

# Sale or fail: 10 dimensions of sales excellence

Many companies face challenges in making their sales performance sustainable. Stagnating or shrinking markets, exhausted cost efficiencies and poor-performing sales departments are all factors. But overall, a lack of understanding of what “sales excellence” really means can hold companies back. To address this, EY has developed a 10-point sales audit that can help companies establish the foundation for sustainable sales improvement.



**Authors**

**Nikolaus Köchelhuber**  
Senior Manager, Performance Improvement,  
Ernst & Young Advisory Services GmbH,  
Austria

**Johannes Schneider**  
Senior Manager, Performance Improvement,  
Ernst & Young Advisory Services GmbH,  
Austria

Sale or fail: 10 dimensions of sales excellence



**T**here are several major reasons why companies struggle to make sales growth sustainable. For example, stagnating and even shrinking markets, increasingly indistinguishable products and the ongoing digitalization of business models pose strategic challenges. In addition, many companies have already realized cost-side savings. Also, there is often discontent with the performance of sales departments.

Above all, though, there is no clear understanding of what sales excellence looks like – and correspondingly, companies lack transparency on their state of development toward it. In response to this, EY has developed a model for achieving sales excellence that we have used with our clients. The Contrast Sales Excellence Audit, which is based on 10 dimensions, helps to provide the transparency that was previously lacking and establishes the foundation for sustainably increasing sales excellence.

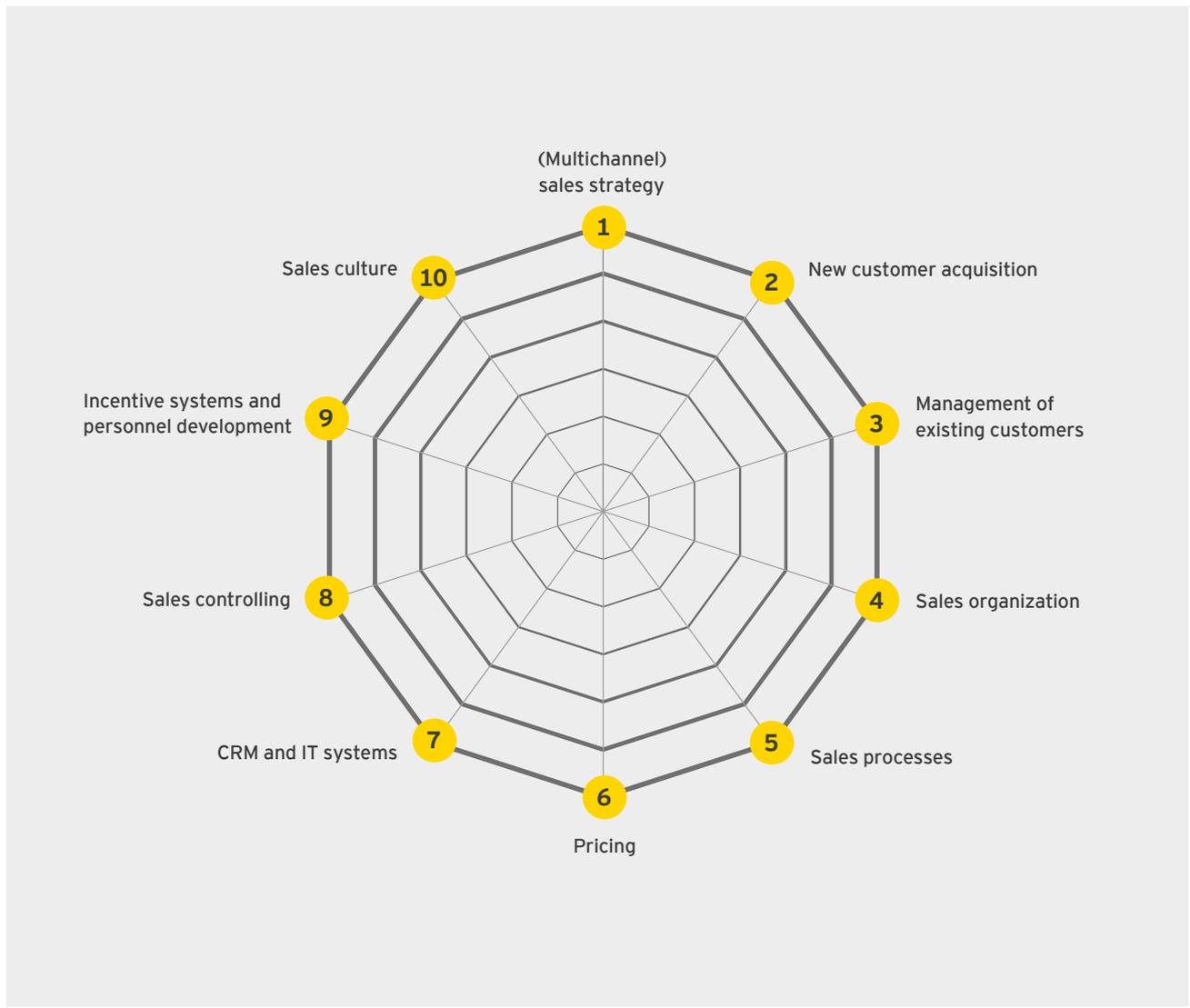
**The model for sales excellence**

In our experience, the importance of sales in improving corporate performance has increased significantly. Sales models, too, are being forced to change in response to digitalization and cost-focused pressures. Beyond strategic challenges, the disappointing operational performance of sales also plays an important role.

What is surprising is that, in many companies, there is no clear understanding of what constitutes sales excellence. In many cases, there is also a lack of transparency regarding where the company stands on the path to sales excellence. This article aims to contribute toward answering the seemingly simple question: “How do we achieve sales excellence?”

In the following paragraphs, we introduce the Contrast Sales Excellence Audit by explaining each of its 10 dimensions (see also Figure 1).

Figure 1. The 10 dimensions of the Contrast Sales Excellence Audit



Sale or fail: 10 dimensions of sales excellence



There is no clear understanding of what sales excellence looks like – and correspondingly, companies lack transparency on their state of development toward it.

**1. Sales strategy**

The starting point for optimizing sales is a coherent sales strategy that is embedded in the company's overall strategy. This includes clear customer segmentation, selecting the right sales channels (e.g., multichannel, direct or indirect distribution) and determining the sales model. These aspects are critical for the success of every company.

The increase in digitalization means that focused multichannel strategies are a necessity. Established companies often have to compete with pure online traders who have a completely new business model (and therefore a

different cost structure). In determining strategy, the focus is on how well the company's management coordinates and integrates these various channels: for example, harmonizing product and pricing strategies across all channels and avoiding cannibalization.

While many companies claim to segment their customers, most use actual revenue as the major driver for ABC segmentation – but taking a potential-oriented approach would shift the focus to long-term profitable growth. Additionally, clear consequences rarely follow from segmentation, such as adapting the sales force's customer support models or a differentiated pricing system.

Companies should determine their basic market strategy first: in companies with very strong brands and a clear USP, sales can focus on the efficient implementation of existing strategic concepts. On the other hand, in companies where brand and product differentiation is difficult, sales has a special significance in building sustainable competitive positions. For example, in banking and insurance, many products are interchangeable – so it is especially important for them to have an active sales system, structured by customer segment (and thus customer needs), that sustainably binds customers to the company early on.

Unless these fundamental strategic questions are settled right at the start, we do not believe any further operational optimization makes sense.

## 2. and 3. New and existing customers

Once the sales strategy has been developed, operational optimization can begin. The ability to generate new customers and to reach existing customers better is, without question, critical for every company's success. For more details, refer to the "From average to excellent" section of this article.

## 4. Sales organization

A central driver of efficient sales work is selecting the appropriate sales organization. The structure – whether it follows geographical dimensions, customer segments or brands, and whether it is organized around key accounts – has to be established in the context of the respective sector. The organization's efficiency, however, is determined by other factors, such as hierarchical design or the optimum separation of tasks between in-house staff and external sales force.

## 5. Sales processes

Operational sales processes include the full sales cycle, from long-term account planning to short-term planning of sales tours and quick post-processing of sales activities.

## 6. Pricing

The dimension with the fastest and greatest impact on profit is pricing – yet many companies show weaknesses in both conceptualization and implementation. For more details, refer to the "From average to excellent" section of this article.

## 7. Customer relationship management (CRM)

CRM and IT are the subject of heated discussions in many organizations. On the one hand, IT applications offer new, sometimes revolutionary, opportunities. On the other hand, many companies have already experienced drawbacks, such as a massive investment of funds and resources for little effect in the market.

When it comes to CRM systems, sales excellence has three important criteria:

- i) Specific integration of the CRM system into all sales processes, i.e., it should support sales work and not require additional effort to collect data
- ii) A broad use of the system by all internal and external staff
- iii) Clear standards and incentives to encourage people to use the system

## 8. Sales controlling

This helps safeguard transparency via the effectiveness of all sales activities.

## 9. Personnel development activities and remuneration model

Analysis of these activities is carried out by posing questions about the appropriate target system and the adequate proportion of variable wage components. Qualitative evaluation parameters are also addressed, such as customer satisfaction and share of new customer acquisition.

## 10. Sales culture

The final step is to look at the sales culture and potential approaches to develop and improve it.

In summary, none of these dimensions can be considered in isolation. They are closely connected, and sales performance can only be improved sustainably by balancing all of them. It would make little sense, for instance, to take operational steps to improve pricing without conclusively settling the question of customer segmentation and sales channels first.

### From average to excellent

Introducing the concept of the 10 dimensions of sales excellence is a start, but clearly not sufficient on its own. We believe it is also necessary to understand what makes the difference between an average and an excellent sales organization. The following two examples illustrate what we mean by the development stages of "basic," "intermediate" and "excellent."

### Example 1. New customer acquisition

A company's status on its journey toward being truly professional with regard to acquiring new customers can be assessed based on three parameters.

First, the company's ability to analyze market potential: organizations with a "basic" development status often have little understanding of their existing customers. Generally, the possible opportunities from cross-selling and up-selling are not addressed in any structured way.

Sale or fail: 10 dimensions of sales excellence



**Criteria for assessing the development stages of new customer acquisition: basic versus excellent**

**Characteristics of a basic sales organization**

- ▶ Knowledge of existing customer structure and behavior
- ▶ No detailed information on:
  - ▶ Customer segments
  - ▶ Customer behavior
  - ▶ Individual potential
- ▶ No knowledge of financial potential of noncustomers
- ▶ Unable to prioritize (non) customers

- ▶ Sales representatives act independently
- ▶ No explicit targets for new customer acquisition
- ▶ No prioritization of new customer acquisition and no system mapping

**Characteristics of an excellent sales organization**

- ▶ Overview of market segments and market shares
- ▶ Transparency of all financial potentials based on reliable data and analyses

- ▶ Clear prioritization of target segments and target customers based on their financial appeal
- ▶ New customer acquisition enforced from the top down
- ▶ Clear, separate targets (including incentives) and stringent program management for follow-through



The starting point for optimizing sales is a coherent sales strategy that is embedded in the company's overall strategy.

Moreover, too little time and resources are invested in better understanding and reaching noncustomers. Research into why potential customers buy instead from competitors is normally neglected. Therefore, these companies cannot grasp their full market potential and are even less able to develop a clear measures plan that could help them do this.

Second, the process for acquiring new customers is analyzed in detail. In "excellent" organizations, generating new potential customers has top priority. And specific new customer acquisition targets are defined for the sales force. Furthermore, new customer acquisition is treated separately in current reporting, dedicated budgets are reserved, customer support and information standards are adapted, and special marketing activities are initiated.

Third, financial transparency is examined, specifically whether the value added by new customer acquisition can be identified, taking into account all costs. Targets and objectives are also checked to see if they are both challenging and realistic.

### Example 2. Pricing

When analyzing pricing, the focus is mainly on four aspects:

- i) **Price setting and price differentiation**  
 The basic idea of value-oriented pricing is simple: to fix, for each customer, the maximum price they are willing to pay. In reality, though, two price-setting methods prevail: cost-plus pricing and

historical pricing. "Excellent" companies are one step ahead and use more modern methods, such as the van Westendorp method, particularly for launching new products.

Furthermore, these companies remember that, depending on the type of product, the importance of price differs from the customer's perspective. For example, a customer may be price sensitive when buying a digital camera – but not when buying a camera bag.

- ii) **Balancing the price and component mix**

The aim of this is to use innovative pricing models. This might include shifting the willingness to pay through clever bundling or sending differentiated price signals via nonlinear pricing.

It is also necessary to think about changing the price base in this context. For example, in the case of airplane turbines, the price is not based on the product, but the operational hours.

- iii) **Reducing price erosion**

Revealing the connection between basic, invoice and net prices, generally, causes surprise. The various discounts and bonuses quickly add up to erode margin, and there is little overall coordination or management.

Combining these insights with the respective net revenue per customer often reveals another surprising result: very small customers are often granted very attractive prices, whereas big, loyal customers have to pay comparatively high prices per unit.

Sale or fail: 10 dimensions of sales excellence

None of these dimensions can be considered in isolation. They are closely connected, and sales performance can only be improved sustainably by balancing all of them.

iv) Reducing cost inflation

Many companies tend to be too generous in granting free additional services. For example, is it necessary to offer a free 24/7 hotline, or can this service be reserved for top customers, with others paying a small fee? Similar questions arise in the case of ex-gratia payments and other special services.

**Turning it into action**

Having considered the 10 dimensions and established a clear development path to sales excellence, the sales audit process can now begin with the following steps:

- ▶ Conducting comprehensive interviews with the sales team.
- ▶ Interviewing selected managers outside the sales team, combining an outside view with insider know-how.
- ▶ Integrating the customers' perspective. This is a critically important step, and we take care to balance existing (i.e., both positive and critical), former and potential customers.
- ▶ Providing comparisons of the company's performance with relevant best practice examples drawn from our experience with other companies.

The audit is not based on the views of interviewees, but on credible examples and specific analyses – in other words, information not opinions. For instance, we compare the sales strategy with the future requirements in the sector. We also analyze the accuracy of customer segmentation, and the logic behind calculating the performance of

individual customers and customer groups. The quality of the CRM system is tested using samples, and the usage behavior of the sales force is established.

We also review the marketing documents for sales, collect different price and condition sheets (and check their consistency) and analyze target and remuneration systems.

Our profound understanding – based on a multitude of projects – of what constitutes sales excellence is the critical factor in being able to provide an accurate and reliable assessment of the organization. Yet, the assessment alone is not enough; based on this evaluation, we prepare a realistic implementation plan that will help to reduce inefficiencies and therefore sustainably improve sales performance.

**Results**

The Contrast Sales Excellence Audit is a helpful and efficient instrument on the path toward sustainable sales excellence. Companies benefit from a well-founded and targeted external assessment that quickly identifies development potentials.

It is important to stress that not all deficiencies must (or can) be taken care of at once. Medium-sized companies, in particular, often do not have the resources to implement a variety of initiatives all at the same time. The initial assessment of monetary ranges helps to set the priorities required. In the medium to long term, though, all 10 dimensions have to be developed further, as a balanced approach is the key to success. ■

Companies benefit from a well-founded and targeted external assessment that quickly identifies development potentials.

Figure 2. Example results from a sales audit

