

# Reinventing Distributor Sales and Service: A Framework for Implementing an Integrated Sales Model

By Mark Peck



*Like many business models, Integrated Sales is simple in concept, but can be complex in implementation. The devil is in the details.*

Like many business models, Integrated Sales is simple in concept, but can be complex in implementation. The devil is in the details. The basic integrated sales team model blends traditional field sales representatives, telephone-based sales, customer service agents and marketing contacts, including a customer-focused website. This approach allows a distributor to use the most appropriate medium to deliver the message to the customer.

When done well, it strengthens customer relationships, increases customer wallet share, improves customer loyalty and increases customer retention. Ultimately, it drives increased sales and profitability.

This whitepaper helps distributors implement Integrated Sales Teams, so they can reap these benefits. We answer the following questions:

- How do I get the coverage model right?
- How should the team function?
- How will I manage productivity?
- How do I support the sales team's needs?
- Is my technology up to date?
- How do I find, select and retain the right mix of employees?

Distributors often fail to thoroughly discuss the implementation plan, leaving many of these questions unanswered. As a result, they ignore many critical steps. Shortcuts can prove to be costly. Follow these best practices.

## Chart 1: Integrated Sales Implementation Plan

Objectives & strategy	Business model design	Programs & content	Staffing & technology	Performance management
<ul style="list-style-type: none"> <li>• Growth posture</li> <li>• Cost expectations</li> <li>• ROI optimization</li> <li>• Set up metrics</li> <li>• Test/control groups</li> </ul>	<ul style="list-style-type: none"> <li>• Roles – inside, outside, customer service</li> <li>• Inside/outside ratio</li> <li>• Territory design</li> <li>• Grading model</li> <li>• Coverage model</li> </ul>	<ul style="list-style-type: none"> <li>• Adding value</li> <li>• Sales collateral</li> <li>• Marketing campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Selection model</li> <li>• Compensation guidelines</li> <li>• Training</li> <li>• CRM</li> <li>• AI support</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity</li> <li>• Test group lift</li> <li>• Customer loyalty</li> </ul>

## How to Develop an Integrated Sales Implementation Plan

### Define Objectives and Strategies

All businesses are looking to optimize earnings. But this is just a starting point. Using knowledge of their marketplace, their position in the market and their competencies to inform their objectives and strategies will greatly enhance their likelihood of succeeding. When considering integrated sales teams, we see clarifying objectives in the following three categories:

#### *Accelerating sales growth.*

Companies can accelerate sales growth in multiple ways. We have seen business units that have done a great job getting new customers to place an order but were not effective turning these one-time buyers into multi-buyers and ongoing customers. Many distributors (maybe most) have substantial unrealized product penetration in existing accounts. Growing by acquiring new customers is significantly different and more expensive than growing by increasing wallet share. Thinking through how to grow sales ensures you build the right business model and provide the right supporting tools to drive that accelerated growth.



The following are examples of how companies accelerate growth:

- Customer retention
- Product and account penetration
- New customer acquisition
- Margin optimization

#### *Leveraging constrained sales resources.*

It has always been challenging to find, select, hire and retain talented salespeople. Today's extremely difficult labor market intensifies this challenge. We have heard hiring companies indicate that finding outside sales professionals with the confidence, experience, connections and autonomy required to serve today's customer is akin to finding a needle in a haystack. An integrated sales model provides a substantial amount of leverage to outside sales, allowing them to more effectively manage their account base and increase sales and profitability.

#### *Reducing the cost of selling.*

While not common, many companies find themselves in a situation where they just cannot reasonably expect sales to grow. But sometimes these declining markets can also be cash cows that provide a healthy profit. An integrated sales model allows a company to better manage the cost of selling as a percentage of sales, and decrease that cost as the market continues to decline.

### **Update Your Business Model**

Integrated sales is a different business model from a traditional sales channel. It deploys sales teams as opposed to individual salespeople; it incorporates shared territories and compensation models that pay inside and outside sales based upon shared territory performance. As such, it requires more process and structure, including a clarifying definition of inside and outside respective roles. When updating their model, distributors should consider their ratio of inside salespeople to outside salespeople (successful ratios often consist of a 3:1 or 4:1 ratio).

Territory design is another key element of the business model redesign. Distributors should consider the number and types of accounts assigned to each outside and inside salesperson. A territory for the outside salesperson will be co-managed by three inside salespeople (assuming a 3:1 ratio). Developing the perfect territory design will take a bit of art and science; it requires an understand-

ing of sales (both inside and outside) capacity and productivity; the account coverage that you want; selling expenses; and customer economics. Well-designed territories have a moderate amount of stretch built in, more accounts and opportunities than can be covered with historical sales productivity levels. The right amount of stretch can be motivating (maybe 110% - 120%), but too much can be discouraging, and result in underserviced accounts.

### **Develop Marketing Programs and Content**

This stage is vastly overlooked and underestimated. Many organizations leave the job of providing valuable content to customers to the salespeople. These companies don't get the leverage they should from an integrated program, and at best end up providing inconsistent content. We recommend creating a marketing and coverage plan that ensures every contact adds value, including email campaigns, sales collateral, and inside and outside sales calls.

### **Update Staffing and Technology**

Staffing and technology investments take time and certainly don't happen overnight. Finding the right people, tools and technology requires long-term commitments and depends largely on clearly defined objectives and strategies. Spend time understanding those factors before determining talent needs (one size doesn't fit all), and select technology that directly supports those initiatives.

### **Prioritize Performance Management**

To know what's working, distributors must define parameters for judging success compared with business as usual. This can be done by dividing the program into a test group (integrated sales teams) and a control group (traditional sales teams). Measure three dimensions of performance: sales growth (are we achieving results?), customer loyalty (how likely are customers to stick around?) and sales activity (are sales teams productively targeting the right customers?). These performance metrics may include:

- Percent of customers who purchased in 6 months
- Change in the number of orders
- Change in average order size
- Penetration – number of products or categories/customers
- YOY sales growth – include monthly and program to-date
- Product sales productivity – how much lift in a given period?
- Account penetration – number of decision-maker relationships per account

- Customer loyalty – how satisfied are customers, do they intend to repurchase, and how likely are they to refer friends and associates?

The productivity and coaching model can be managed and calculated with the following equation:

$$\text{Calling hours} \times \text{Dials per hour} \times \text{Contacts per dial} \times \text{Proposals per contact} \times \text{Close rate} \times \text{Avg order size} = \text{Revenue}$$

Upon closer examination of these factors, distributors can identify focused coaching opportunities that help salespeople improve. They can also provide additional support through customer service teams, technology or specialized training.

## Evaluating Sales Roles in the Company Structure

When you consider base compensation, anticipated variable compensation, benefits, training, travel costs and more, the cost per customer contact falls dramatically as you move from traditional field sales to inside sales representatives to customer service agents.

### Chart 2: Integrated Sales Roles: An Example

#### Field Sales

- Product demos
- Samples
- Strategic relationships
- Account penetration
- Events
- Product training
- Referrals

#### Inside Sales

- Account continuity
- Product penetration
- Competitive intelligence
- Contact name & data capture
- CRM maintenance
- Tactical and operational relationships

#### Customer Service

- Order management
- Customer invoicing and accounting
- Service delivery support
- AI-assisted cross-sell

When defining and clarifying roles, distributors should consider resource allocation for each account and apply a grading model to right-size the investment to the estimated customer worth. An integrated sales team can often fill gaps in investment models, reducing costs and increasing outside sales capacity.

However, distributors should remember that these roles are seldom interchangeable. Individuals in positions like sales, customer service and administrative support roles often have different personalities, characteristics and core competencies that are unique to their positions. Additionally, some customers may require different strategic relationships (ie, more face-to-face interactions, events, training, telephone/internet sales or product support).

Outside sales are typically successful in developing more continuity with face-to-face meetings. Inside sales reps are much more adept at documenting calls and maintaining an updated customer database with relevant information that can drive upselling and cross-selling opportunities for their outside sales counterparts.

## Integrated Sales Staff Selection

Interestingly, when corporate employers are asked what criteria they use to make a hiring decision, the answer is usually “experience.” When asked why they fire someone, the answer is almost always “chemistry.” So, we hire for experience and fire for lack of chemistry, and talent gets lost in the equation, resulting in short-term employees; the return on the hiring investment is never realized.

Talent can be defined as the skills and behaviors that get the job done. As such, it is incumbent on a hiring company to do their homework and adopt a behavioral selection model, profile the role they are hiring for and use a behavioral model in the selection process.

Behavioral traits fall into four categories.

- What motivates the candidate?
- How does the candidate think and make decisions?
- How does the candidate act in certain situations?
- How does the candidate interact with others?

### Chart 3: A Sampling of Behavioral Traits

#### Motivations

- Achiever: Driven to high levels of achievement
- Mission of service: Service oriented
- Producer: Results oriented
- Responsibility: Conscientious and dependable

#### Modes of acting

- Cultivator: Forward-looking – aware of company position in marketplace
- Proactive: Initiates change and improvement
- Prospector: Targets accounts carefully

#### Modes of thinking

- Discerner: Sorts the critical from the superfluous – “street smarts”
- Decision-maker: Thorough research and analysis of decisions

#### Modes of interacting

- Assertor: Straightforward and direct
- Empathy: Recognizes role of human nature in business decisions
- Persuader: Skilled listener who identifies motivations
- Relator: Takes time to engage customers and associates on a personal level

With a long history of using behavioral selection tools in the hiring of salespeople, we have seen that two critical traits for salespeople are Achiever and Persuader.

- **Achiever:** Someone who is motivated to high levels of achievement. They have goals, they are motivated to meet or exceed those goals, and they expect to be rewarded for achieving those goals.
- **Persuader:** A skilled listener who identifies their audience's objectives and motivations and changes their message to match them.

A few appropriately positioned questions in the interview process can help a hiring manager identify these traits and increase the likelihood of a successful hire.



**Employer asks: Provide an example of when you did a good job and how you know you did a good job.**

The Achiever candidate answers: *"I had a goal. I exceeded that goal and was rewarded for it."*

If the candidate answers *"I know I did a good job when the customer is happy,"* you have someone with a high Mission of Service (another behavioral trait). It is more likely that this is a good candidate for a customer service role, rather than a sales role.

**Employer asks: Provide an example of when the customer objected and how you handled that objection.**

The Persuader candidate answers: *"I ask questions to understand the buyer's motivations and reposition the offer to address those motivations."*

These types of questions will facilitate a better understanding of the behavioral traits of candidates, allowing employers to more closely fit the individual to a team role that suits their talents and behaviors.

## Updating Sales Compensation Guidelines

With a new integrated sales model comes updated sales compensation. Here's a sample approach:

- Base wage for inside and outside sales (increase outside sales)
- Base set at a living wage
- Total compensation target at 120%-140% of base
- Variable based on year-over-year sales growth
- Shared territories
- Sales compensation modeled as a percentage of sales and sales growth

Make sure any new plan is supported by sales and works in a way that will attract and retain talent in this difficult labor market. It's also critical that incentives drive the right behavior, or what a member of an integrated sales team needs to do to be successful in their role.

## 8 Steps to Building a Coverage Contact Plan

A major component of building a successful integrated sales team program is the coverage model. This territory-planning roadmap should be based on a grading model that evaluates, understands and ranks the potential worth of each customer account. The coverage plan uses the grading model to offer the sales team detailed guidance on ways to apply existing resources to sales call initiatives - specifically how much of each sales resource and which contact medium at which customer levels. From there, a customer-specific contact plan is developed for each customer based on historical needs, as well as forecasts.

This model can be used at either a high level to define the business model or targeted to fine-tune territory management. Take these steps in your coverage planning process:

### Chart 4: Applying the Process

Contacts per account per year							
	# of Accounts	Social	Direct Mail	Email	Inside Sales	Outside Sales	Per Account
<b>A</b>	6	2	12	24	48	47	133
<b>B</b>	10	3	12	24	48	24	111
<b>C</b>	15	3	12	24	18	12	69
<b>D</b>	20	3	6	24	12	2	49
<b>E: Non-buying/prospects</b>	75	2	6	12	1	4	25
<b>Cost/Contact</b>		\$4.00	\$1.00	\$0.20	\$12.50	\$100.00	Total cost: \$123,707
<b>Contacts Per Channel</b>		297	982	2,124	1,353	1,042	5,798

**1. Calculate and apply the contact cost.**

- Define sales contact (substantive dialogue with a customer, decision-maker or influencer).
- What makes a sales call or a customer service contact?
- What are the costs of marketing tools used to make contact?

**2. Distribute accounts by grade and number of prospects.**

- How many sales prospects exist for each territory?
- How many sales prospects at each grade level within a territory (A, B, C or D customers)?

**3. Estimate and apply field and inside sales capacity.**

- How many field sales calls in a year?
- How many inside sales calls in a year?
- What are the capacity limitations for any other contact media (customer service, marketing contacts)?

**4. Allocate field and inside contacts by grade levels.**

- Determine frequency and type of contact per grade level.
- Align with sales capacity.

**5. Cross-check contact capacity.**

- Start with a historical allocation of sales calls. Does this current allocation work?
- Do sales teams have the resources to meet customer needs at all customer grade levels?

**6. Backfill with marketing contacts.**

- Are inside and outside contacts constrained?
- Are there available marketing contacts to help fill that void?

**7. Assess customer investment levels.**

- What is customer investment (selling expense - dollar amount and percentage of revenue) at each grade level?
- Is the level of investment appropriate for each grade level?
- Is there an appropriate ROI for each grade level?

**8. Do a gut check. Does coverage model:**

- Perform as expected?
- Employ the right medium?
- Provide built-in sales stretch?
- Support a managed sales investment with customers?
- Provide leverage for higher-cost sales resources?
- Provide a balanced perspective for protection and growth?

## Value-Based Contacts

Building the coverage model is a quantitative and economic exercise. Because distributors need to be focused on developing strong and sustainable customer relationships, they need to also consider a qualitative aspect. Distributors are most successful when they add value beyond the simple value derived from the products that they sell. That value should be reinforced and conveyed in the selling process. Because we believe that the consistent delivery of value in the sales process is so important, we use the term: value-based contacts.

Value-based contacts are individual customer contacts in which value, as perceived by the customer, is exchanged using an appropriate medium. This customer-directed value is the intersection of what customers value and what the company can and will provide.

Only a customer or prospect can define what is valuable. When companies assume they know what the customer values, they tend to be wrong 50% of the time.

Customer outreach should go outside of the sale. Contacts should provide value to those customers, outside of promotional outreach, and include information that is relevant to the customers' needs. Distributors must identify ways to learn the "voice of the customer" and what communication style that customer is looking for from their supplier.

An efficient way to uncover customer-perceived value is to hold a workshop with eight to 14 customers, decision-makers and/or prospects to gauge opportunities for developing touch points, marketing collateral and content. When distributors understand the contact points customers prefer, they apply the appropriate communication styles, media platforms and frequency of contacts to each customer.



## CRM: More Important Than Ever

The most underutilized technology solution today continues to be CRM, or customer relationship management. But if you want to succeed with an integrated sales model, a CRM solution is critical. When a team is serving a client – vs. just one sales rep – they must know what’s going on with others on their team. Who else is contacting the customer? What did they talk about when they did? A CRM is the only effective and efficient way to facilitate the sharing of that information.

Selecting the right CRM tool is important. This is a long-term investment not just in software, but in your people. Distributors must prioritize training, and incentivize its use. In an ideal environment, your CRM will work seamlessly with your technology stack and enterprise resource planning (ERP) software, as well as tie in with your marketing automation.

## The Right Training for a Team Culture

Some companies have adopted sink-or-swim on-the-job training programs, while others overinvest in training and are hesitant to allow new hires to speak to customers. Successful onboarding practices tend to fall somewhere in the middle of those extremes. Distributors that train new hires to a basic readiness level, allow them the freedom to make mistakes and then follow-up with coaching are often rewarded with highly competent and skilled sales professionals.

Training should ensure salespeople:

1. Understand customers’ profiles, needs and value propositions.
2. Demonstrate a basic understanding of products and customers’ applications.
3. Work seamlessly with a teaming culture and co-developed territory and coverage model.
4. Develop the ability to work within corporately adopted sales methodologies.

## Get ROI from the Integrated Sales Model

When implemented correctly, integrated sales teams are a dynamic way for distributors to increase sales capacity, introduce new programs, develop new sales channels and give salespeople more selling time. Distributors looking to create sustainable growth in their organization should not underestimate the importance of each stage of the implementation plan.



## About the Author

### Mark Peck, Owner of Apexx Group

In 2002, Mark founded Apexx Group. Apexx is a business-to-business marketing and consulting firm. They aim for profitable growth from every one of their clients, whether that means branching into a new market, improving current marketing strategies, or putting a new product into the existing market.

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Founder Benj Cohen wanted to see that companies like his family's 90-year-old distribution business could use technology – instead of getting squeezed out by it. He teamed up with a group of engineers to build Proton, a cutting-edge AI-powered platform designed for B2B.

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