MARKETPLACE

THE INTEGRATION OF DIRECT MARKETING AND FIELD SALES TO FORM A NEW B2B SALES COVERAGE MODEL

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ABSTRACT

Today's sales organization operates in a much different environment than that of the past. Sales and marketing must work together for the organization to operate at peak efficiency. It is only with such integration that sales can focus on the customers and channels most likely to provide the revenue necessary to reach their goals. The 21st century sales coverage model is built upon a multistepped process which integrates the tools and techniques of direct marketing with measurements, quantifiable business benefits, and capabilities that help salespeople remain fixed to an optimal set of goals. The process includes (a) benchmarking the existing sales and marketing process, (b) establishing gaps between the benchmarks and company goals, (c) developing required capabilities

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to close the gaps, (d) engineering the new sales coverage model, and (e) executing, measuring, and adjusting the model. While seeming to be deceptively simple, this framework realigns the sales organization to make best use of the company's full resources and capabilities.

THE GOOD OLD B2B DAYS

For decades, sales and marketing groups have coexisted as complementary, but separate, silos in most B2B companies. Before the 1990s, the marketing communications department was primarily responsible for advertising, sales collateral, public relations, and trade shows. If any of these activities resulted in inquiries or leads, they were passed directly to sales or the distributor network. The sales group, in turn, was responsible for following up on these leads, along with everything else related to selling the product or service to prospects and customers in their territory. They provided marketing communications little, if any, feedback on the "leads" that were sent to them.

In the 1990s, we all thought that progress was being achieved as many companies began to launch direct marketing campaigns, deploy outbound telemarketing to qualify the inquiries more aggressively, and build marketing databases. In addition, sales force automation (SFA) contact management systems gave way to customer relationship management (CRM) software, as many companies invested heavily in sales and marketing technology for the first time. So we thought that real progress was occurring since sales revenue grew and grew. Boy, were we wrong! While some progress in productivity was being made, what actually happened was the boom times and ever increasing sales revenue of the 1990s disguised the lack of real progress in improving sales and marketing efficiencies and overall productivity. In essence, the revenue results in the 1990s continued to cover over the productivity cracks in the B2B sales and marketing processes.

TODAY'S REALITY

The 1990 boom times are over, and so are the false assumptions of how much improvement actually occurred in the sales and marketing functions. Companies must deal with the hard facts of today's B2B environment.

For many companies, that means that sales revenue is not growing, but sales and marketing costs are. The net result is that the percent of revenue devoted to sales and marketing costs is increasing, often exceeding 20 to 25% or more of total revenue. Generally, companies have responded by cutting the marketing budget and eliminating sales head count, thus further limiting the capacity to generate top-line growth.

Sales call rates, as measured by the number of sales calls per day, have dropped significantly over the last 10 years. *Sales & Marketing Management* reported several years ago that the average number of calls per day had fallen from the old standard of four to three—a 25% loss in sales force productivity. This decline did not occur overnight but rather was gradually happening throughout the 1990s. Many estimates now place this average even lower, largely due to the increasing resistance of buyers to see salespeople. In fact, many companies are well below the average of three calls per day if their salespeople cover a large geographic territory. In these situations, call rates of one or two per day are not unusual.

The cost of a sales call has continued to increase faster than inflation and price increases can recoup. Surprisingly, most companies do not know what their sales call cost is, as sales managers are quite nervous to have it calculated and broadcast internally. There is a real fear that, if known, it will become the focus of management decree that it should be lowered. The methods to do so will surely not be pleasant for sales management. In addition, there is much debate as to how to calculate the sales call cost.

McGraw-Hill annually reported the cost of a sales call, but discontinued the practice in the late 1980s. In 1987, the last year of the survey, the average sales call cost was $254. Most recent surveys have placed the average now at between $350 to $500. While the average is a good num-