

Distribution Research Consortia



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**THOMAS & JOAN READ CENTER FOR
DISTRIBUTION RESEARCH & EDUCATION**

Digitizing the Sales Process

A research consortium for best practices in digital sales processes



**GLOBAL SUPPLY CHAIN
LABORATORY**
TEXAS A&M ENGINEERING EXPERIMENT STATION



TALENT INCUBATOR
TEXAS A & M UNIVERSITY



Overview & Need



As technology rapidly advances, the sales process is quickly being transformed. Consumer habits are changing due to these advancements and social selling has become a very common practice across all industries. For distributors, the use of digital tools to enhance, supplement, and/or replace different components of the sales process is becoming more and more commonplace.

Digital sales processes are becoming less expensive, more prevalent, and increasingly preferred by the next generation of purchasing specialists. To become more digital, the distributor needs to address some issues: What processes should be digitized? How much will the new processes cost? How and at what time will the firm recoup the investment? What challenges will need to be overcome (how difficult will implementation be)? How will the new processes interface with remaining ones? How will the sales force evolve? What new service and product opportunities will emerge?

Distributors need to create and implement a digital selling strategy that guides the organization as a whole and ensures that technologies are well aligned with other business processes.



Digitizing the Sales Process












Digitizing the sales process does not mean replacing people with technology. Rather, it is the implementation of digital tools that will allow the organization to utilize its people more efficiently, making them better salespeople. Using digital tools allows companies to save time compared to traditional methods and allows them to invest in other areas of the business that have not yet been explored. These tools will also improve communication among teams and increase clarity throughout the organization.

Tools from social media to CRM and mobile apps will also reach more customers and allow for greater retention of current customers. As customer buying patterns change, so must selling strategies change. If distributors want to keep up, they must train their teams to better understand the power of digital tools and technologies for generating

leads and driving sales. These tools give salespeople a greater capacity to be creative and enable them to reach out to customers in a variety of different ways.

The sales process consists of the fundamental steps for taking a customer from discovery as a prospect all the way through to managing their experience, then maintaining and enhancing the relationship. The potential for digitizing these processes is significant since all sales processes are information based and can, in theory, be digitized. That said, many processes will be difficult to digitize for quite some time due to a lack of data or the complexity associated with system implementation. More complex processes will logically be handled by a human sales force until such time as data are available and/or systems become sufficiently efficient to implement and operate.

Lead Generation	Potential Data Sources	Phone & Internet	Business Development Analyst	Lead Generation Tool	# Qualified leads	 Growth
Prospecting	Customer contact - understand pain points	Face-to-face	Sales force	Sales pipeline tool (~CRM)	Success Rate	 Growth
	Estimate potential	Face-to-face	Sales force	Sales pipeline tool (~CRM)	Success Rate	 Growth
Selling	Design solution	Face-to-face	Sales force & Specialist	Value Proposition Builder	Conversion Rate	 Asset Efficiency
	Present/Demo to customer	Face-to-face	Sales force & Specialist	Value Proposition Documentation	Success Rate	 Growth
	Negotiate & Close the sale	Face-to-face	Sales force	Sales management support tools	Success Rate	 Profitability
Post-sales	Order Management	Phone & Internet	CSR	Order Management System (~ERP)	Success Rate	 Profitability  Cash Flow
	Sustain relationship & Retain	Face-to-face, Phone & Internet	Business Development, Sales force & CSR	Opportunity Management Analytics Tool	Retention Rate	 Growth

Reference: Lawrence, Barry et al., *Sales and Marketing Optimization*, Adapted by Talent Incubator Program, Texas A&M, 2016

Figure 1: Sales Process Framework

The Sales Process (see Figure 1) begins with lead generation, a process naturally adaptable to digital data mining processes. The next step is prospecting which can also be carried out to a great extent through digital processes though some information may still need human intervention for the time being. The selling step has many opportunities for digital tools but, perhaps more than any other process, still offers significant opportunities for a human sales force to add value. The post-sales step has experienced the greatest amount of digitization, with the introduction of ERP systems, but the opportunities to sustain and upgrade relationships (traditionally customer service representatives' and sales force responsibilities) remain sub-optimized.



The Sales Force of the Future: Digitally Supported, Highly Capable Value Drivers



Logically, the sales force will continue to support processes that cannot be digitized for the foreseeable future. As processes are digitized, the tendency will be for them to become commodities. Commoditization leads to price becoming the dominant factor in customer decision making. Distributors will respond by creating new value-added processes that support margins or offer the opportunity to charge directly for those services. The sales force will likely be the driving force in designing new services and sustaining value in relationships. Both distributors and their supplier partners will need these highly competent sales professionals to control customer relationships, drive new product and service introductions, and sustain the customer relationship.

Digital tools will be thoroughly integrated into the sales process. The sales force will be digitally supported allowing for specialization of tasks and solution selling based on sophisticated customer information. The process is depicted in Figure 2 and is based on a compilation of many best-in-

class distributors. No one distributor has completely achieved what the figure suggests so no one is yet fully leveraging the vision of a digitized sales process and digitally supported sales force. Many distributors, however, are already pursuing the vision and understand where they are going next. That said, even as distributors achieve the broad vision, different channels, different customer types, different supplier relationships, different industry verticals, etc. will lead to many different ways to compete and configure the tools.

The fundamentals are that transactional sales will be handled through an online version of sales order processing (currently called e-commerce). These transactions could be anything from low value customers not meriting sales force activity to large, important customers engaging in routine purchasing activity. The information from the e-commerce processes will be analyzed, packaged, and passed to the inside sales force. The systems will provide analytics like account gap analysis, share of wallet estimates, customer stratification, etc.

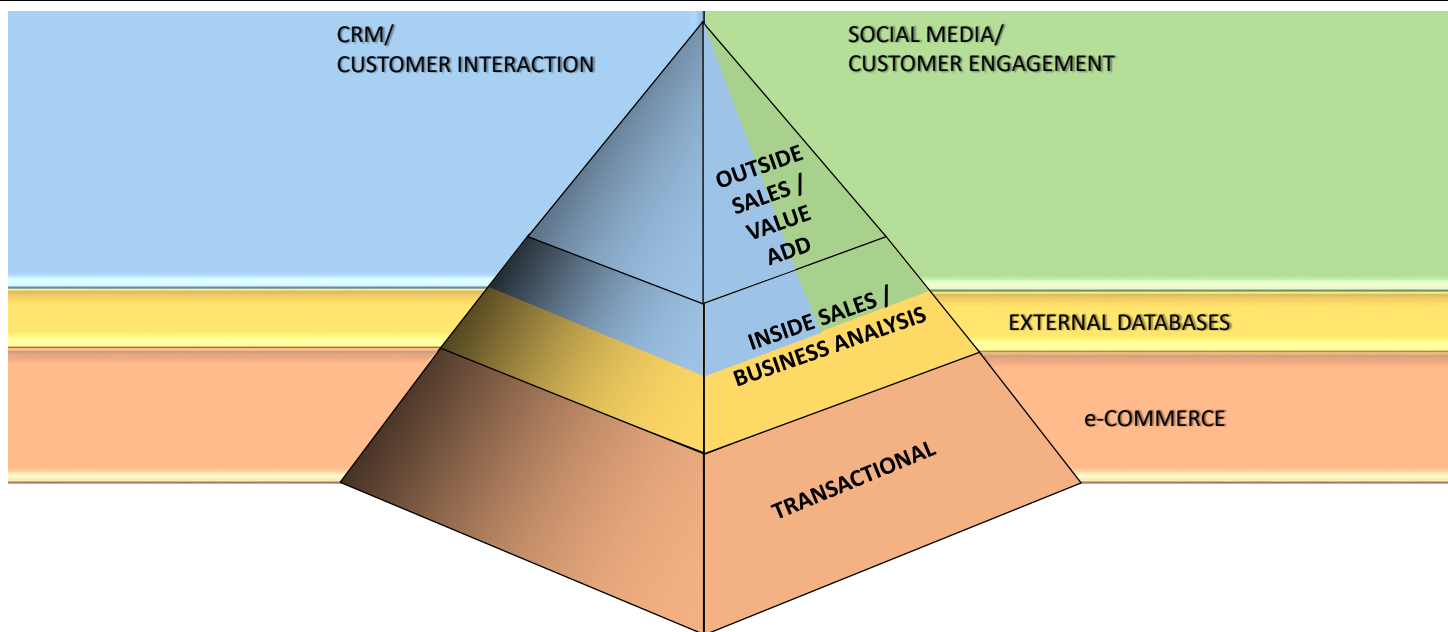


Figure 2: The Role of Digital Tools in the Sales Process

The inside sales force or business analytics team (whatever they're called) will take that information and analysis and use programs that combine information from industry databases, CRM, and Social Media to develop a 360-degree view of key and target customers.

The inside sales force will then interact with customers to solve customer problems or conduct high value transactions capturing all relevant information in the CRM system for future use. They will also engage in Social Media activity that sustains and maintains customer relationships and/or provides intelligence on customer needs and relationship status. From the systems output and their own activity and analysis, the inside sales force will identify opportunities for the outside sales force to interact directly with customers.

The outside sales force will be responsible for ensuring that the key customer's experience is being optimized and sustained. The outside sales force will also look for opportunities to more deeply penetrate target customers. They will be responsible for discovering opportunities for valued-

added services and using value-based selling to achieve both stronger relationships and more sustainable margins. Their interactions and solutions will be captured in CRM and customer relationships will be supported through Social Media. Some may think the vision is too big and beyond the scope of customer needs, distributor capability, and/or supplier expectations for the channel. Further, many expect new technologies like Artificial Intelligence to further disrupt the channels, possibly making some of the foregoing activities irrelevant or obsolete before they can be implemented. These fears are causing some to hesitate or others to simply continue with what they are doing, making as much profit as they can and bailing out just before the wave crashes. These fears appear to be overstated, however, as we see many distributors at differing levels of sophistication, size, and investment capability moving forward by picking opportunity zones and executing on them.

We believe these distributors have it right and will emerge as the future leaders in the digital sales process.



Objectives



- ❖ Current best practices in leveraging digital tools across channels, customer types, industry vertical environments, and relationships.
- ❖ Comprehensive documentation of current technologies and resulting processes being used in the distribution industry.
- ❖ An assessment tool for digitization of the sales process that a firm can use to develop and sustain its digital strategy.
- ❖ Process Mapping and comparison to best practices for implementation of new distributor technologies.
- ❖ Processes to determine what digital tools will best support the sales team and which would be most efficient for different customer types.
- ❖ A design of differing conditional models for a digitally supported sales force.
- ❖ Processes to develop business plans for launching new digital tools and achieving return on investment.
- ❖ A Framework for designing the Digital Sales Process and Digitally Supported Sales Force.



Methodology



A team consisting of professional researchers from Texas A&M's Global Supply Chain Laboratory and Talent Incubator Program led by Dr. F. Barry Lawrence and Dr. Esther Rodriguez Silva will analyze growth opportunities with consortium members to determine how to optimize the sales process through the use of digital tools. Best practices in this area will be included in the analysis.

The consortium meetings will provide an opportunity to discuss initial findings from a variety of sources as well as allow for discussion of the key benefits from digitization of each step of the sales process. The meetings will also allow for discussion of the implications for these technologies. Ultimately, the consortium will create a community with shared knowledge that will together work to move digitally enhanced distributor models forward.

Consortium members will meet at Texas A&M on the kick off date, **January 23, 2020**, to discuss initial findings from the background research conducted by the research team, understand the research process and priorities, and direct the research team on topics of interest and desired outcomes. The final meeting will also be held at Texas A&M on **August 20, 2020** to present final results and individual company assessments. In between the meetings, each company will have an individual two-day meeting with Texas A&M researchers for process mapping and an initial assessment of the firm's digital strategy.



Value to Consortium Members & Deliverables

Consortium members will guide the research study and specify which alternatives, best practices, technologies, and services are of interest to them. These studies will focus on the digitization of the sales process to increase efficiency and drive profitable growth.

- ❖ Each member will have the opportunity to work with the research teams to map their current sales process and strategies.
- ❖ Each member will engage in the creation of a digital social selling strategy that will guide organizations as a whole and ensure digital tools are aligned with the sales process.
- ❖ Members will learn best practices and understand where their organization stands compared to the rest of the industry.
- ❖ Members will learn how to leverage digital assets.
- ❖ Members will be able to build relationships with other participants and continue communication post consortium.
- ❖ Members will have access to a shared knowledge base that is created from the consortium.
- ❖ A Digital Assessment tool that compares the distributor's digital strategy to best practices will be applied to each firm. Specific findings will be provided to individual members.
- ❖ Overarching findings on best practices (observing confidentiality for individual firms) will be delivered to all.
- ❖ Each firm will be able to send up to 5 members (a \$10,000 value) of their team to the two Research Summits developed and delivered on Digitizing the Sales Process in the Fall of 2020 and the Fall of 2021.

The membership cost of the consortium is \$25,000 per company.

Industry Consortia

The Thomas and Joan Reed Center establishes and runs Industry Consortia to conduct research in distribution topics and develop practical methodology and tools that can be used by the consortium members to improve their operations. These consortia involves collaborative research effort that brings multiple distribution and manufacturing firms and industry associations across diverse lines of trade together to solve an industry wide challenge.

Many companies cannot afford to invest in some research and development due to high cost and/or lack of knowledge; Industry Consortia are an economic path to low cost, high quality research and development that is essential to the growth of the company. A two day educational session will be developed for each Consortia based on the resulting knowledge, methodology and tools.

	Year	Consortium Topics
	2000	Information Systems Consortium
	2005	Pricing Optimization
	2007	Optimizing Distributor Profitability
	2008	Texas Mexico Trade Corridor
	2009	Sales and Marketing Optimization
	2011	Optimizing Growth and Market Share
	2011	Optimizing Customer Service
	2012	Optimization Channel Compensation
	2014	Optimizing Human Capital Development
	2015	Optimizing Value Add Services
	2015	Optimizing Data Analytics
	2018	Small Distributor Consortium
	2019	Digitizing the Sales Process
	2019	Optimizing Manufacturer Market Access Strategies

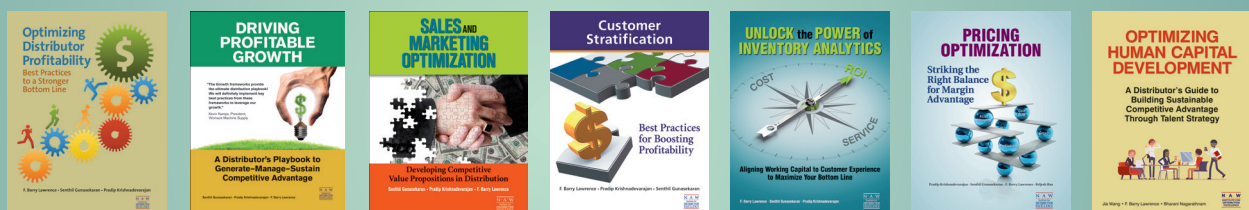
THE BENEFITS

- > Mapping current sales process
- > Leverage sales assets
- > Advanced sales techniques and tools
- > Digital best practices assessment
- > Engage in creation of a digital strategy

THE RESEARCH CONSORTIUM PROCESS



RESULTS FROM PAST CONSORTIA





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**THOMAS & JOAN READ CENTER FOR
DISTRIBUTION RESEARCH & EDUCATION**

CRDBP

**COUNCIL FOR RESEARCH
ON DISTRIBUTOR BEST PRACTICES**

An Alliance of the NAW Institute & Texas A&M University

ABOUT THE COUNCIL FOR RESEARCH ON DISTRIBUTOR BEST PRACTICES

The Council for Research on Distributor Best Practices (CRDBP) is an entity created by the NAW Institute for Distribution Excellence and Texas A&M's Industrial Distribution Program. The CRDBP creates cutting edge solutions for wholesale distribution channels, and provides answers to distribution and supply chain management challenges.

Leader in Distribution Research: Texas A&M's Global Supply Chain Laboratory (GSCL) is the nation's premier distribution research lab. We bring cutting-edge distribution and supply chain research solutions to the wholesale distribution industry. The lab provides total solutions for companies by providing research expertise, project execution support, IT implementation assistance, education, and training for end users. The GSCL is now joined by the Talent Incubator Program focused on cutting edge technologies and innovative solutions. Together they form the most significant distribution research organization in the world.

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