80% of the companies use monetary goals for the motivation of their sales forces.

Nevertheless the variable part of the salary is marginal.

Which effectiveness potential is not yet used in sales? 70% of the managers state that they can increase sales effectiveness by about 20%. So where is this potential hidden? The main reasons why it is not used are considered to be personnel and administration. In the future sales managers wish to focus more on the optimisation of the customer basis and the improvement of sales organisation.

To increase customer profitability, customer relationship programmes and product optimisation for the customers are named first and foremost. The next phase of efficiency and effectiveness increase in the sales area will focus on the customer. A huge effectiveness potential can be found here because only a third of the companies is able to measure customer value and customer potential.

The effectiveness of the sales organisation is increased by reorganisation and also by market adjustment. 50% of the companies state that this happens within 1000 days. The most common changes affect personnel, the launch of new products and the change of sales channels.

#### Discussion:

The participants state that the effectiveness of the sales force could be increased by 20%. This increase is possible without reducing costs. A boost of sales force effectiveness, an optimisation of the utilisation of customer potential and an improvement of the sales force organisation is needed. Most companies are going to focus on the customer, more specifically on customer potential, customer productivity and customer profitability. In actual fact the customer effectiveness is not measured very often. Therefore it is very difficult to monitor and control this area. It can be recognised that sales force effectiveness has become more relevant over the last 10 years. An increase in the importance of effectiveness topics in general can be seen. Another main point is the effectiveness of sales managers. This is very difficult to measure in contrast to the easier monitoring of sales force effectiveness. Many companies are going to focus on this area. The third main topic of effectiveness and productivity considerations was the optimisation of the sales organisation. It was found that sales organisations are restructured in shorter and shorter periods.