

The Changing Face of Selling

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Sales systems are a regular part of the CRM suite and if you didn't know better you might think that garden variety sales force automation (SFA) is about the only thing you need to support a sales effort. That might have been true a few years ago but we're seeing that changes in markets and economies can have a great effect on what we sell and how we sell it. Consequently, the software we use to sell must evolve and adapt also.

Recently, I have talked about different kinds of sales environments and the need for adaptations — a piece on the call center a few weeks back was one example. There is ample evidence that call center operators are beginning to focus more on cross-sell and up-sell opportunities and there is some confusion about how to deal with these opportunities.

Last week we looked at how BlueRoads and potentially other vendors in the PRM space deal with the channel sales model to support distributors and resellers. Today, let's look at the complex world of the manufacturing sales process and the life of manufacturers' representatives or agents.

Many companies in the manufacturing supply chain use these agents. In many cases like electronic components, chips, board assemblies and the like, manufacturers have little or no sales talent in house. Agents are different from resellers and function more like commission only captive sales representatives; they get territories and quotas and work on contracts that frequently run for a year. Like baseball pitchers, the manager can walk out of the dugout and ask for the ball and just like that they're out of the game.

Globalizing the production chain

Globalization has been going on for a long time and it has Balkanized what were once vertically integrated manufacturing processes. By globalization I mean the process of developing an idea and designing a product in one country, prototyping it in another, and producing it in yet another country. Not that long ago you could reasonably expect that all of these processes and more would be performed by a single company in a single country if not a single location — that was known as being vertically integrated. But not any more, with globalization, each part of the process can be, and often is, sent to whatever partner company offers the lowest cost and fastest turnaround.

So, back to agents. Maybe an agent represents a company that makes chips for cell phones. The agent would be responsible for providing specifications to a phone maker and doing the sales work associated with trying to win the business at the design stage. But the agent will only be able to follow the process as long as the work remains in his or her territory. Once the design is made work might go to another country on another continent for prototyping where another agent would take over the sales process. Still another country and agent could be involved in actual production and the whole process might take a year or two.

As you can see, selling in this environment is not for the faint of heart. It's hard enough working on straight commission but add to that the need to track deals and your piece of a deal over a couple of years and the complexity mounts. People involved in this process have historically tried to track all the information associated with this process on spreadsheets.

New pain, new gain

I have always believed that the best way to figure out what new applications would be making appearances in the near future, all you had to do is understand what people were tracking in spreadsheets. I think this is a case in point. Twenty years ago we tracked sales leads in spreadsheets and many SFA companies still compare themselves favorably to spreadsheets they wish to replace. Now it looks like this non-conventional area of selling is also proceeding along the same path.

I recently met a young company named Escend that is focused on solving this business problem. The company is a restart and has some fresh capital as well as some new customers and a decent pipeline. Will they succeed? I don't know, but I would give them good odds. Escend could make a category out of this niche and understanding the deep domain expertise that is required to be successful in this area as well as the idea that this is a high-level executive sell tells me there won't be a lot of people chasing them into the niche until the category is established and then it will be too late.

Very often we hear about new companies that are simply trying to carve out a corner of a growing niche like SFA. Often the new company tries to be different by being cheaper. But lower cost producers don't typically do well when there are well established brands — as there are in SFA today — and many of them fail.

It's great to hear about a new company with a new category that looked at the market place and identified an uncovered or insufficiently covered area and developed product for it. It's also worth noting that this niche probably did not exist until globalization really got going because there simply wasn't enough "pain" — spreadsheets worked pretty well until the work started skipping from continent to continent. That's plenty of reason to remember to revisit old familiar areas just to see what's changed, and what new opportunities have sprouted.



About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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