In This Issue

Featured Insight
CSO Priorities for Navigating the Postpandemic Reset

Three Actions to Maximize the Impact of Frontline Sales Managers

Build a Sales Capacity Plan to Stay Ahead of the Recovery

How Do Your Cost Optimization Efforts Compare to Your Peers’?

Creative Customer Engagement During Disruption, With FedEx’s Mark Colombo
Letter From the Editor

Several months have passed since the initial disruption caused by COVID-19, and CSOs must now consider not only how to respond to immediate disruption, but also to longer-term strategies for success. In this issue of The Chief Sales Officer, we focus on insights and strategies to help you succeed in the “new normal.”

By now, COVID-19 has impacted almost every sales organization to some extent. The six months of disruption are unlike anything sales leaders have seen in recent memory, but many CSOs now realize some of the resulting shifts — in particular, moving entire sales teams to work remotely and changing buyer preferences — will likely become permanent. While these shifts present new challenges, CSOs should breathe a sigh of relief about their achievements over the last few months. These achievements unlock new opportunities and present existential questions as they defy closely held assumptions about sales. In light of these changes, CSOs must consider multiple strategies to plan for the future and evolve the sales organization to succeed in this new sales reality.

This issue of The Chief Sales Officer provides a number of strategies to help you plan for the future and return to growth following the recent disruption, which include:

Guidance on navigating the postpandemic reset (Page 4) — After stabilizing the sales force and containing costs, we explore how CSOs must focus on the intersection of disruptions, trends and future demands to create value and optimize costs.

Insights on maximizing frontline sales manager impact (Page 12) — This article reveals why the manager role has hit a tipping point of complexity and how CSOs can begin to rescope the role and the support around it to enable managers’ core mission of scaling commercial impact.

A plan for restoring sales capacity to accelerate a return to growth (Page 18) — We detail how CSOs should model various recovery scenarios, weigh options and plan sales force deployment changes to stay ahead of the market.

Gartner’s diagnostic offering, with the latest headcount, spend and cost of sales data to benchmark against (Page 21) — We outline how our diagnostic helps CSOs with ongoing cost optimization efforts by providing a full picture of sales organizations’ expenses and areas of overinvestment.

A peer CSO’s perspective on creative customer engagement during disruption (Page 24) — We sit down with Mark Colombo, SVP solutions and sales at FedEx, to discuss lasting sales trends as a result of recent disruption and innovative ways for CSOs to lead their sales organization’s rebound.

In these trying times, sales leaders must carefully plan for the future, however uncertain, and consider many strategies to set up their organizations for success in this “new normal.” To succeed, every sales leader must ask themselves, “What’s my plan and what’s my hedge?” to navigate through this uncertainty.

Be well!

David Millstein
CSO Priorities for Navigating the Postpandemic Reset

By Doug Bushée, Dave Egloff and Craig Riley
When responding to a crisis, sales leaders are forced to stabilize the sales force and contain costs. A greater challenge comes as organizations recover and rebuild amid lingering uncertainty. CSOs must now focus on the intersection of disruptions, trends and future demands to create value and optimize costs.

In these times of rapid and unpredictable change, the only certainty is sustained uncertainty. For chief sales officers adapting to precarious market conditions in the wake of the COVID-19 response, confidence comes from knowing and staying true to their core objectives:

- Lead sellers and partners with cautious optimism.
- Retain customers and attract buyers.

- Provide sales and expense forecasts.
- Adapt commercial strategies and tactics.

As highlighted in “The Postpandemic Planning Framework,” all leaders must recognize the three phases of postpandemic planning — respond, recover and renew — as well as the key forces that will determine the duration of each phase (see Figure 1).

**Figure 1: Postpandemic Planning Framework**

**Key Forces**
- GDP/Economic Forecasts
- Health/Vaccine Scenarios
- Industry Trends
- Societal and Consumer Trends

**Lockdown**
Legislatively imposed

**Reopening**
With subsidies, trade protectionism, M&As and restructurings

**New Normal**
When protectionism fades and subsidies are no longer vital

Source: Gartner
Many will struggle to navigate their respective postpandemic paths. Some leaders will be forced to retire some commercial investments as a concession to enduring challenges. Others may look to free up investments to reinvent or rescale for the upcoming market conditions. As CSOs examine these illustrative paths, they must consider each destination in the context of the potential commercial performance consequences it may bring (see Table 1).

**Table 1: Illustrative Postpandemic CSO Strategic and Tactical Considerations**

<table>
<thead>
<tr>
<th>Navigation Path and Destination</th>
<th>CSO Strategic Considerations</th>
<th>Tactical Options for Sales Force Design or Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rescale</strong></td>
<td>Prioritize highly effective or highly efficient routes to market, including virtual and digital channels.</td>
<td>Focus on virtual sales and buyer enablement; invest in digital marketing and omnichannel strategies.</td>
</tr>
<tr>
<td><strong>Reinvent</strong></td>
<td>Reposition the sales strategy to areas of greater differentiation and relevance to be more competitive postpandemic.</td>
<td>Partner with GTM stakeholders to redesign playbooks and commercial messaging; refocus sellers to greater opportunities.</td>
</tr>
<tr>
<td><strong>Return</strong></td>
<td>Default the path of reestablishing the legacy sales strategy and deployment.</td>
<td>Contain costs and leverage analytics to predict strengthening demand.</td>
</tr>
<tr>
<td><strong>Reduce</strong></td>
<td>Trim investments and dedicated resources to specific markets.</td>
<td>Cut expenses in segments that are most impacted by the pandemic and still facing challenges.</td>
</tr>
<tr>
<td><strong>Retire</strong></td>
<td>Divest resources and operations where prepandemic concerns and postpandemic issues exist.</td>
<td>“Sunset” investments, and reduce or redeploy resources to areas of higher demand.</td>
</tr>
</tbody>
</table>

Source: Gartner
No matter the ultimate path for their organization, chief sales officers leading their sales organization through recovery and into renewal should:

- Develop a prioritized plan for recovery by focusing on the confluence of current disruptions, emerging trends and future demands (see Figure 2).
- Enable virtual sellers by providing the technology, training and support needed to drive commercial outcomes digitally.
- Improve resource utilization by redeploying sellers to areas of greater opportunity and effectiveness.
- Accelerate the alignment across go-to-market (GTM) stakeholders by updating buyer profiles and synchronizing commercial messages to unify the commercial strategy.

**Current Disruptions**

Even as economies slowly open up, fears of financial or health regression are having an enduring impact on commercial engagements. CSOs must recognize that what is feasible may not be desirable — from both the seller’s and buyer’s perspective. Just because travel restrictions or advisories are lifted does not mean:

- Sellers are comfortable traveling.
- Buyers are ready to welcome visitors.
- Travel expenses provide a good return on investment.

Furthermore, most CSOs have cut or avoided costs by canceling events, reducing consulting engagements and limiting sales support projects. These tactics work well in the short term, but longer-term scenario planning is necessary to navigate prolonged uncertainty. CSOs should consider the impacts of:

- Low- or no-travel restrictions for sellers
- Contracted sales budgets
- Distracted or financially constrained buyers

**Emerging Trends**

In recent years, the following emerging trends have shaped the buying and selling landscape, posing both opportunities and threats:

- **The rise of company digital transformation projects**, which includes anything from stitching together and overhauling existing internal systems to fully reimagining customer interfaces.
- **The ubiquity and free flow of online information**, which includes highly credible supplier-provided information but also includes ample third-party sources and seemingly contradictory competitor information.
- **The evolution of buyers’ channel preferences**, which reflects an increasing bias toward frictionless commercial experiences and even rep-free engagements.
Future Demands
Forward-looking CSOs should pay particular attention to these imminent demands accelerated by the pandemic:

- **The importance of seamless GTM alignment**, yet many organizations have not designed their GTM functions to reflect changing buyer channel and experience preferences.
- **The developing buyer preference for virtual sales engagements**, which will force CSOs to rethink how sales teams can deliver value with limited or no travel.
- **The advancement of technology-assisted prescriptive selling**, built on artificial intelligence and machine learning, to help sellers synthesize data and recommend the next best actions to buyers.

Three Strategic Sales Imperatives
CSOs should focus resources on maximizing relevance in the current market while simultaneously making future investments for growth. Three recommendations exist at the intersection of current disruptions, emerging trends and future demands:

1. Enable virtual selling.
2. Redeploy resources to areas of greater opportunity and effectiveness.
3. Unify the commercial strategy with updated buyer profiles and messages.

Enable Virtual Selling
Many CSOs are looking for a standard framework to build a virtual selling organization, but enabling remote selling requires more than executing in-person selling plays online. It requires changing the way sellers interact with buyers to reflect a changed sales environment.
First, CSOs should invest in digital technology that improves the buyer experience. This includes arming sellers with high-quality audio and video hardware along with reliable remote meeting platforms that allow sellers to conduct productive customer interactions.

Technology alone cannot create virtual sellers. CSOs should also rescale by investing in sales training and coaching that elevate their sellers’ virtual selling competencies. This includes improving sellers’ ability to work with digital technology, facilitating remote meetings and collaborating with buyers in a virtual environment.

Once sellers have a strong foundation of technology and skills for virtual customer interactions, CSOs should task sales enablement to improve virtual selling effectiveness by developing a virtual selling playbook. This playbook should give sellers guidance to help virtual buyers identify problems, explore solutions and build requirements for a B2B purchase.

Redeploy Resources to Areas of Greater Opportunity and Effectiveness

During financially constrained periods, organizations are forced to cut and avoid expenses, since preserving capital mitigates the strain of lower sales. CSOs must broaden the lens from cost-cutting to cost optimization — which is best viewed on a two-dimensional spectrum (see Figure 3).

To effectively redeploy resources to areas of greater opportunity, CSOs should:

- Seek to control the internal narrative by repositioning sales cost optimization to consequence management.
- Work with their heads of sales operations to reinvest in areas with a higher probability of realizing a net benefit — that is, the benefit

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**Figure 3: Cost Optimization Spectrum**

- **Reduced Net Benefit**
  - Sunset a product.
  - Reduce sales force size.

- **Increased Net Benefit**
  - Target new customer segment.
  - Automate using existing technology.
  - Assign accounts to low-cost sales tier.

- **Reduced Spending**
  - Stimulate demand with loss leaders or freemium products.
  - Expand to new sales channels.

Source: Gartner
of increasing top-line performance minus the cost of sales.

- Partner with sales operations leaders, leveraging diagnostic and predictive analytics, to examine sales underperformance areas and identify next steps.

Unify the Commercial Strategy With Updated Buyer Profiles and Messages

Some organizations have begun to explore unified roles (e.g., chief revenue officer or chief commercial officer) that incorporate the overlapping responsibilities of sales, marketing and service/support to deliver a more compelling end-to-end customer experience. While most CSOs do not control all elements of the GTM strategy, they must at a minimum influence their peers to better meet channel-agnostic buyers’ needs through targeted customer profiles and commercial messaging.

Ideal customer profiles should go beyond the typical firmographic, engagement and buying stage criteria to also outline the impact of buyers’ interaction preferences on worthiness and pursuit strategies. CSOs and their GTM colleagues should share function-specific perspectives and leverage routes to market as part of a buyer profile redefinition exercise, including:

- **Seller-first buyers** prefer working with sellers but also rely on digital content.
- **Agnostic buyers** interchangeably leverage seller and digital content without preference.
- **Digital-first buyers** prefer digital channels but work with sellers as needed.

**Commercial messaging** strategies must align communications with the current market condition and present a unified and consistent viewpoint across all digital and in-person channels. CSOs should work with their colleagues in marketing to build upon a shared understanding of buyer engagement and focus on providing buyers with consistent answers to their questions.

**Conclusion**

Given these realities, chief sales officers face a historic decision point. They must determine how their commercial strategies should align with the postpandemic reset path most appropriate for their organizations. Any discussion of near-term plans should ultimately be viewed through the lens of the overlap found between emerging trends and future demands brought into focus by current disruptions. The organizations best-positioned for renewal will be those that incorporate virtual selling, intelligent resource deployment and a unified commercial strategy to engage their future buyers.

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1. 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; n = 78 (March), n = 100 (April), n = 22 (May)
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Frontline sales managers are overwhelmed by today’s complex selling environment resulting in significant commercial consequences for sales organizations. CSOs should apply our latest research to rescope the manager role and build an organizational ecosystem that reduces manager burden.

The frontline sales manager role is a linchpin in a sales organization, providing the critical connection between sales strategy and field-level execution to drive commercial impact at scale. However, with the need and desire to scale managers’ commercial impact, organizations often lose the thread on what they want or need managers to do to make that happen. The growing complexity of the job has forced managers to cope by making unintentional trade-offs on where to focus their attention that unknowingly suppress commercial outcomes.

With so much changing around the role, CSOs now recognize the importance of supporting their sales managers. Our annual poll of CSOs going into 2020 found improving manager effectiveness to be their No. 1 priority, and many who we interviewed shared their unease about “extreme inconsistencies” in their frontline sales manager ranks.
A Tipping Point in Role Complexity

The sales manager job has always been complex. Even so, in recent years, the manager’s role has evolved significantly and become more complex due to shifting buying behavior and supplier organizational changes (see Table 1). For example, managers need to coach their reps on how to help customers make sense of all the high-quality information available to them related to a B2B purchase. Additionally, the average sales manager span of control has increased by 16% since 2013, so now managers must manage larger teams. All together, these trends make the manager role not just more difficult but more expansive. They feel overwhelmed by their seemingly endless list of responsibilities and this significant burden has negative consequences on their commercial performance.

Given these complexities, what should be the focus of the frontline sales manager role in today’s complex environment?

To answer this question and bring clarity to CSOs’ strategies to managing frontline managers, we conducted a holistic review of the manager role. We surveyed over 750 B2B sellers about their managers’ ability to support them in their day-to-day activities and over 300 sales managers about how they spend their time and the difficulties they face in their roles. We also supplemented the quantitative analysis with structured interviews of over 100 sales leaders and managers. The key findings from this research are:

Finding 1: High-Performing Managers Disproportionately Spend Time on External-Facing, Near-Term Deal Execution Activities

Upon surveying managers about their time spend across a wide range of activities, we found high-performing managers spend more time relative to low-performing managers on:

Table 1: Trends Adding Complexity to the Sales Manager Role

<table>
<thead>
<tr>
<th>External Trends</th>
<th>Internal Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasingly large and diverse buying groups:</td>
<td>Greater internal coordination required:</td>
</tr>
<tr>
<td>Buying group size has increased by 106% since 2013 to</td>
<td>Sales team portfolio increased 2.3 times in size</td>
</tr>
<tr>
<td>11 members.</td>
<td>since 2013.</td>
</tr>
<tr>
<td>Complex, nonlinear buying processes:</td>
<td>More time navigating the organization:</td>
</tr>
<tr>
<td>Ninety-six percent of buyers revisit at least one</td>
<td>Managers spend on average seven hours per week</td>
</tr>
<tr>
<td>buying job.</td>
<td>navigating internal resources.</td>
</tr>
<tr>
<td>Diminished customer access:</td>
<td>Greater availability of data:</td>
</tr>
<tr>
<td>Customers only spend 17% of their total buying time</td>
<td>Managers have an average of 4.2 unique dashboards.</td>
</tr>
<tr>
<td>meeting with potential suppliers.</td>
<td></td>
</tr>
<tr>
<td>Significantly increased volume of high-quality</td>
<td>Larger sales teams to manage:</td>
</tr>
<tr>
<td>information:</td>
<td>Average span of control has increased by 16%</td>
</tr>
<tr>
<td>Eighty-nine percent of customers say they encounter</td>
<td>since 2013 to 7.5 sellers per manager.</td>
</tr>
<tr>
<td>high-quality information during a purchase.</td>
<td></td>
</tr>
</tbody>
</table>

• **Externally Focused Activities** — These activities are focused outward on serving customers, advancing deals and helping sellers progress opportunities through the buying journey.

• **Near-Term Deal Execution Activities** — These activities are oriented toward immediate or near-term commercial wins including helping advance deals, negotiating for sellers and deal problem solving.

Low-performing managers, on the other hand, spend relatively more time on internally focused activities such as reporting and cross-functional collaboration. These managers also disproportionately focus on long-term skill development activities such as conducting pipeline reviews and developing training modules (see Figure 1).

This is not to say high-performing managers do not spend any time on these other, more internally focused and skill development activities. After all, all of these activities are critical to the functioning of a sales organization. But the contrast in relative time spend indicates that given a choice, high-performing managers consistently seek opportunities to orient themselves outward and advance deals forward. Progressive CSOs deploy organizational solutions to enable managers to focus on external-facing and deal-execution activities, such as understanding the activities their managers are currently spending time on and critically examining whether each of those activities truly belongs in the manager role.

### Case in Point: Expedient’s Manager Role Clarity Exercise

Expedient critically examines each sales manager task to ensure the role focuses on high-impact tasks managers are uniquely positioned to execute on and relocates other tasks to better-fit roles in the organization. This involves a categorization of activities based on the activity’s level of impact on commercial outcomes and the extent to which the tacit knowledge required to perform the activity exists within the manager role. Based on this assessment, for each activity Expedient decides whether to: prioritize manager focus, limit manager time spend, transfer to a center of excellence function/other roles in the organization or automate. In performing this exercise, Expedient decided to automate and offload many activities that had previously been performed by managers, such as reporting, skills training, onboarding and recruiting.
Finding 2: Manager Burden Significantly Suppresses Commercial Performance and the Impact of Organizational Coaching Investments

Managers often don’t have a choice in how they spend their time. The organizational complexities overtaking the manager role largely predetermine their time allocation for them. To effectively capture, quantify and ultimately address the complexity that managers experience, we have identified a metric called “manager burden.” Burdened managers have difficulty accomplishing tasks in a given time, often have to deviate from company policies and expectations due to organizational complexity and struggle to understand important data in reports.

When measured against commercial outcomes, manager burden has real and tangible financial costs to organizations:

- **Manager burden suppresses overall commercial performance.** For each incremental point — on a seven-point scale — that a manager agrees to the combination of the three variables that compose manager burden, the manager’s overall quota attainment drops by approximately 18%.²

- **Manager burden suppresses the impact of organizational coaching investments.** Managers with low burden outperform managers with high burden at every level of coaching quality. In particular, we found that an average-level coach operating in a low-burden environment outperforms a world-class coach operating in a high-burden environment by approximately three percentage points (see Figure 2).²

![Figure 2: Change in Quota Attainment for Managers by Level of Burden](image-url)

n = 111 sales managers

Source: 2020 Gartner Enhanced Frontline Sales Leader Survey

Note: Quota attainment scores were provided by participating organizations. Scores were centered around the 60th percentile when calculating average centered quota attainment.
To reduce manager burden, CSOs must take the lead on the following actions:

- Declare the core activities of the manager role and offload noncritical activities to other teams, functions or technology.
- Rationalize complex or conflicting support systems to make it easy for managers to navigate the organization.
- Minimize nonessential reporting demands proven to increase manager burden.

**Finding 3: High-Performing Managers Have Shifted Coaching Efforts to Early-to-Middle Sales Process Stages**

The best coaches are deliberate about which sales activities require the most attention and support. To maximize commercial returns from their coaching efforts, high-performing managers disproportionately focus on supporting sellers with opportunity creation and opportunity pursuit rather than deal closing and servicing (see Figure 3).

With growing complexities in buying — including larger and more diverse buying groups, nonlinear buying and greater accessibility of quality information — today’s high-performing managers have figured out that sellers are more likely to face deal roadblocks throughout the sales process, not just the beginning and endpoints. They find supporting sellers at early and middle stages of a deal to be the most economically beneficial use of their coaching.

**Conclusion**

Despite the importance of the frontline sales manager role, the manager role is in desperate need of rescoping to focus the role in a way that is reflective of the actual impact that each manager task has on commercial outcomes. This means a greater external and deal-level focus. Without action by executive sales leaders, even the best managers struggle to succeed in a system poorly designed to promote their success.

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**Figure 3: Ratio of Manager Coaching Allocation Across Deal Stage**

<table>
<thead>
<tr>
<th>Activity</th>
<th>High-Performing Managers</th>
<th>All Other Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Creation</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Opportunity Pursuit</td>
<td>0.09</td>
<td></td>
</tr>
<tr>
<td>Opportunity Closing</td>
<td>-0.09</td>
<td>-0.23</td>
</tr>
<tr>
<td>Ongoing Activities</td>
<td>-0.23</td>
<td></td>
</tr>
</tbody>
</table>

Source: 2020 Gartner Enhanced Frontline Sales Leader Survey (n = 111 sales managers)
A CSO’s Guide to Maximizing Sales Manager Impact

Chief sales officers (CSOs) are confronting significant disruption to their growth strategies as current events reshape their operations from supply chain interruptions to softening demand and evolving customer needs. They are focused on both providing help to customers and preparing their sales teams for when business conditions improve.

In pursuit of these objectives, CSOs are leaning more than ever on frontline sales managers. However, managers are under significant strain and CSOs need to keep frontline managers focused on the most important activities to drive frontline performance. Recognizing this challenge, they are asking, “What should be the focus of the frontline sales manager role in today’s work environment?”

Attend this meeting with your peers to learn how to increase frontline sales leaders’ ability to improve seller performance. We will discuss:

- Where should I focus my managers’ time?
- How should I focus the manager role?
- How can I focus manager coaching?

Gartner Sales Executive Retreats

Please join us for a discussion with a preeminent group of sales leaders, and learn about the newest Gartner research on frontline manager effectiveness and how to reignite growth in this volatile business environment.

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Virtual | 12 Aug | 7pm-9pm ET
Virtual | 13 Aug | 11am-1pm ET
Virtual | 16 Sep | 11am-1pm ET

Arlington, VA* | 12 Nov | 8am-4pm ET
Amsterdam, Netherlands* | 17 Nov | 8am-4pm CET

* Currently being evaluated for potential change to virtual format

Register Now
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Email: sales.support@gartner.com
During periods of disruption, CSOs need to understand their current ability to deliver revenue and build a vision for how their sales strategy will adapt. By modeling various recovery scenarios, leaders can weigh options and plan sales force deployment changes to stay ahead of the market.

CSOs have taken a variety of steps to reduce sales spending and protect revenue in response to the COVID-19 crisis and ensuing economic turmoil. For some, mandatory budget cuts made sales force reductions necessary. For others, changes in buyer demand prompted the redeployment of sales resources to more appropriate selling roles or customer segments. As the business environment continues to evolve, most will realize that restoring sales capacity is more complex than simply rolling back those changes. Some segment needs have fundamentally shifted. In addition, some buyer preferences for virtual channels are likely to be permanent. Moreover, some growth challenges will require an entirely new organizational design. CSOs must understand the necessary steps and the appropriate timing for changing sales roles or deployment. Doing so will help to restore sales capacity — headcount multiplied by average productivity — in tandem with the restoration of customer demand.
The conceptual model below provides a framework for making data-driven capacity decisions (See Figure 1).

By incorporating anticipated changes to headcount and productivity over time, CSOs can gauge the combined impact of recent cost optimization actions on current sales capacity and model multiple subsequent recovery scenarios to inform future decision making.

**Quantify the Combined Impact of Cost Optimization Actions**

During periods of economic uncertainty, a sales team’s capacity to deliver revenue will fluctuate as multiple forces influence team headcount and productivity. CSOs often struggle to quantify the combined effect, set internal expectations and determine the necessary measures to keep sellers engaged and fairly incentivized. A reduction in force is the most obvious example of a change that will impact sales capacity, but other less obvious factors should be considered too. For example, CSOs must inspect the productivity history of sellers in various roles and decide whether recent changes are driven by temporary factors (such as distractions while adjusting to working from home) or more permanent ones (like a change in buyer preferences).

These estimates and observations can be combined in a modeling tool to quantify the aggregate impact. While some sales performance management vendors offer capacity planning functionality in their tools, such a model can be custom built. An effective model helps leaders overcome pitfalls common to the sales capacity planning process, including:

- Failing to accurately account for productivity ramp-up time among new hires.
- Overlooking the impacts of attrition.
- Providing inadequate detail and visuals for comparing targets, forecasts and actuals in specific segments of the sales organization.

By addressing these issues, sales leaders can confidently validate decisions on where to make necessary headcount changes, communicate impacts and set expectations with other leaders.

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**Figure 1: Factors Influencing Sales Capacity**

Source: Gartner
Model Multiple Recovery Scenarios to Clarify Actions and Lead Times

Sales capacity should expand and contract in anticipation of changing market demand. Excess capacity often leads to wasted sales expense, while a lack of sales capacity often results in lost market share. Of course, CSOs cannot accurately predict how long any period of economic uncertainty will last or how long the ensuing recovery will take. But a critical imperative for sales leaders is to place bets now on how buyers will react and what sales resources will be needed to meet evolving needs.

CSOs should consult with sales operations, business unit leaders, marketing, finance and other stakeholders as necessary to review leading indicators and agree on possible recovery scenarios and timing. Ideally, these leaders would associate possible triggers with various scenarios to help them interpret these leading indicators as conditions unfold. Sales leaders should then apply the agreed-upon recovery scenarios to create corresponding sales capacity models that consider the impact of role changes and hiring. An effective capacity model will allow for productivity ramp-up, showing sales leaders the necessary headcount and lead time to meet each scenario's capacity target.

By creating models for multiple scenarios, CSOs can plan their respective recoveries based on prescriptive analytics. The model for each scenario will convey a set of actions (for example, begin onboarding three new inside sellers by a certain date). Once recovery actions are identified, sales leaders must monitor leading indicators and refine their action plans. As time passes, the likelihood of some scenarios will decline and these models can be deprioritized, adjusted or discarded. Sales leaders who make ongoing updates to the remaining models — ideally monthly as financials are finalized — will be best positioned to take timely action to restore capacity and restart growth.
How Do Your Cost Optimization Efforts Compare to Your Peers’?

By Alex Boyd

In 2020, sales organizations face unprecedented levels of uncertainty stemming from the pandemic as well as economic and geopolitical pressures. The long-term impact of these challenges has not been uniform across industries or organizations. However, the crisis has almost universally underscored the need to reexamine the assumptions underpinning sales strategies and the related resourcing implications:

• How many sellers do I need?
• Where should they be deployed?
• What investments must we protect?
• What expenses can we trim back going into 2021?

What’s more, while our research has found most CSOs anticipate customer demand to return into the fall and winter of this year, we also found few CSOs believe that pent-up demand will make up for lost revenue.

Without ongoing cost optimization practices, some CSOs will find themselves making rapid-fire decisions to create quick cost savings that threaten their ability to move quickly as the health and economic crisis slowly improves.

Conversely, CSOs who oversee organizations with robust cost optimization efforts already in place will be at a distinct advantage, not only in terms of their overall cost efficiency, but also in their ability to quickly identify potential savings in known areas of overinvestment.

As CSOs work toward a rebound from the current economic disruption, cost optimization efforts will become increasingly important. Our analysis highlights the importance of effectively identifying areas for reinvestment as CSOs shift coverage models, move sellers to inside sales and virtual roles, and work to innovate solutions to rebuild pipelines.

A critical first step toward an effective ongoing cost optimization capability is the development of a complete and up-to-date picture of the sales organization’s expenses. This exercise involves a careful accounting of the sales organization to not only calculate the overall cost of sales, but also build and document a detailed understanding of its various subcomponents. This information can then be used to conduct external benchmarking to evaluate how your spending compares with your peers’ in order to identify areas of over or under investment.
This type of exercise is all the more important with 2021 strategic planning and budgeting efforts right around the corner.

With Gartner, cost of sales benchmarking is easy to conduct, using full-service resources such as our Budget, Headcount and Cost of Sales Benchmarking Survey. This survey, which CSOs can complete in collaboration with their heads of sales operations, takes only 30-45 minutes to complete and benchmarks your sales organization’s core budgetary metrics against those of your peers in the following areas:

- Sales budget allocation and spend
- Sales headcount by function and role
- Cost of sales (see Figure 1)
- Sales functional design
- Seller costs by role
- Technology costs

Taken on a one-off or recurring basis, the survey yields a customized report comparing your organization to your peers’. Additionally, participants receive a personal walk-through and guidance on action planning from one of our experts. This report, coupled with guidance from our experts and the support of our research, will help form the foundation of a cost optimization roadmap. Together these tools can help your organization perform a variety of cost optimization activities, such as rightsizing headcount, redistributing investment to underfunded areas, or even defending current spends in the face of pressure to cut costs.

The formalized and repeatable nature of this benchmarking survey serves as a cost-effective, ongoing status check for sales organizations to evaluate their cost efficiency and narrow the scope of their search for optimizable costs.

To evaluate your sales organization’s cost efficiency and identify opportunities for optimizing investments with this survey, contact your Gartner account team or email sales.diagnostic@gartner.com.

**Figure 1: Total Cost of Sales**

Percentage of Revenue

![Figure 1: Total Cost of Sales](source: Gartner Budget, Headcount and Cost of Sales Benchmark Survey)
Gartner Sales Benchmarking and Diagnostics Suite

**Sales Score**
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Creativé Customer Engagement During Disruption, With FedEx’s Mark Colombo

By David Millstein

We sit down with Mark Colombo, SVP Solutions and Sales at FedEx to discuss lasting sales trends as a result of recent disruption and innovative ways for CSOs to lead their organizations to rebound.

Mark Colombo serves as SVP of FedEx solutions and sales. The solutions organization provides supply chain consulting services to FedEx customers and is responsible for global sales operations. Additionally, Mark leads the international sales team with revenue responsibility in the Americas. Prior to his current position, Mark oversaw digital marketing, corporate strategy, and customer experience.
Thank you for speaking with us. In the current COVID-19 crisis, sales leaders must draw on their past experiences and apply them to what is, for most, a highly unfamiliar situation. Can you share your path to the head of sales role and the most valuable experiences you’re drawing on today?

I have been at FedEx for 20 years. Before that, I spent 10 years in private equity and strategy consulting roles. I joined FedEx in marketing and spent 10 years there before moving over to our sales and solutions business. I’ve been in this group for the last 10 years.

There are two formative experiences that come to mind. One comes from my time in consulting. As a consultant, you are always trying to understand the major problem that a customer is trying to solve and how you can help. We have a similar process in our solutions business. For example, an account executive will bring in an expert to offer consultative services to the customer, such as supply chain optimization support. These efforts have yielded significant value for our customers.

The second one comes from my time in marketing. We regularly used focus groups to try to understand customers’ product needs. In sales, our teams reach even more customers in a single day than all of the market research studies we do in an entire year. To take advantage of our customer access, we have started structuring “sales blitz” days to be a lot like those market research studies. At the beginning of the day, we send an information sheet to the sales teams that looks similar to a market research study questionnaire and have them fill the information sheet out based on customer answers on calls. Afterward, we meet as a team to present our findings. Everyone walks away with a greater market and customer understanding. Especially in today’s environment, these sessions are invaluable.

These blitz days sound extremely beneficial to your sales teams, but this information sounds critical for marketing and other functions to know as well. How do you share these lessons more broadly?

I want to first make the point that, as a sales leader, I make sure to also participate. It is critical as an executive leading the sales function to stay attuned to the customer’s needs and to the core of why a business exists, and that’s to create and keep a customer.
Now, we don’t just share these learnings, we bring other functions into the process to learn with us. We assign finance, legal, operations, corporate development, and accounting to different sales territories, and once a quarter they go into the market with our sales teams. This enables the back office, corporate functions to develop a better understanding of sales needs and create better alignment with sales.

Later on, when pricing or contract issues might arise, these earlier experiences and greater cross-functional alignment help to resolve any issues faster. What was a funny realization is that if you have pricing obstacles from finance, send them out with your sales teams and then they grant better pricing deals.

As we talk with sales leaders about the current crisis, they’re reporting a number of changes in buying behaviors. What are the key trends you are observing in B2B sales caused by COVID-19?

I think most companies have a really good understanding of what I would call first order derivative impacts of economic shock (what’s already happened). But I don’t think many companies can predict the second order derivatives that will come.

With that caveat, one major trend is that a lot of people are starting to talk about, “How do we develop an ability and truly understand the cost of creating supply chain stability?” We are starting to see customers trade a little bit higher cost for creating stable supply chains — moving product delivery and manufacturing closer together or possibly even diversifying manufacturing origins.

There is also more outbound customer communication to the sales team. Customers now have quick access to the sales team, which can easily be misused when sellers offer to help resolve issues that the customer support team should handle. A failure to properly redirect customer requests to the proper channels corrupts selling time and harms sales productivity. The last thing a sales leader wants is their seller to become distracted by too much service.

Another trend that we’re finding is customers want “speed to value.” Customers want to know upfront if a meeting with one of our sales reps will create supply chain stability or accelerate their revenue growth. We need to proactively address this issue or risk not securing a meeting with the customer in the first place.

So the challenge is not so much that customers are now avoiding contact with sellers, but rather they are becoming more selective about the sellers they meet?

Right. With the rise of virtual meetings in just about every facet of our lives, the bar is actually higher now to get virtual meetings with customers. Whereas a seller might call up a customer and say, “I’m in the neighborhood, can I come by?” Now, everyone is getting flooded with digital. More sellers can easily contact customers than ever before to send a meeting invite to a customer. As a result of this intensified competition, sellers need to do more to differentiate themselves from the noise. Customers want speed to value, not just a check-in.

In light of these trends, what is your top priority right now?

One of my top priorities is digitally enabling our sales force. We are working on getting our content served up at the appropriate point of the sales process. We already had been investing in and implementing different sales technology to enable a sales rep for face-to-face interactions. Now, given the current reality, we are doubling down on our enablement efforts, evaluating new sales technologies to invest in and reconsidering investments we decided against in the past.

For example, when we evaluated a learning management system a year ago, we felt this particular solution was not a good enough fit for us to justify the investment. But now, managers cannot do “ride alongs” to provide sellers coaching, so that particular learning management solution is starting to look much more attractive and now is an important area for us to invest heavily in to supplement, and in some cases replace, in-person manager coaching.
We’ve also heard you’ve recently established a customer success function. How is progress so far?

This function is a part of the sales organization and reports up to me. It has a critical role in enhancing the level of service we can provide to help retain customers and continue to grow our relationships with them.

We are looking at service-level trends to identify where we can provide improved service experiences. Then also, conduct customer business reviews so we can appropriately consult our customers and find real-time opportunities on where we can help.

Members of this team are aligned with sales territories and have a commission-based payout. We also are in the process of crafting key performance indicators for this team, including the number of business reviews, the number of opportunities identified and the value we’re creating for customers.

Reflecting on your role as a CSO during a time of crisis and lingering uncertainty, what do you want to be remembered for? What advice would you have for your peers on leading through this time?

We have a saying at FedEx based on a Theodore Roosevelt quote, which is, “People don’t care about how much you know, until they know how much you care.” I would say I want to be remembered for my leadership team’s focus on the safety, health and well-being of our team members above anything else.

Secondly, we worked really hard to protect our customer supply chains. FedEx has been there every day, working harder than ever to keep our customer supply chains up and running. We’ve been there to ensure life-saving supplies get to where they need to and to keep supply chains running, so that we can all have personal protective equipment, like face coverings.

Third, we did everything we could to protect the jobs of our employees. Now, it’s a big responsibility to keep the revenue coming into the company to do so. But part of this responsibility is to share each other’s burdens going through this and celebrate our successes.

Those are probably what all sales leaders would want to aim for: I hope we did all we could to keep people safe, to continue to deliver to our customers, and to protect the jobs of our employees, given the difficult operating environment that we’re currently in.

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