CSO Actions in Response to COVID-19

Updated August 25, 2020
Initial reactions and near-term priorities

Given the rapidly evolving nature of the COVID-19 crisis, CSOs are seeking immediate peer perspectives to ensure they are taking the proper actions on behalf of their customers, their teams, their shareholders and themselves.

Conversations with 50+ CSOs taking place on a weekly basis from March 19 through current day, discussed a number of recommendations and actions in three key areas:

- Financial Impact & Sales Expense
- Customer Engagement
- Seller Engagement & Deployment
Financial Impact
Re-baselined 2H plans (for calendar-aligned fiscal years) are being confidently forecast

For many companies operating on calendar-aligned fiscal, revised guidance and targets “re-baselined” performance against plan. We’ll continue to follow these figures as we progress into the Jul-Sept fiscal quarter, which will ultimately be more telling.

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; March n=78, April n=100, May n=27, June/Aug n=31, July n=22. Note data may not add to 100% due to rounding.
Sales expense outlooks continue to improve

“What percent change do you expect your FY2020 Sales Expense budget to change?”
Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; March n=29, April n=100, May n=27, June n=24, July/Aug n=31. Note: Percentages may not add up to 100% because of rounding.

We have started to see some companies (an albeit small number) providing incremental budget to the sales function, attempting to time demand capture.
Second calendar half is seeing most firms maintain sales targets, without adjustment

Sales Leader anticipation of timing of sales target adjustments

As many (fiscally calendar-aligned) organizations enter 2H, consensus is emerging with nearly ¾ of surveyed organizations not planning to adjust sales targets.

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey: March n=78, April n=100, May n=27, June n=24, July/Aug n=31. Note data may not add to 100% due to rounding.
July and August saw a slightly more optimistic view on demand indicators, pipeline & deal size

Believe pent-up demand should make up for lost revenue

- March: 31% Agree, 42% Disagree, 27% N/A or Unsure
- April: 34% Agree, 47% Disagree, 19% N/A or Unsure
- May: 34% Agree, 52% Disagree, 15% N/A or Unsure
- June: 25% Agree, 46% Disagree, 29% N/A or Unsure
- July-Aug (MTD): 26% Agree, 45% Disagree, 29% N/A or Unsure

Currently seeing demand indicators softening

- March: 12% Agree, 60% Disagree, 28% N/A or Unsure
- April: 10% Agree, 63% Disagree, 27% N/A or Unsure
- May: 0% Agree, 52% Disagree, 48% N/A or Unsure
- June: 4% Agree, 63% Disagree, 33% N/A or Unsure
- July-Aug (MTD): 10% Agree, 52% Disagree, 39% N/A or Unsure

Believe the COVID-19 implications will result in permanent revenue loss

- March: 27% Agree, 37% Disagree, 36% N/A or Unsure
- April: 27% Agree, 38% Disagree, 35% N/A or Unsure
- May: 22% Agree, 41% Disagree, 37% N/A or Unsure
- June: 25% Agree, 46% Disagree, 35% N/A or Unsure
- July-Aug (MTD): 10% Agree, 55% Disagree, 35% N/A or Unsure

Avg Deal Size, Relative to Pre-Pandemic

- Not asked

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; March n=78, April n=100, May n=27, June n=24, July-Aug n=31. Note data may not add to 100% due to rounding.

Active Pipeline Size, Relative to Prior Year

- Not asked

Timelines for return of customer demand continue extending outward

Anticipated timing of customer demand returning to pre-COVID-19 levels

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; April n = 96, May n= 27, June n=24, July-Aug n=31. Note: Percentages may not add up to 100% because of rounding.

For those reporting demand impact, timing of return to pre-C-19 demand levels continues to steadily extend outward, spread far more equally across future quarters (i.e., little consensus exists).
Customer Engagement
While customer access is up, decision progress has been disrupted

These shifts underscore both the need and opportunity for suppliers to provide significantly more decision support and guidance to customers as they deliberate purchases through the pandemic period.

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; n=31. Note: Percentages may not add up to 100% because of rounding.
CSO emphasis on “digital first” and omni-channel buying experiences is lacking

We have conducted “buyer experience” exercises to assess shortcomings in digital buying experiences

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<thead>
<tr>
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<th>April</th>
<th>May</th>
<th>June</th>
<th>July-Aug (MTD)</th>
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<tbody>
<tr>
<td>Agree</td>
<td>55%</td>
<td>56%</td>
<td>50%</td>
<td>61%</td>
</tr>
<tr>
<td>Disagree</td>
<td>26%</td>
<td>33%</td>
<td>42%</td>
<td>35%</td>
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<tr>
<td>N/A or Unsure</td>
<td>19%</td>
<td>11%</td>
<td>8%</td>
<td>3%</td>
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Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; April n=73, May n=27, June n=24, July-Aug n=31. Note: Percentages may not add up to 100% because of rounding.

Leading CSOs will respond quickly and aggressively to significant shifts in customer buying channel agnosticism, which have accelerated through the downturn. Clients can read more on these trends and leading approaches here.

Given the speed of changing market conditions, CSOs must prioritize true omni-channel selling models over classic “rep-only” models. Gartner experts are able to support your team in this transition. Analyst Inquiry is available by subscription only.
CSO must initiate a shift from being a leader of sellers to being a leader of selling

Gartner clients can learn more on the most critical shifts in buying behavior, which have been exacerbated during the COVID pandemic, here.
Prepare for more strategic and empathetic sales conversation

CSOs anticipate that – similar to past economic downturns – customers will need to have a more strategic conversation to overcome heightened risk aversion and consensus requirements.

**Inspire Customers on a New Way Forward**

Arm sales teams and marketing channels with compelling **insights that help customers manage risks, expenses, or opportunities in a new and better way**, that ultimately leads customers to appreciate your unique strengths as a supplier.

**Empathetically Build Customer Confidence**

Customers skepticism and risk-aversion will require empathetic guidance through buying decisions. **Sales teams will need to help customers parse through conflicting and overwhelming information.** Customer decision confidence will singularly determine whether new, healthy deals get made.

**Ease the Customer Decision-Making Process**

The sheer inertia required to make purchases during a period or economic uncertainty and recovery must be minimized. **Customers must be provided with decision tools, impact assessments, purchase guidance and other buying support tools that ease their decision-making process.**
July-Aug saw an uptick in expected customer willingness to engage in live meetings

Anticipate customers will engage in live (face to face) meetings prior to Coronavirus vaccine availability

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<th>July-Aug (MTD)</th>
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<tbody>
<tr>
<td>Agree</td>
<td>30%</td>
<td>37%</td>
<td>50%</td>
<td>19%</td>
</tr>
<tr>
<td>Disagree</td>
<td>59%</td>
<td>52%</td>
<td>38%</td>
<td>45%</td>
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Developed a playbook/protocols for our field sales teams and specialists to safely visit customer sites

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<th>May</th>
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<th>July-Aug (MTD)</th>
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<tbody>
<tr>
<td>Agree</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Disagree</td>
<td>44%</td>
<td>33%</td>
<td>44%</td>
</tr>
<tr>
<td>N/A or Unsure</td>
<td>52%</td>
<td>58%</td>
<td>52%</td>
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As customer willingness to take live visits increases, CSOs are ramping up safety protocols for field/site visits. Wave 2 contingency planning is also being widely reported.

A surprising number of organizations have yet to solidify live visit safety protocols, perhaps due to a more conservative posture on live visits.
Seller Engagement and Deployment
CSO consideration to shift field sellers into permanent virtual positions continues to build

The number of sales leaders are actively considering shifting field to virtual sales on a permanent basis continues to rise, and the number of undecided continues to shrink.

As sales teams adjust to working virtually, most CSOs are reporting increased activity levels (i.e., calls per day).

Of those making the shift…

28% Average percent of field sellers shifting to virtual roles

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; N=23 organizations committing to shift roles.
Generally sales leaders feel sales teams remain motivated through the pandemic

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; N=31. Note: Percentages may not add up to 100% because of rounding.
Few sales organizations have adjusted quota, aside from exceptional circumstances

June saw an uptick in number of organizations providing quota relief to sales associates, likely in response to softer June and half-based sales plans. July-Aug saw a dramatic increase in organizations that are committed to not adjusting quota, while nearly 1/3 still made adjustments.

Of adjustments being reported, most are due to extenuating circumstances and not broadly being applied.

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; March n=78, April n=100, May n=27, June n=24, July-Aug n=31. Note data may not add to 100% due to rounding.
While 2021 SKOs are trending toward virtual, award trips are more in flux

Planning to Virtualize 2021 Sales Kickoff Event

- Agree, 52%
- Disagree, 13%
- Unsure, 26%
- Not Applicable, 10%

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; N=31. Note: Percentages may not add up to 100% because of rounding.

Planning to Offer Alternate Incentives in Place of 2021 Award Trip

- Agree, 16%
- Disagree, 32%
- Unsure, 29%
- Not Applicable, 23%

Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; N=31. Note: Percentages may not add up to 100% because of rounding.
Comp actions are centered on short-term SPIFs or similar incentives, not outright plan changes

Relatively few sales leaders have adjusted compensation plans at this point, with the most common actions centered on near-term SPIFs to spark sales activities. We expect this to continue as sales targets generally go unaffected.

Gartner experts are able to support your team on compensation questions. Analyst Inquiry is available by subscription only.

<table>
<thead>
<tr>
<th>Compensation Plan Actions</th>
<th>Have taken</th>
<th>Will take in next 3 mos</th>
<th>Will not take</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make changes to quarterly or monthly payouts approach (e.g., pay all sellers at target or create a recoverable or non-recoverable draw)</td>
<td>11%</td>
<td>64%</td>
<td>2%</td>
<td>23%</td>
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<tr>
<td>Make changes to payout curves or other pay rate mechanisms (e.g., eliminate thresholds or reduce payout slopes)</td>
<td>18%</td>
<td>66%</td>
<td>2%</td>
<td>14%</td>
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<tr>
<td>Launch contests or SPIFs focused on short-term outcomes under current conditions</td>
<td>20%</td>
<td>33%</td>
<td>13%</td>
<td>35%</td>
</tr>
<tr>
<td>Launch new plans based on MBOs or seller activities</td>
<td>21%</td>
<td>67%</td>
<td>12%</td>
<td>96%</td>
</tr>
<tr>
<td>Reducing base salaries of sellers</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
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Source: 2020 Gartner COVID-19 CSO and Sales Leader Pulse Survey; n = 46 companies participating in the June-August timeframe. Note: Percentages may not add up to 100% because of rounding.
View additional Gartner resources to prepare for the business impact of coronavirus:

gartner.com/en/insights/coronavirus

Contact us:
Phone: 1 855 649 4966 U.S.
+44 (0) 3331 309 998 U.K.
Web: gartner.com/go/sales
Email: salesleaders@gartner.com