

The State of Sales in Wholesale Distribution **... and a Smart Path Forward**

By Mike Kunkle



Transformative change is on the horizon for distributors. Distributors must embrace methods and tools that can help you assess and plan for what you need to chart a path forward.

I've spent 39 years in the sales profession and, for 32 of those, I've been engaged in some form of sales performance improvement work (sales training, sales effectiveness, sales transformation and sales enablement). I've worked with sales forces and senior sales leaders in many vertical industries. In this report, I'd like to share some perspective from the point of view of an outsider-turned-insider.

We'll explore the state of sales in distribution in two parts. First, we'll look at the current state of sales, and then we talk about how you can chart a smart path forward in the face of change.

I'll also focus on why the state of sales for distribution is less important than what's going on in your own back yard.



Wholesale Distribution Is Not Just One Thing

My first point as we think about the state of sales is that wholesale distribution isn't just one thing. That would be like saying that the picture below is "all cars."

That's true in the sense that they're all four-wheeled vehicles with engines — but they're not really all the same thing, are they?



The same is true of the distribution industry. It's a varied sector that is segmented by:

Product Type, such as:

- NAICS Code 423: Merchant Wholesalers, Durable Goods
- NAICS Code 424: Merchant Wholesalers, Nondurable Goods
- NAICS Code 425: Wholesale Electronic Markets and Agents and Brokers

Ownership structures, such as:

- Wholesale/Distribution Chain
- Independent Wholesalers
- Public and Private Firms

- Private Equity-Owned Companies
- Employee-Owned Companies

Market and price strategy, such as:

- Premium/Value-Added Provider
- Mid-Range/Market-Competitive
- Economy/Low-Cost Provider

Vertical market sub-segments, such as:

- Paper and paper products
- Lumber and other construction materials
- Hardware and plumbing and heating equipment and supplies

The Customer Lifecycle

What that means is that the state of sales is contextual. Let's look at the customer lifecycle: the journey your customers go through when they buy things from you, which has three parts.

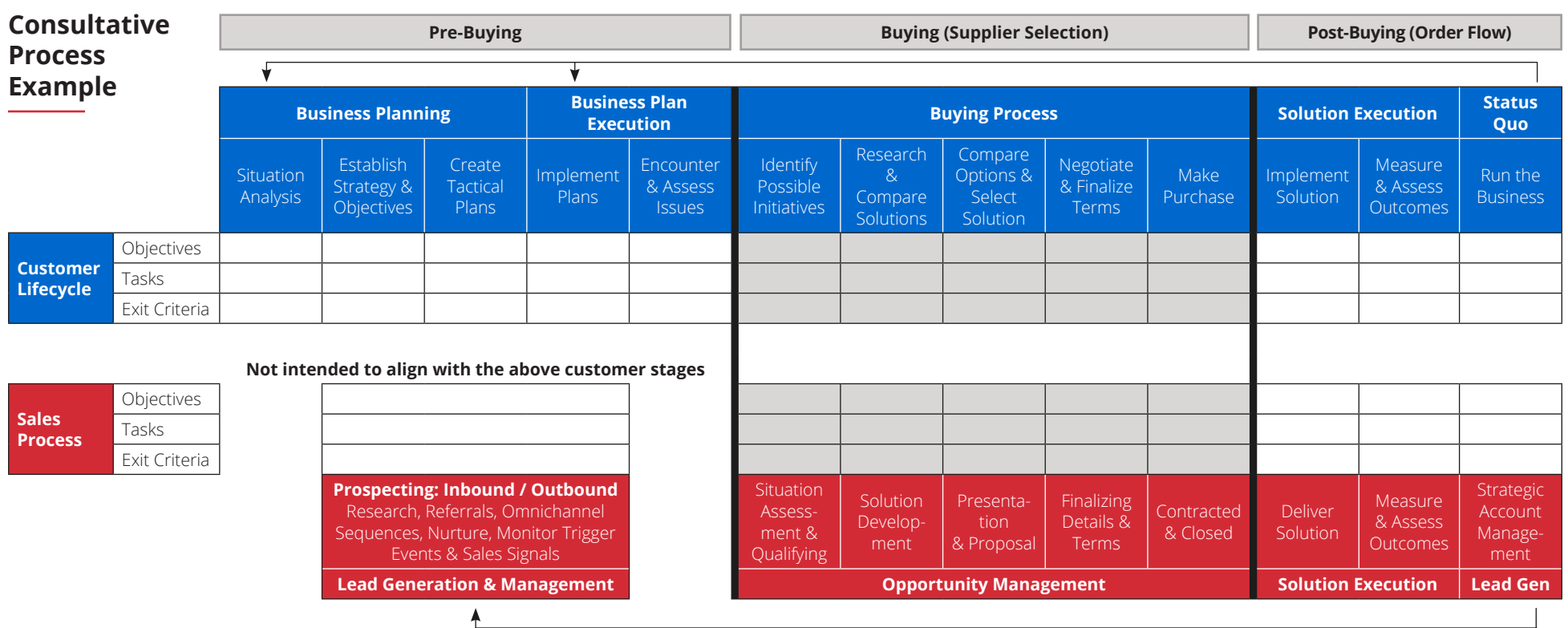
There's the stuff that happens before they buy from you, the stuff that happens while they're buying from you, and the stuff that happens after they buy from you. This can happen in two ways.

- In a **consultative** lifecycle, customers are buying a solution to solve a specific problem.
- In a **transactional** lifecycle, it's about selecting a supplier, purchasing products, stocking them, reselling or reusing them, and reordering.

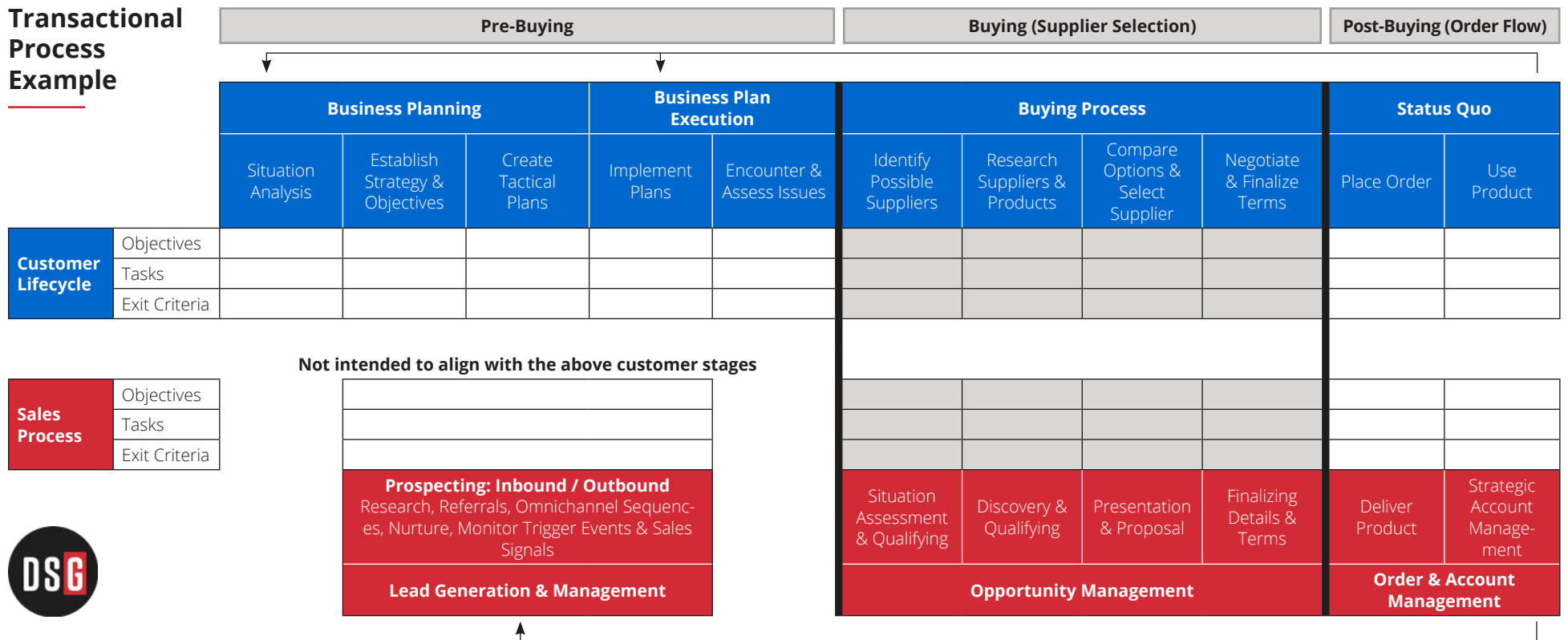
Smart companies will align their sales process with these customer lifecycles. See the graphic on the next page.



Consultative Process Example



Transactional Process Example



The State of Sales Is Contextual

In some companies, only one of these lifecycles and sales processes are in place. But in many distributors, both are happening at the same time. There are bespoke solutions (the consultative process), and there's also a transactional order flow.

So, let's take this one level deeper. In addition to these engineered or bespoke solutions and transactional order flows, we also have digital transformations occurring with customers purchasing directly through ecommerce.

To further complicate the situation, in some companies we have both inside and field sales. And inside sales can be everything from full cycle, with an inside group that does everything that field sales does, or they may work only outbound selling to smaller customers, trying to find customers they can grow enough to turn over to the field sales team. In other companies, inside sales is inbound almost like customer service, taking phone orders from customers. And in some distributors, inbound is bisected and does both inbound and outbound.

And yet, despite these multiple sales models, there's often no formal sales process or sales methodology documented. For many distributors, process and methodology are not designed, documented or managed with any degree of consistency and accuracy.

It's a bell curve: Some distributors are crushing it; some are doing OK at it — and then some are barely even thinking about process and methodology.

Another factor defining the state of sales is that wholesale distribution is a mature vertical industry. Now, why does that matter? Because many distributors operate on what I call momentum fuel. Their customers have been around for as long as anyone can remember, and their buyers have known their reps for years.

It's similar to Newton's first law of physics: A body in motion tends to stay in motion unless it's disrupted by an external force.

Selling by Momentum

Many distributors are selling based on momentum because the buyers are buying based on momentum. It's not necessarily because of best-in-class sales practices.

Are we going to change now by choice or later by force?

While there are bespoke engineered solutions in much of distribution, customers order products, use the stock and reorder. Yes, seller/customer relationships often run deep. Relationships still matter. And growth does occur because good reps uncover needs, solve problems or make suggestions.

But if the rep retired tomorrow, their territory would likely go on producing, unless their replacement was incompetent. And this age-old pattern will continue until something changes on the buyer side of the equation or something external happens to encourage (or force) change.

Change Is Coming

Wherever your company is on the bell curve of all these contextual things, I can promise you one thing: Change is coming. It may be as slow as a glacier, or as fast as a tsunami, but when it hits you, the landscape is going to change forever.

Look at this list of some of the possible external change forces that are headed at distributors like a tornado:

- Recession
- Acquisition
- New CEO
- Artificial Intelligence
- Rising costs
- Worsening supply chain issues
- A new more efficient competitor

All these factors and more are possible external change forces. And the question that we must ask is: Are we going to change now by choice or later by force? This is important because I see far too many distributors sitting still or just doing minor tinkering with their sales force, rather than taking a full-fledged strategic, purposeful and intentional approach to reshape how they go to market.

Wholesale Distributors Haven't Typically Trained Sellers

Speaking of the need for change, here's another contextual statement about the state of sales in our profession:

Wholesale distributors haven't typically trained their sellers.

Product training is almost always provided — it's often done by manufacturers. But when there is sales training, it's usually event-based, which is known not to foster adoption, behavior change or mastery, and the training is not often reinforced or wrapped into the culture of the company to make it “the way we do things around here.” It's nice training that is a benefit to people, but it doesn't necessarily change the way that business gets done.

For that reason, most don't see a lift in sales performance or a return on their investment.

There are other important strategies, but a big part of retaining is training. Historically, due to a variety of factors, including tight profit margins and a reliance on hiring “genuine, outgoing people with interpersonal skills, a sense of humor and a good attitude,” distributors have not invested heavily in sales talent development such as sales skills training, negotiation skills training and sales coaching training.

There's No Formal Process or Sales Methodology

Despite long customer relationships, buyer acumen is not well documented. It's more like tribal knowledge distributed among the sales force. If it is documented, it tends to be an internal perspective, rather than being based on external, expert research of the company's real buyers and others like them.

As a result, the sales process is not aligned to the buying process (often referred to as the buyer's journey). It tends to be informal (if there even is one), loosely documented and not managed closely. Many distributors still don't have CRM systems, or if they do, don't use them well. And rather than an aligned sales methodology that is taught and coached, selling remains very much a seller-driven free-for-all.

But the right sales training, chosen well, implemented effectively, and reinforced and coached, can radically improve performance.

Comparing Seller Competencies: Distribution vs. All

I'd like to share why this is so important right now. This shows the percentage of salespeople who are "strong" in each competency.

Percent of "Strong" Sales Reps: Distribution vs. All (North America, Past 10 Years)

All Verticals (Candidates & Employees)

Represents 463,938 sellers

Selling Competencies

Hunting	72%
Reaching Decision-Makers	49%
Relationship Building	53%
Consultative Selling	16%
Selling Value	43%
Qualifying	30%
Presentation Approach	68%
Closing	6%
Sales Process	49%
Sales Technology	38%

Wholesale Trade (NAICS 423-425, Employees Only)

Represents 10,696 sellers

Selling Competencies

Hunting	39%
Reaching Decision-Makers	23%
Relationship Building	46%
Consultative Selling	10%
Selling Value	28%
Qualifying	18%
Presentation Approach	70%
Closing	2%
Sales Process	33%
Sales Technology	10%

Data courtesy of [Objective Management Group](#) with permission. See [this link](#) for more.

On the left is the data for all verticals, including wholesale distribution. It includes the 463,938 salespeople assessed in this timeframe and the scores (the percentage rated strong) for the 10 competencies. It's all the data, so it includes the top 5% elite performers, as well as the bottom-tier poor performers, and everyone in between.

On the right is just the data for NAICS Code 423-425, which you'll recognize as wholesale distribution. There are 10,696 sellers included in this timeframe.

Telling, isn't it? Distributors lead only in Presentation Approach (by only 200 basis points, but still leading), which means that we do not rush to make formal presentations too early and tend to make them to the right audience. Some of the differences are quite significant.

The Good News

Below is another view, including the Average Competency Score for the 10 tactical selling competencies. Green represents highly effective, yellow is average, and red is poor.

Average Competency Scores: Distribution vs. All (North America, Past 10 Years)

All Verticals (Candidates & Employees)

Represents 463,938 sellers

Selling Competencies

Hunting	72%
Reaching Decision-Makers	51%
Relationship Building	48%
Consultative Selling	42%
Selling Value	59%
Qualifying	52%
Presentation Approach	70%
Closing	28%
Sales Process	57%
Sales Technology	50%

Wholesale Trade (NAICS 423-425, Employees Only)

Represents 10,696 sellers

Selling Competencies

Hunting	61%
Reaching Decision-Makers	43%
Relationship Building	45%
Consultative Selling	40%
Selling Value	53%
Qualifying	49%
Presentation Approach	73%
Closing	23%
Sales Process	46%
Sales Technology	31%

Data courtesy of [Objective Management Group](#) with permission. See [this link](#) for more.

Now here's the good news. While there is other data that suggests that we should improve how we hire sales roles, this data represents a tremendous opportunity for distributors with their current sales force. Why? Because these tactical selling competencies are trainable.

Bottom line: Overall, Wholesale Distribution lags the sales capabilities of sellers in other verticals. But the biggest differences are the Selling Competencies – which can be developed and coached.

Sales Force Effectiveness Maturity

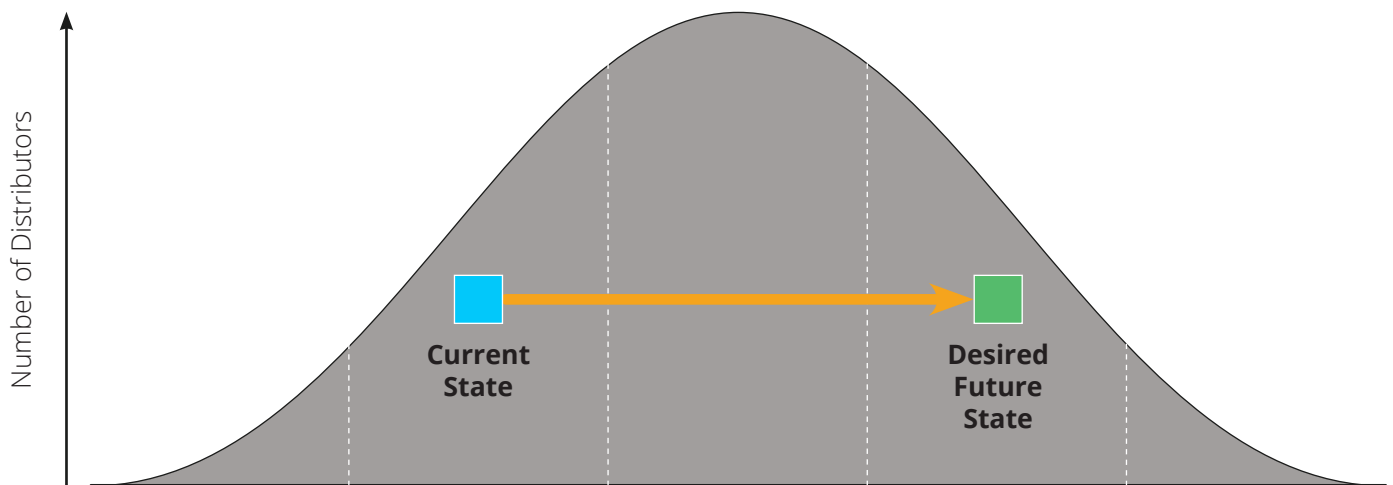
Assess where you are today on the bell curve of what I call Sales Force Effectiveness (SFE) Maturity.

The five levels across the bottom are based on how much effort you're putting on purposely improving the level of Sales Force Effectiveness at your company. On the far left, there's almost no effort to very low effort. Many distributors are in the next bucket — operating on that momentum fuel I talked about, with a random approach to sales force effectiveness in the middle.

Very few have made it to the far right, yet there are some: optimizing systems, optimizing their sales force and their outcomes.

Think of this as a continuum, and then ask: "Where am I on this continuum, and where do I want to be?"

Distributor Sales Force Effectiveness (SFE) Maturity Levels



State	No/Low Effort & Awareness	Operating on "Momentum Fuel"	Aware and Taking Steps to Improve	Taking a Strategic Approach to SFE	SFE Mastery
Output	No change to SFE	Getting better at "What Is"	Figuring out "What Should Be"	Aligning Strategy, GTM Plans, Execution, Results	Optimizing Systems & Outcomes
STAGE	NONE	RANDOM	INFORMAL	FORMAL	ADAPTIVE

The Path Forward

With all of that in mind, to create a smart path forward, what you need to do is to assess how these factors are affecting your company, and what actions to take.

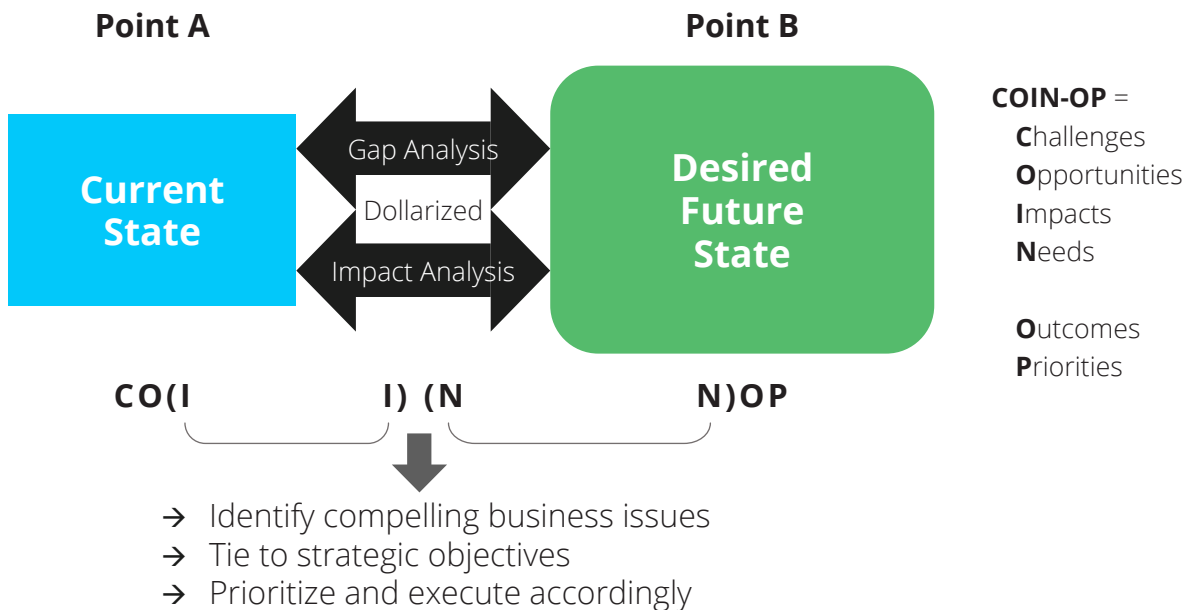
This can be done in five steps:

1. Conduct a Situation Assessment of your sales force.

The path starts with what I call a Situation Assessment. This comes from the consulting world, but it can be used in sales effectiveness and sales enablement work. Set the context by documenting who sells what to whom and how.

Situation Assessment

Context: Who Sells What to Whom and How



The idea here is for each selling scenario to assess where you are today (Point A), the challenges you face, the opportunities you can capitalize on in the impacts of either not resolving those challenges or not capitalizing on those opportunities. Then you can jump over to the desired future state (Point B) and define the outcomes you want to achieve and how you would prioritize those outcomes.

Next, you conduct a gap analysis, or what you must do to close the gap and move from Point A to Point B. This identifies the needs – what you need to do.

Now do the impact analysis to see what you would save, what risk you could avoid and what gains you would achieve if you made the move to the desired future state. If you dollarize those things, then you can compare to the cost of the initiatives that would help you close the gap and do an ROI analysis.

This assessment allows you to identify compelling business issues, tie them to your strategic objectives — which is critical —and prioritize and execute initiatives according to the value that they're going to deliver for you.

2. Identify factors influencing the state of sales in wholesale distribution.

This is the beginning of purposeful sales force effectiveness.

How deep is your buyer and customer and market acumen? In other words, how well do you really know your customers, the roles, what matters to them? How well do you know their COIN-OP — their Challenges, Opportunities, Impacts, Needs, Outcomes, and Priorities? Are you selling the way that your buyers want to buy today? Are your sales models right for the way that you want to go to market based on that? Have you done the appropriate ecommerce and digital transformations? Do you have a well-defined sales process that you can manage?

Here's a list of actionable factors that are sales-related and will affect the sales leader and sales force:

- Buyer/Customer/Market Acumen
- Selling the Way Buyers Want to Buy
- Sales Model Redesign
- eCommerce & Digital Transformation
- Sales Process Design
- Level of Selling Skill (Sales Methodology)
 - New Business Development Acumen
 - Opportunity Management Acumen
 - Account Management Acumen
- Talent Management & Development
- The Approach to Sales Force Management



Another way to look at these factors is by rating them independently at your company. You can rate the importance of these factors, or you can rate your current state in each, or you can do both.

Because the big question, and the only one that really matters, is not how these factors are impacting the rest of distribution, but how are they impacting your company?

3. Conduct a Sales Factor Gap Analysis.

On the left of the chart below, you can see all the factors that we just talked about, from top to bottom. Then there's a column for an urgency rating, and then a rating scale across the top. I used 1 to 10 here, but you can pick any scale you want as long as it makes sense to you and your leadership team.

Sales Factor Gap Analysis: Example

- Where are we today? (**Current State**)
- Where should we be? (**Desired Future State**)
- What's the **Urgency Level**? (The Importance Based on the Objectives & Desired Future State)

Factors	Urgency	1	2	3	4	5	6	7	8	9	10
Buyer/Customer/Market Acumen	10				■						■
Selling the Way Buyers Want to Buy	9					■					■
Sales Model Redesign	9				■					■	
eCommerce & Digital Transformation	8			■					■		
Sales Process Design	9		■							■	
Level of Selling Skill (Sales Methodology)	9			■						■	
▪ New Business Development Acumen	7			■				■			
▪ Opportunity Management Acumen	9					■					■
▪ Account Management Acumen	9						■				■
Talent Management & Development	8			■						■	
Approach to Sales Force Management	10				■					■	

Then ask yourself, where are we today on each of these factors? What's the current state? You can transfer some of this from the Situation Assessment that you've done. And then ask where you should be — the desired future state. And what's the urgency of closing the gap for each factor, based on how far or how close you are to where you want to be?

Use this analysis to engage your leadership team to have these discussions so you can align on the ratings, and then use this analysis to prioritize your actions.

4. Conduct a Force Field Analysis.

The key is to identify the high urgency factors with the biggest gaps and then create initiatives and action plans in priority order. From there, to create meaningful and relevant action plans, I recommend conducting a Force Field Analysis, as shown below. On the left, I have all the factors listed, again, since this was a sample form, but you would only list those chosen factors from your previous work in their priority order.

Force Field Analysis

	Current State		Desired Future State & Outcomes	
Source of Forces	Weight	Driving Forces →	← Restraining Forces	Weight
Situation Assessment with COIN-OP				
Buyer/Customer/Market Acumen				
Selling the Way Buyers Want to Buy				
Sales Model Redesign				
eCommerce & Digital Transformation				
Sales Process Design				
Level of Selling Skill (Sales Methodology)				
▪ New Business Development Acumen				
▪ Opportunity Management Acumen				
▪ Account Management Acumen				
Talent Management & Development				
Approach to Sales Force Management				

Summarize the current future states and your desired outcomes. Then — and this is important to create meaningful plans —document the driving forces, which include anything pushing you to create your desired future state. In other words, what’s working in your favor?

Then document the restraining forces — what’s holding you back. And then weight both the driving and restraining forces. I often use a 1 to 5 rating for the weightings, but again, that’s up to you.

5. Develop an action plan.

As you document the restraining forces, think about any data or knowledge that’s missing, but you need — and document that as a restraining force. Keep in mind that the quality of the plans you make are only going to be as good as the quality of thought that you put into this form.

Action Plan

	Current State		Desired Future State & Outcomes		
Source of Forces	Weight	Driving Forces →	← Restraining Forces	Weight	
Situation Assessment with COIN-OP					
Buyer/Customer/Market Acumen					
Selling the Way Buyers Want to Buy					
Sales Model Redesign					
eCommerce & Digital Transformation					
Sales Process Design					
Level of Selling Skill (Sales Methodology)					
<ul style="list-style-type: none"> ▪ New Business Development Acumen ▪ Opportunity Management Acumen ▪ Account Management Acumen 					
Talent Management & Development					
Approach to Sales Force Management					

Action Plan				
Who	Does What	With Whom	How	By When

Then ask two questions to turn this into an actionable plan.

1. Ask about the restraining forces — because you want to take your foot off the brake before you step on the gas. How can you reduce or eliminate the restraining forces that are holding you back from making progress — including getting the missing information you need?
2. The next question is the opposite. How can you strengthen or add driving forces to propel yourself even faster?

Execute with Discipline

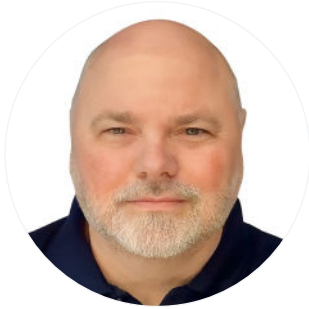
You've created an actionable plan that ties back to the desired future results that you want with your sales force. The only thing left to do is execute those plans with discipline. Far too many leaders don't treat these initiatives like the change management projects that they really are.

So, if you want to move the needle, not only do you need to execute well, but you need to measure progress or the lack of it. Evaluate what your measurements are telling you, and pivot and adjust your plans as needed. And then continue to go through this loop until you get the results that you want.

I know it's easy to say, but execution is often where the wheels come off the bus. In many cases, it's true that an average plan well executed will beat a great plan that's bumbled. Stay the course until what you're doing just becomes "the way we do things around here." That's how you get things to stick.



About the Author



Mike Kunkle is a recognized expert on sales enablement, sales effectiveness and sales transformation. He's spent over 27 years helping companies drive dramatic revenue growth through best-in-class enablement strategies and proven-effective sales transformation systems. In doing that, he's delivered impressive results for both employers and clients. Mike is the founder of Transforming Sales Results, LLC and works as the Vice President of Sales Effectiveness Services for SPARXiQ, where he designs sales training, delivers workshops and helps clients improve sales results through a variety of sales effectiveness services. Mike collaborated with Doug Wyatt to develop SPARXiQ's Modern Sales Foundations™ curriculum and has authored SPARXiQ's Sales Coaching Excellence™ course, a book on The Building Blocks of Sales Enablement, and collaborated with Felix Krueger to develop The Building Blocks of Sales Enablement Learning Experience.

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