



# The end of incrementalism.

*How organizations can take bold action to thrive in the future of sales.*

June 2021



# How organizations can take bold action to thrive in the future of sales

Of the many unexpected outcomes of the COVID-19 crisis, the adaptability of sales organizations may have been one of the most satisfying for executives. In most industries, sales professionals navigated market uncertainty and social distancing well, capitalizing on diminished travel time to expand sales activity. An oft-remarked bonus has been a steep reduction in travel expenses, conference fees, and other cash costs that had been accepted as inevitable in a pre-pandemic world. On both a top-line and bottom-line basis, many sales teams finished 2020 more productive than when they started it.

But as we look toward the end of the COVID-19 crisis, B2B sales leaders face renewed uncertainty. *Can productivity increases be sustained? Can we continue to build new relationships remotely? Will customers demand in-person service again? Will competitors that invest in field coverage take market share?*

Based on Deloitte Digital's recent experience working with clients across industries, we increasingly believe that leading sales organizations will **reduce investment from field organizations and deepen their digital presence with customers and partners**. Organizations that successfully make this shift can:

- Sustain sales team cost and productivity improvements relative to peers;
- More effectively capture and penetrate customer relationships;
- Deliver better customer outcomes and satisfaction;
- Improve net realized price;
- Enjoy more predictable revenues and reduced working capital requirements.

Achieving these goals will require investments in both sales teams and infrastructure—and a shift in mindset among sales leaders and their peers, with incremental change giving way to bold transformation. When successful, businesses could see an increase in their profitability and drive significant shareholder return. In this report, we explore some of the steps winning firms will take to capitalize on this opportunity.

## INTRODUCTION

# The case for change

“Humans are social animals” is a common refrain among sales leaders. Many executives believe that customers and partners fundamentally prefer to engage with their suppliers in person, and that competitors who eschew cost savings and revert to old selling models will take share at their expense.

These concerns aren't without basis. Studies have shown that during the pandemic, building new relationships was more difficult for many organizations—for example, within the financial services industry, as the chart below depicts.<sup>1</sup>

It would be wrong to suggest that in-person sales activity will go away, or even to say that it will not occupy a central place in winning sales models. However, we think these objections miss an important point: buying processes are already heavily digitized, and this fact predates the pandemic. As we [reported in 2019](#),<sup>2</sup> buying behavior has undergone a marked shift toward relying on digital channels for education, solution configuration, and service—and studies continue to reinforce that point, as the chart below demonstrates.<sup>3</sup>

In today's world, digital interactions are among the most important that an organization has with its customers, whether they emphasize them or not. We believe the pandemic has created an opportunity for sales leaders to execute a fundamental shift away from traditional field-led models to digital—a change they have undertaken only incrementally until now.

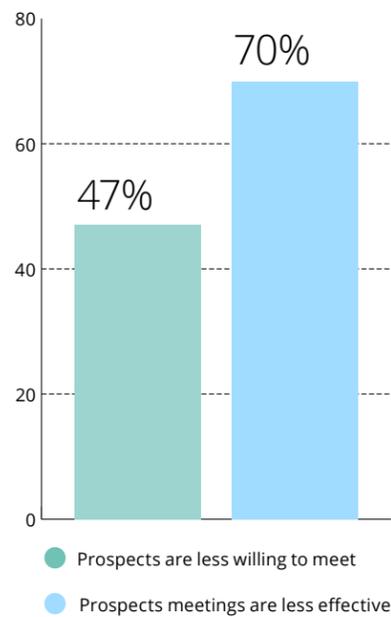
Some of the financial benefits of such a shift are well understood. Cost of coverage for inside channels are dramatically lower than field channels, as you can see below,<sup>4</sup> while marginal digital touchpoints such as an additional outbound email are usually nearly costless on a per-customer basis.

However, benefits go well beyond costs. We have researched B2B organizations that more effectively engage their customers across their buying journeys, an approach we term “experience selling,” through which organizations design B2B experiences that deliver on customer demands by addressing both the business and emotional needs of buyers, with a focus on personalization, speed, and outcomes. We see unequivocally that firms taking this approach enjoy lower costs of sales and higher revenue growth.<sup>5</sup>

Beyond pure growth, we believe the shift to digitally led experience selling will better enable firms to embed themselves in their customers' operations, supporting stickier and more predictable revenues that will drive lower cost of capital and higher enterprise valuations. Experience selling leaders outperform peers in winning recurring business, and firms with large recurring revenue share often enjoy a significant valuation premium. One senior technology M&A banker estimated that firms with over 80% recurring revenue enjoyed valuation multiples of 1.5 to 3 times those of peer firms.

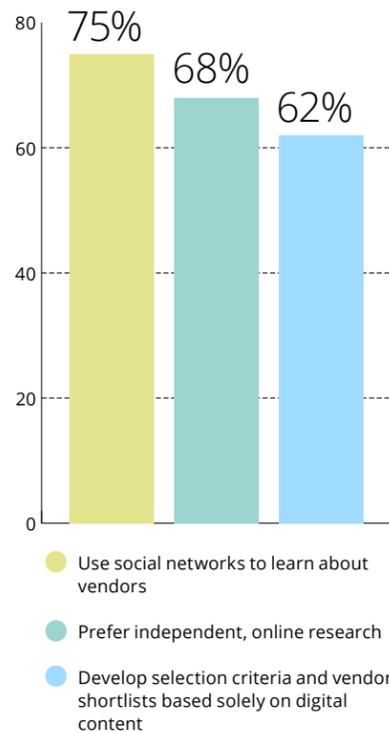
### Sellers views of virtual vs. in-person sales

B2B financial services sales, June 2020  
(in percent)



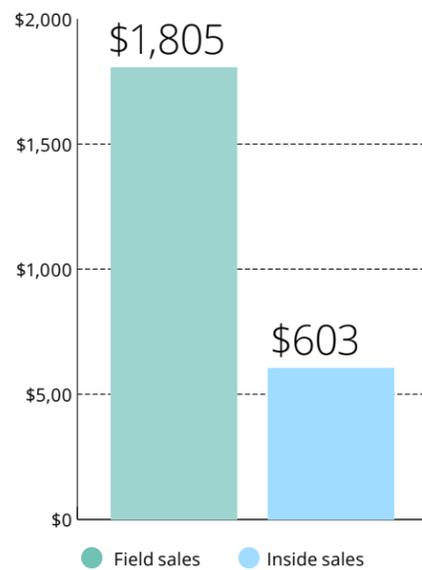
### Buyers' use of digital channels

Cross-industry, January 2019  
(in percent)



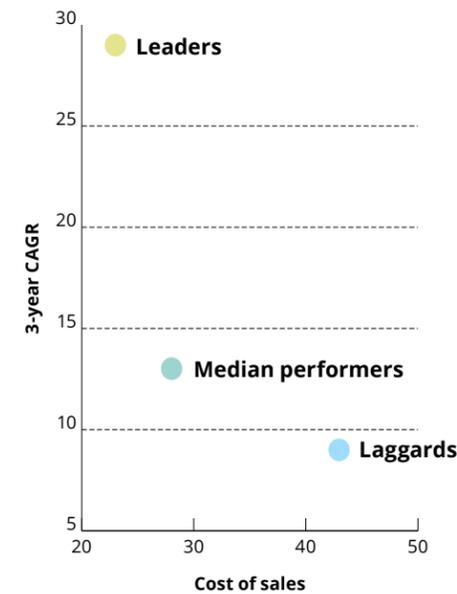
### Sample comparison in annual per-account cost of coverage

Agricultural chemicals, 2019  
(in US dollars)



### Cost of sales vs. growth, based on "experience selling" maturity

Enterprise software, 2020  
(in percent)



Firms with over **80%** recurring revenue enjoyed valuation multiples of **1.5 to 3 times** those of peers.

Leading firms should look to undertake four initiatives to achieve differentiated sales performance, which we detail below:

- 1 **Virtualizing commercial operating models**
- 2 **Embracing and extending partner ecosystems**
- 3 **Embedding digital, transparency and value across the buyer journey**
- 4 **Integrating analytics in the sales process**

We believe these initiatives point to a more profound change in the way leading companies operate. As we'll see, we believe that success will hinge on making meaningful changes to organizations that go beyond the traditional borders of marketing, sales, and service. These changes, we believe, will accelerate the convergence of legacy organizations with natively digital businesses.

## INITIATIVE 1

# Virtualizing commercial operating models

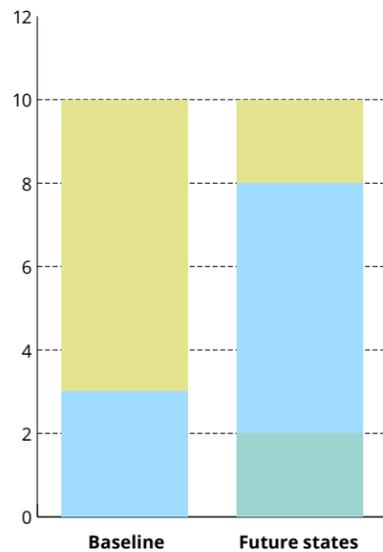
In moving from incremental change to bold transformation, one of the most obvious steps that leading firms will take will be to change their mix of sales personnel. If 2020 taught us anything, it taught us the ability to engage in selling virtually. As a result, leaders should carefully evaluate deployment of field sales, considering how certain roles can be converted to inside or remote, how certain roles can be redesigned for much lower travel levels and expanded coverage range (consider these hybrid), and how certain roles will remain field-based and will gradually return to travel.

### Sample virtualization approach

Waste equipment, 2016<sup>6</sup>  
(in percent)

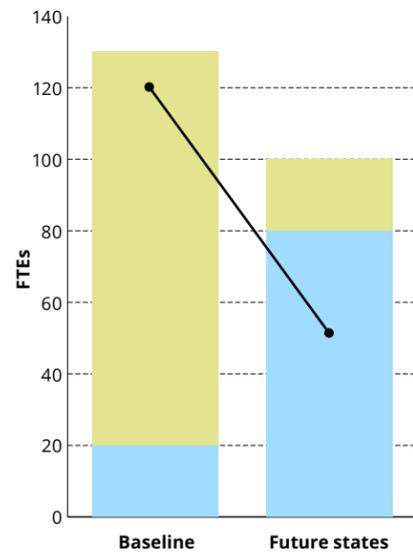
Mass personalization allowed for a large shift in coverage...

Customers' primary coverage channel



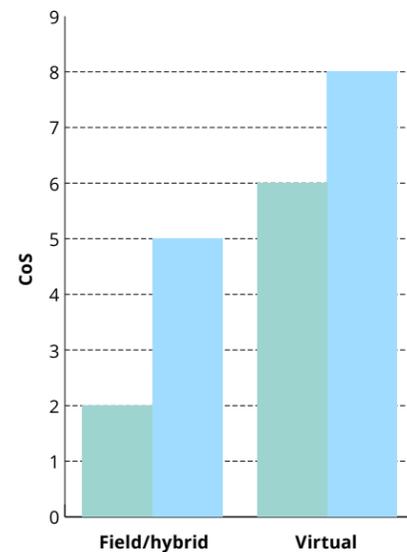
...which supported a re-rated cost of sales...

FTE by sales role and total CoS



...while customer touches by primary channel

Annual customer touches by primary channel



- Hybrid/field coverage
- Virtual coverage
- Digital coverage

- Hybrid/field coverage
- Virtual coverage
- Total CoS

- Baseline
- Future

Coverage intensity rises significantly, while cost of sales falls by **60%**

However, leading firms will go beyond reallocating personnel and clients across well-defined sales channels. Customer expectations have raced ahead of B2B commercial organizations. Buyers demand, and get, real-time interaction from vendors in many areas of life, going from initial exploration to quote to purchase to order tracking and eventual delivery in minutes. Customers have gravitated toward as-a-service models for many products, making traditional "deals" outdated. Indeed, in many categories, customers' primary way of consuming a service is also an avenue for delivering ongoing enhancements to suppliers' offerings (i.e., new features). All of this leads away from having one's primary point of contact to customers be an individual human who turns up in their offices once a quarter.

We believe that, as customer expectations continue to rise and personalization at scale becomes the norm, the lines between marketing, sales, service, and product team touchpoints will blur, and the lines between those organizations will blur as well.

**The winning sales organization of the future will pursue the following changes:**

1

**Go virtual.**

Rethink sales processes to be virtual-first across the full client lifecycle, including interactions with marketing, service, and product or engineering.

2

**Break down walls.**

Reorganize operating models and performance management to break down historical silos among functions and better align to a virtual-first strategy.

3

**Democratize data.**

Create a platform of unified client data to support a cohesive and responsive client experience across multiple customer points of access.

4

**Focus on scale.**

Reallocate personnel and investment away from traditional field sales and toward more scalable commercial channels and teams better aligned to customer value.

**Firms in many industries have already taken steps toward many of these priorities:**

**Enterprise SaaS firms**

have invested in customer success roles that break down the dichotomy between sales and service organizations;

**Pharmaceutical companies**

have focused on community outreach and therapy access to align marketing and sales investments to patient outcomes;

**Investment management firms**

have rolled out shared, customer segment-level metrics for marketing and sales organizations.

Going forward, what we believe will be different is that change will no longer be incremental—and that winning firms will take advantage of recent pandemic-related disruption to definitively reorient their teams to drive meaningful internal and external impact.

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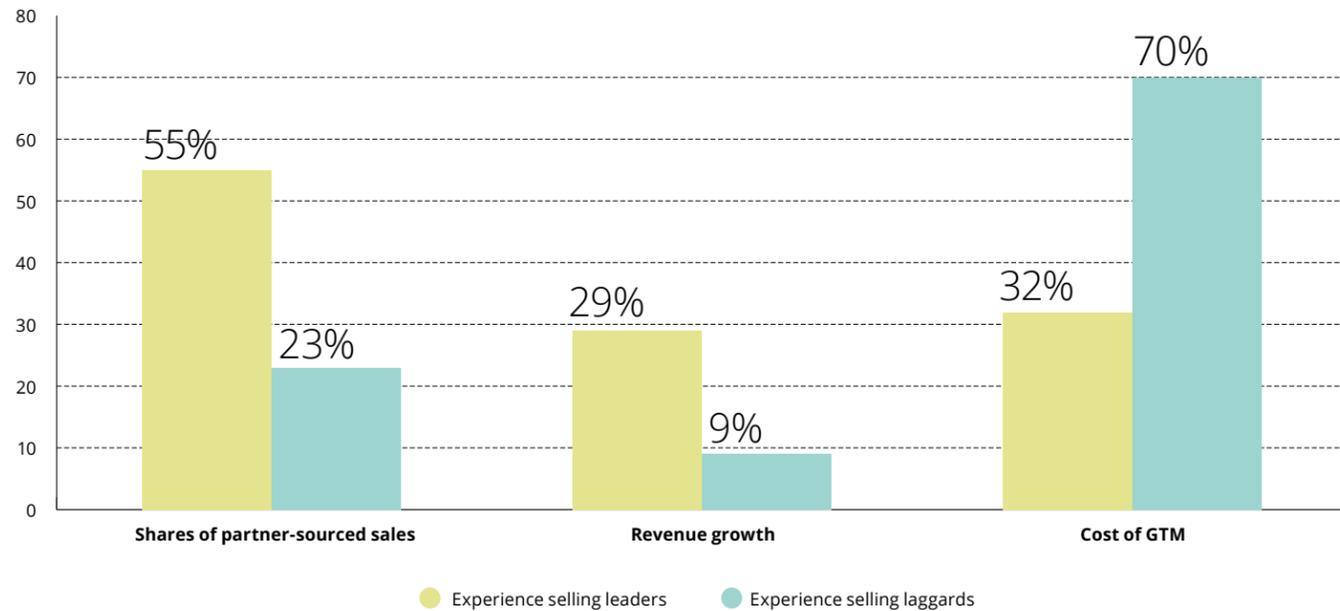
## INITIATIVE 2

# Embracing and extending partner ecosystems

Just as sales leaders need to think big about their organizations, they also need to think big about their ecosystems. Sales partnerships are nearly as old as commerce itself, but leaders in most industries treat them as a subject for staid management of traditional reseller relationships. We believe that leading organizations will use the next few years for reinvention of their partner relationships and look to make their partner ecosystems more integral to their go-to-market strategies.

Partner relationships have already proven to be a significant source of operating leverage; data shows that firms deriving more of their sales from partner relationships enjoy faster growth and better distribution economics, despite the obvious cost of channel partnerships.<sup>7</sup>

**Share of partner-derived sales, revenue growth, and GTM costs**  
Enterprise software, 2020  
(in percent)



## Leaders improve top and bottom lines with their partner networks

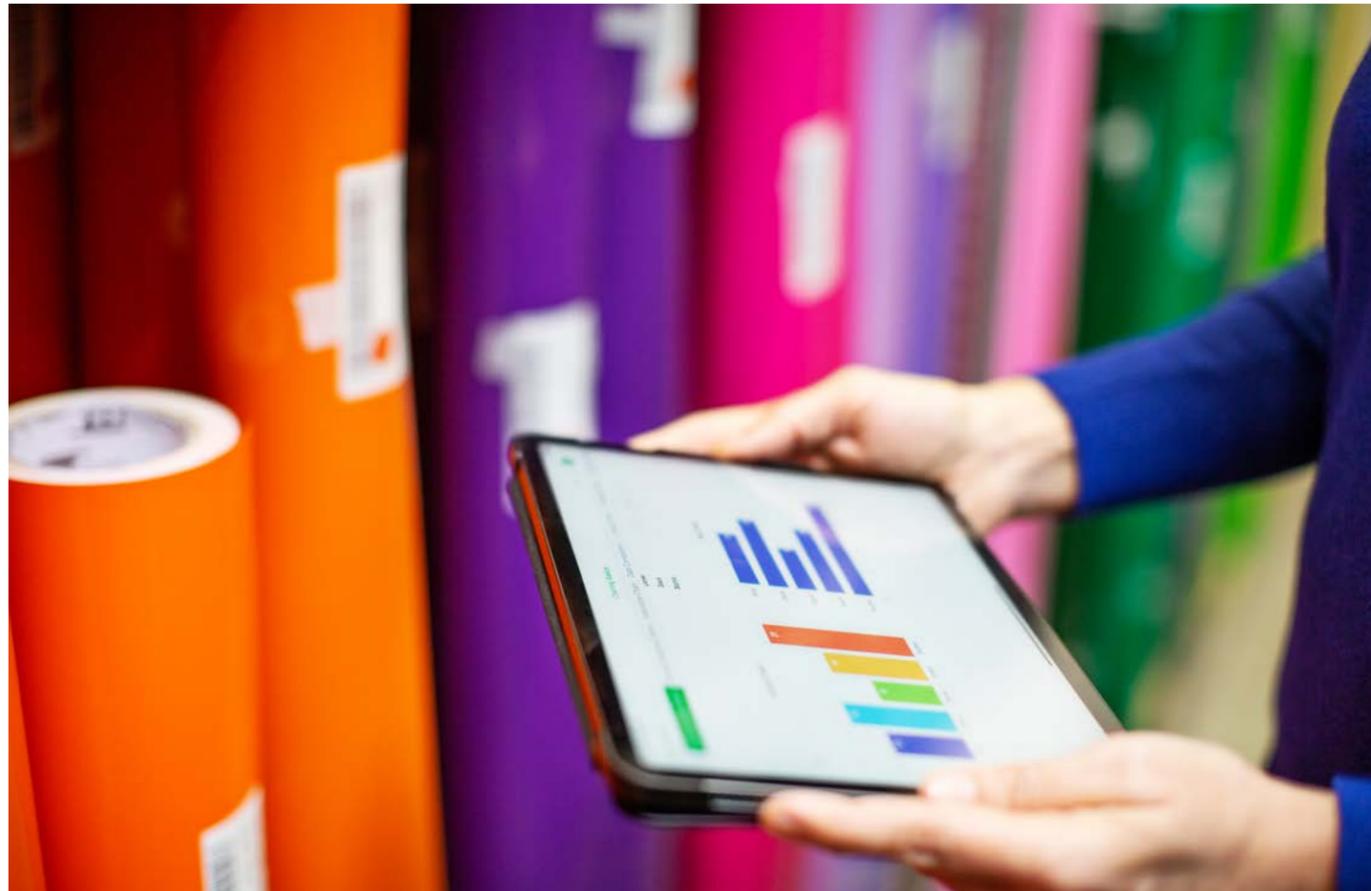
We see leaders taking the following steps to re-rate the value of their partner ecosystems:

- 1 Think broadly.** Expand your ecosystem with nontraditional channels. For instance, social media influencers have become surprisingly important in many markets.
- 2 Segment carefully.** Understand your company's and your competitors' position with different partners, as well as the long-term economic implications of potential relationships.
- 3 Align to value.** Seek to maximize partner value within the economic framework appropriate to a given partner segment.
- 4 Emulate and reinforce the customer experience.** Provide partners with the same transparency and multichannel access as customers.

### PARTNERSHIP ARCHETYPES AND WINNING STRATEGIES

Model	Key characteristics	Winning supplier strategy	Example
<b>Captive supplier</b>	Supplier is largely commodified with little means to influence customer	Integrate value-added offerings into partner operations to win and retain share of wallet	<b>Mutual fund distribution through wealth management platforms</b>
<b>Anchor brand</b>	Supplier is integral to commodified distributor	Focus on value to end customer to preserve position as essential supplier	<b>Smart phone distribution through wireless carriers</b>
<b>Symbiotic value</b>	Supplier and distributor are both differentiated to end customers	Co-develop distinct value proposition to expand share of end customer market	<b>Enterprise software sales coordinated with system integrator</b>

Firms that adopt this approach will continue to press home their advantages in terms of both top-line and bottom-line growth. The harmony between what is required to succeed with partners and what is required to succeed with customers only further amplifies the case for change.



### INITIATIVE 3

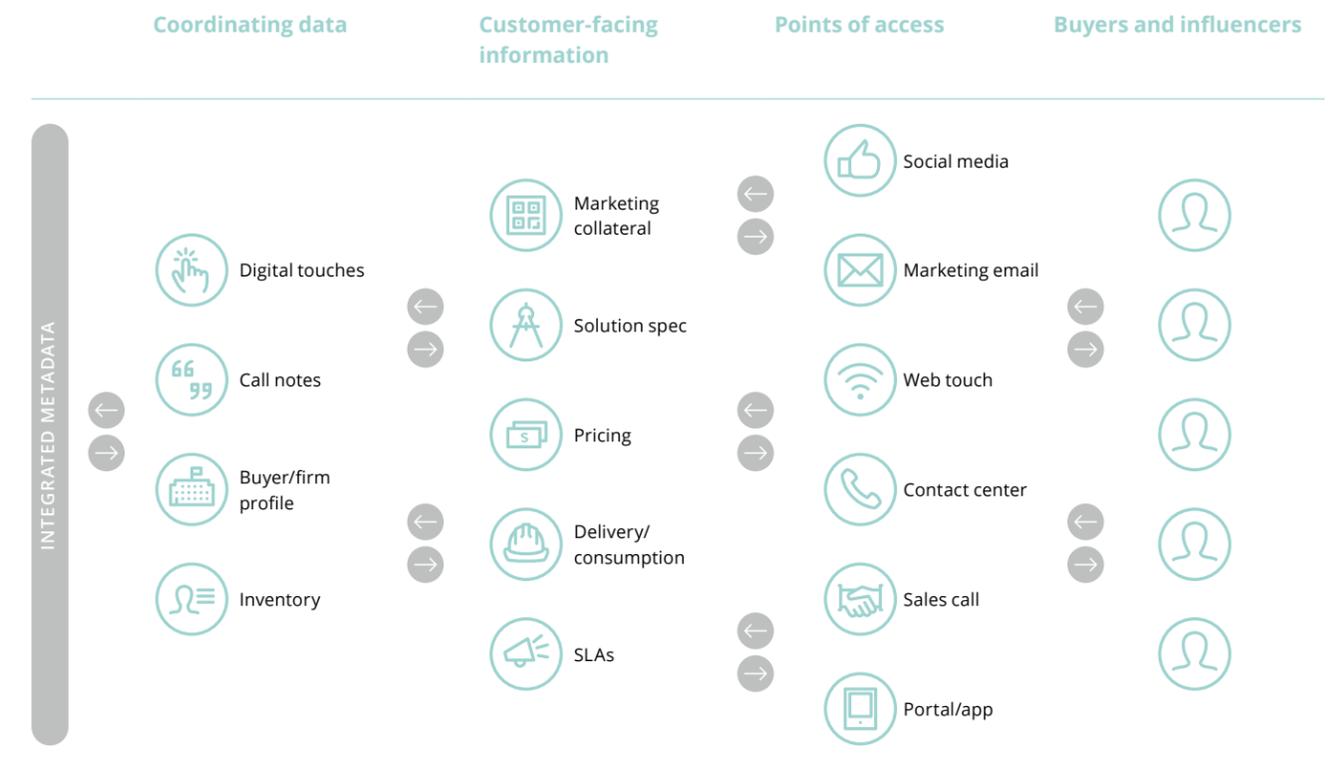
## Embedding digital, transparency and value across the buyer journey

Most B2B sales organizations have been slow to embrace digital engagement. However, as we have already seen, this orientation is at odds not just with rapidly evolving customer expectations, but how they already make purchase decisions. We believe leading firms will use transformed operating models and partner relationships to embed their digital presence across the entire buyer journey, from initial exploration to ongoing relationship expansion.

Organizations should strive to sell through digital channels when and where they can—to gain speed, enable efficiencies, and support more of an “anytime, anywhere” experience that allows customers to engage on their own terms. Nowhere is the impact of digital more pronounced than in the front end of the buyer journey, where digital demand creation engines enable customers to browse, self-discover, and self-navigate options. Digital demand generation has also proven to dramatically improve conversion rates, with leaders enjoying a 4x higher conversion rate of marketing qualified leads (MQLs) to sales qualified leads (SQL) (20% vs. 5%). Yet investing deeply in digital capabilities will be paramount to supporting reduced costs of sales and experiences that meet customers “where they are” throughout

the buyer journey, allowing customers to transact at every point in the sales spectrum—including propose, land, expand, and renew. Providing a digital option at every stage in the journey offers the buyer ultimate choice. This is proving to increase overall win rates, with leaders in enterprise software realizing SQL to close-won rates three times higher than laggards (25% vs. 7.5%)<sup>8</sup> and MQL to close-won rates 13 times higher than laggards (5% vs. 0.4%). Even digital commerce (i.e., website sales) is gradually increasing in B2B enterprise software, an industry traditionally steeped in high-touch, high-pressure selling. Leading software companies report 10% of bookings derived from digital channels, compared to 3% of median performers, and 0% for laggards.<sup>8</sup>

### CUSTOMERS ENGAGING ACROSS MULTIPLE POINTS OF ACCESS



There are many approaches by which firms can try to embed their digital presence in their buyers' processes. However, in the long term, we expect winning firms to focus on a combination of measures that ultimately enable transparency and unlock new value for customers—whether it's accelerating transactions, providing a more complete view of the business relationship, or making customer service more accessible. As the

graphic above shows, this can be daunting in practice; even something as prosaic as inventory information may need to start to filter into channels that are exposed directly to prospective customers. The one-click ecommerce buying process we all admire is predicated on a radically different model for sharing information with customers than most B2B companies are used to.

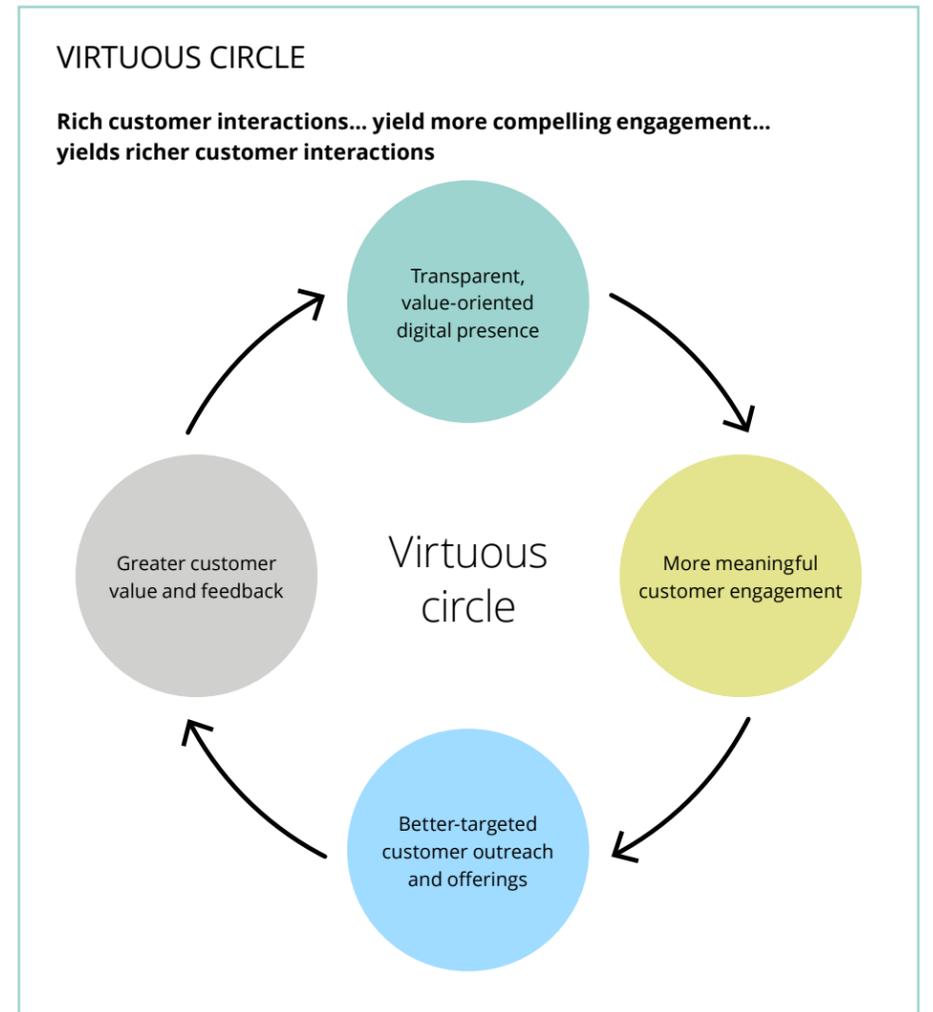
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## Coordination and transparency across the enterprise is critical

Our belief that prioritizing transparency and value will be the winning approach is motivated by several facts:

- 1**  
**It supports personalization at scale.**  
 Transparency simplifies coordination across channels and allows input from one touchpoint to flow easily into the next, minimizing the overhead required to coordinate and to scale.
- 2**  
**It supports long-term relationships.**  
 Orientation toward value creates relationships based on mutual advantage, more likely to survive near-term challenges.
- 3**  
**It builds a virtuous circle of insight and action.**  
 Transparency and value entice customers and partners to share data, creating a proprietary data source that can inform strategy and differentiate against competitors.
- 4**  
**It can build trust.**  
 Transparency—a belief that an organization openly shares information, motives, and choices in plain language—is one of the critical contributors to trust.<sup>9</sup> Eighty-five percent of B2B buyers said that having honest, trustworthy business practices has grown more important to them since the pandemic began.<sup>10</sup>



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## INITIATIVE 4

# Integrating analytics in the sales process

Powering commercial processes with analytics is increasingly universal. Many firms have fully automated data-intensive parts of marketing and sales, and delivering prescriptive analytics to sales team members is becoming more and more commonplace. It's no longer unusual for sellers to have customer prioritization, product selection, and even synthesizing research for call prep heavily automated. These analytic routines can simplify coordination across teams and, of course, free up productive time for sellers while also helping improve their success with customers.

Human-machine partnerships will be key, and there are plenty of opportunities for the machines to do the heavy lifting and complex analysis. At least one chief revenue officer we interviewed has the goal of "removing as much discretion from the seller as possible." Almost everybody expects this trend to continue, as it can lead to compelling outcomes for sales organizations across industries—such as reduced cost of sales, revenue growth, and increased customer loyalty.

Investments in analytics  
have yielded **20%**  
improvements in sales  
productivity

### Productivity levers and improvements of sales analytics leaders

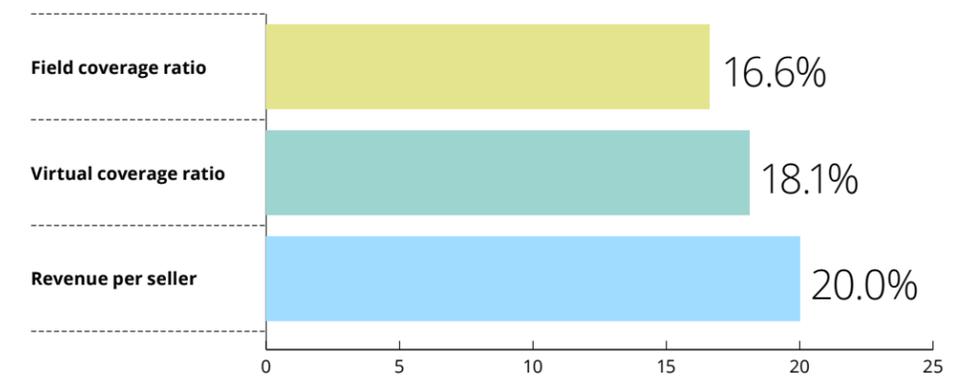
Financial services, 2020<sup>11</sup>

#### Productivity levers

- ✓ **More productive time**  
Analytics reduces time required for territory planning and call prep
- ✓ **Better time allocation**  
Analytics focuses wholesalers on the highest-potential customers
- ✓ **Greater meeting productivity**  
Analytics improves pipeline velocity, deal size, and win rate
- ✓ **Calibration of cost of sales**  
Analytics supports optimal resource alignment based on customer needs

#### Performance improvement

##### Improvement to sales operating metrics, sales analytics leaders



Yet many firms continue to struggle with sales analytics. The underlying reason usually doesn't have to do with the quality of available tools or the computer science skills of staff; rather, it's often "the boring stuff" that gets in the way—data quality, centralization, and governance; a clear view for how analytics will be embedded in process; and a scalable way of distributing insights throughout the organization. As a result, their progress on the analytics front may be incremental—while their competitors may be making bold and rewarding bets on analytics to drive business value.

A virtual-first operating model will require addressing these boring (and long-standing) challenges. With respect to analytics, such a model will strengthen the quality and adoption of analytics for marketing, sales, and service teams.

With this model in place, sales teams should look to:

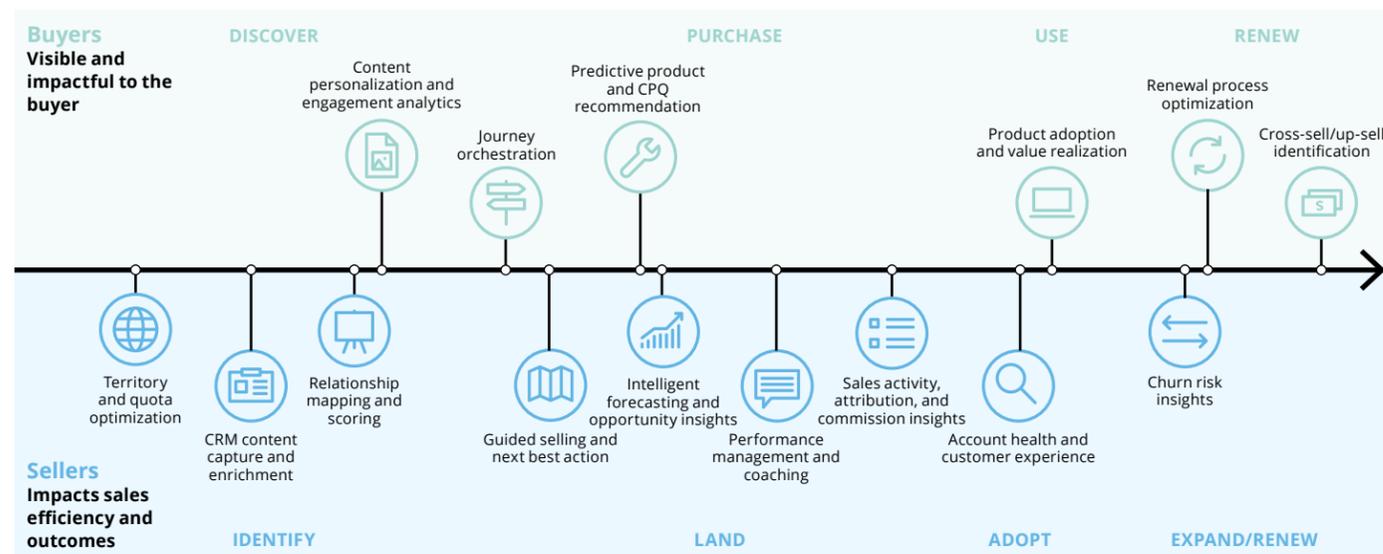
- 1 **Create rich, unified customer and partner data to analyze.**
- 2 **Simplify transmission of insights across functional divides.**
- 3 **Prompt customers and partners to volunteer valuable information.**
- 4 **Turn low-cost channels into conduits for high-value customer interaction, soliciting yet more input into analytic models.**

For leaders, we expect that analytics will become the grease in the wheel of the virtuous circle previously mentioned, feeding better customer and partner experiences that drive better firm outcomes and commercial strategies. We also believe that this will feed into other aspects of operations, by giving leaders more predictable revenues, being able to better anticipate customer and partner behavior, ultimately allowing for better price discrimination, and reducing working capital requirements.

While some outcomes may be some years away, we believe leading firms will quickly look to embed analytics across the buyer journey in a number of ways.

## Analytics and AI use cases across the buyer journey

We already see leaders using AI solutions to more effectively equip sellers to guide buyers through the sales process. One company saw new sales representative ramp times reduced from 28 weeks to 5 weeks through deployment of an AI-driven chat sales enablement solution. Sellers are given prompts based on the real-time analysis of the buyer's chat language, and also given a score of their chat interaction effectiveness immediately after the session, along with coaching tips for where to improve in the next session. Even though sales analytics is one of the most widely heralded technological frontiers in the corporate world today, it seems clear that firms that virtualize their commercial operating model will enjoy a step change in their return on investment in analytics capabilities.



## OLD MENTALITY, NEW MENTALITY

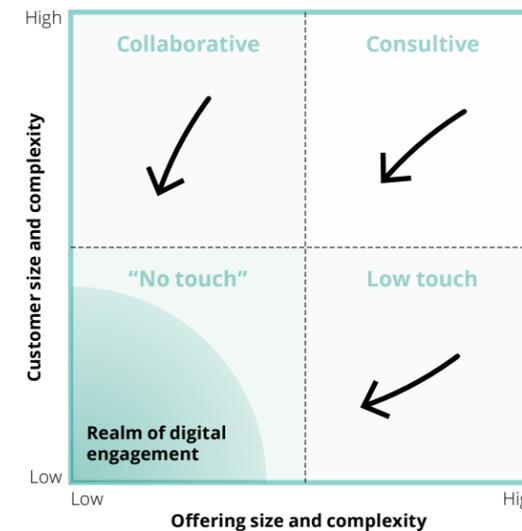
One mindset shift we expect to challenge many sales leaders is overcoming the inclination to view digital channels as the destination of either the smallest and least valuable customers, or of the most routine and least consequential individual transactions. This mentality was understandable given the limitations of infrastructure and the desire to allocate experienced salesperson time to new relationships and large relationships that form the foundation of earnings and growth.

Embracing the future of sales calls for reversing that mentality. Rather than diverting only your most streamlined relationships or off-the-shelf services to digital transactions, we believe leaders will build digital engagement into all sales channels and selling motions. This will support not just much-heralded advances in analytics, but also provide the basis for the seamless experiences customers demand.

### Shifting to digital-first

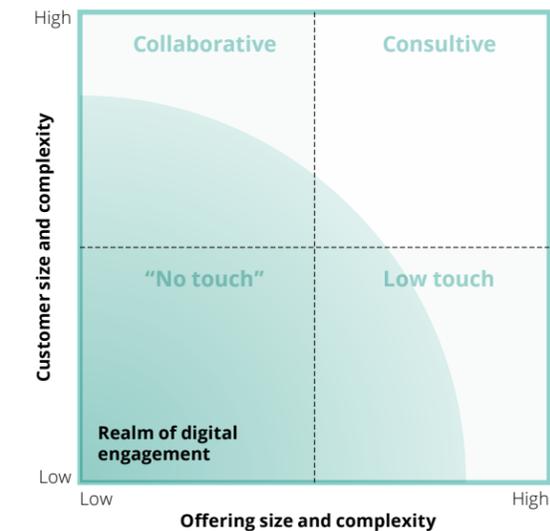
#### Old mentality

Digital coverage limited to most straightforward, transactional relationships



#### New mentality

Digital coverage embedded in all selling motions



Firms in the past tried to simplify customer relationships to migrate them to low-cost digital coverage over time; **we believe leaders will reverse that mentality**



## CONCLUSION

# Taking the Leap

It's difficult to recall a time when sales leaders have faced such daunting strategic challenges. The speed of change to customer expectations, the rise of new kinds of partners, and the emergence of disruptive competitors have fundamentally altered the strategic equation. In the face of fundamental disruption, incremental changes will no longer suffice. The era of incrementalism is coming to an end. The time to reimagine go-to-market models is now, and leaders who persist with a gradual approach to sales transformation risk falling behind their competitors.

### There are five actions that we would recommend sales leaders take:

- **Begin with the customer.** Reexamine your customer's needs and wants from an unbiased and human perspective. Regular segmentation is good hygiene, but this year warrants a more fundamental look.
- **Forget your constraints.** Fundamental shifts require setting aside near-term targets. We advise examining the model your business would adopt if it were starting anew.
- **Be creative.** Never before have the ground rules of sales changed so swiftly; success will stem from the quality and ingenuity of operating model design, talent acquisition, and digital engagement, not simply pulling old levers.
- **Clearly plot success requirements.** This environment is ripe with opportunities both for success and for misspent budgets. Make sure implicit assumptions in your business case are illuminated and examined—then map out the most effective way to drive transformation.
- **Prioritize people.** We are, in the end, social animals. Winners will scale and enrich human interaction, rather than seek to replace it.

The future of sales is here. The pandemic has accelerated longstanding trends that will persist after vaccinations return the world to "normal." Sales leaders simultaneously face unprecedented opportunity and the risk of obsolescence. However, we firmly believe that there is a clear path to shared success for sales teams, customers, partners, and shareholders.

As with so many other breakthroughs, leaders who take deliberate steps to formulate their strategies and capitalize on their circumstances will avoid unnecessary risk and likely enjoy greater rewards. And the data suggest that leaders should proceed both with confidence that these strategies will work, and urgency that their competitors will move more decisively than they. With so much at stake, the time to act is now.

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