DechertHampe
Consulting

Sales Force of the Future Study
2009

CONTENTS

EXECUTIVE SUMMARY

Sales executives are experts at knowing what their customers want – Right?

For the third time in the last seven years Dechert-Hampe Consulting has tested that premise with our Sales Force of the Future industry survey. In these surveys we ask senior sales and retailing executives from some of the largest organizations in America to tell us what their priorities are by rating the current and future importance of twenty-one key attributes of the sales force. Then we ask them how well they think the sales community (defined as manufacturers' sales representatives) is doing at meeting those priorities.

The results reveal inconsistencies of opinion that remain surprisingly consistent across the years. The biggest overall inconsistency in the findings is that retailers always rate almost everything as having a higher Current Importance than manufacturers do.

This dichotomy, perhaps simply driven by the real-time nature of the retail business system, consistently disappears when these same executives are asked about the Future Importance of these same attributes. Two things happen: One, the manufacturer and retailer ratings come much closer together; and, two, both groups consistently rate all attributes as being more important in the future than they are today.

When it comes to evaluating how well sales teams deliver against the attributes, what was an inconsistency in 2007 has disappeared, and manufacturer sales executives' and retailers' opinions once again align in the 2009 study. Unfortunately, we are aligned as an industry in thinking that our performance does not live up to our expectations.

There is some encouraging news however. For one thing, while manufacturers and retailers may differ on the degree of importance they assign to attributes, the 10 most highly rated attributes are relatively consistent. In fact, six of the top 10 are the same for both groups.

Manufacturers' vs. Retailers' Current Importance Rank

2007 Rank	2009 Rank	Manufacturers' Top 10	2007 Rank	2009 Rank	Retailers' Top 10
3	1	Understand/Use Data	2	1	Communication Skills
2	2	Own Company Knowledge	3	2	Own Company Knowledge
5	3	Planning Skills	11	3	Planning Skills
4	4	Networking Skills	17	4	Operations Literacy
7	5	Strategic Thinking	12	5	Financial Literacy
1	6	Communication Skills	10	6	Local Market Knowledge
6	7	Consumer Knowledge	*	7	Shopper Insights
8	8	Analytical Skills	15	8	Networking Skills
12	9	C/M/C Specific Programs	7	9	Strategic Thinking
9	10	Innovation/Creativity	5	10	Analytical Skills

*Shopper Insights is new for 2009
Note: #1 ranked attribute for 2007 was Consumer Knowledge (#13 in 2009 Study)

But what is different in the two top 10 lists bears noting. Understand/Use Data was the manufacturers' number one ranked attribute – but it didn't make retailers' top 10 at all. Instead they ranked Communication Skills as the single most important thing they are looking for from sales reps.

Consumer Knowledge, Customer and Market Specific Programs and Innovation and Creativity were also in the manufacturers' top 10. And while these were all high on retailers' priority list in 2007 (in fact Consumer Knowledge was number one), they were replaced on retailers' hit parade in 2009 by things like "Shopper Insights" and "Local Market Knowledge".

While you can certainly argue that some of these attributes are "two sides of the same coin", we think the important point here is that it is all about perspective. Retailers have moved from thinking about "consumers" to thinking about "shoppers". And they need that shopper insight to be brought down to the local, even store, level. Understanding and using data effectively are certainly key to sales reps' ability to doing this. But clearly retailers are interested in the application of the learning – not the acquisition. You might say that manufacturers always seem to be one step behind where their retailer partners are headed.

When we asked manufacturers what their top priority areas for development are, we got a lot of the top 10 in importance. Not surprising. But the good news for the future is that manufacturers' top priorities for development also included two of the key attributes they were missing from the retailers' top 10 list – Local Market Knowledge and Shopper Insights.

And retailers seem to be seeing some noticeable improvements in those areas manufacturers concentrate development efforts on. Retailers say they see "Moderate Improvement" in key areas like Shopper Insights, Knowledge of Own Company, Knowledge of Category and Planning Skills.

Retailer's Perspective On Progress

Manufacturer "A" Priorities	Little Improvement	Moderate Improvement	Definite Improvement
Knowledge of Consumer Dynamics		✓	
Develop/Implement Channel & Customer Specific Programs		✓	
Understand/Use Relevant & Available Data		✓	
Planning Skills		✓	
Knowledge Of Local Marketplace		✓	
Knowledge Of Category		✓	
Knowledge Of Own Company & Resources		✓	
Consumer/Shopper Insights		✓	
Communication Skills			✓

But the best news is this: Retailers see definite improvement in sales teams' Communication Skills – their number one ranked attribute in current importance.

Looks like sales teams are catching up.

And the future looks pretty bright as well. Four of retailers' top five ranked attributes in terms of Future Importance are on manufacturers' "A" priority list for development. Those are Communication Skills, Shopper Insights, Knowledge of Own Company and Planning Skills. The missing attribute from the retailer top five list? Networking Skills. Looks like it is time to dust off those Account Profile binders and make sure you have all your key account relationships and decision networks up to date. And it wouldn't be a bad idea to make sure your social networking media training is up to speed, too!

How DHC Can Help

Dechert-Hampe Consulting can help you assess how your Account Managers and the support they receive stack up against the expectations of your most important customers. And we can help you develop programs to close any significant gaps. In particular, our Productivity & Performance Improvement Services are directed specifically at helping clients address the challenges faced by today's Account Managers. Visit our website at dechert-hampe.com to learn more about these services as well as our offerings in Strategy and Structure Services and Research and Insights.

INTRODUCTION

Developing effective customer-facing employees and equipping them with the tools to succeed in today's complex business environment is paramount to being both competitive and profitable. Unfortunately, many attempts to do this fail to deliver the desired results because they are missing a key component: objective data regarding what the customer really cares about.

Objective insights into what customers' value and find important in the vendor-buyer relationship and how well they perceive sales personnel perform are the most critical elements in determining how to spend sales training and development resources for maximum effectiveness and payback.

Despite there being a number of informative studies on sales force skills and capabilities, the vast majority of these are historic analyses. Few of them looked to future requirements – and yet the future is at the very heart of planning sales development. Why train employees on what was important in the past or only for today? Why not look to the future to see what customers want next year or two to three years from now? Why not prepare employees for those requirements now and gain the competitive edge by ensuring their readiness for the challenges and opportunities of the future?

Interestingly, very few studies include direct input from customers but rely, instead, strictly on input from manufacturer organizations. Such information cannot be considered totally objective, nor does it identify divergences in perspective between manufacturers and retailers. In the words of a retailer participant, "They assume they know what I want because they talk to me often. If they really want to know what's important to me, ask me that directly."

To fill the information gap and allow manufacturer organizations to develop solid, forward-looking sales force development strategies, DHC created the Sales Force of the Future Study (SFOTF). The SFOTF study was first conducted in 2002 and again in 2007.

This 2009 update allows participating organizations to

- Identify what is important to manufacturer and retailer (customer) – now and in the future;
- Determine how well manufacturers are performing – their perspective vs. the retailers' (customer) perspective;
- Compare results across time to identify trends; and
- Enable manufacturers to determine the training and development implications for their organizations

ATTRIBUTES & RATING SCALES

The relationship between manufacturers and retailers is complex. It consists of a number of different business processes or "touchpoints".

Although a “Key Account Manager” may not have direct responsibility for all the business process touchpoints, our work with both manufacturer and retailer organizations indicates that he/she must be increasingly knowledgeable about all the touchpoints to manage the customer relationship effectively.

Identifying commonalities in touchpoints across many businesses, DHC identified common attributes – skills and competencies required by the Key Account Manager to meet the needs of customers as well as their own businesses.

These attributes were grouped into five Attribute Groups defined as follows:

Rated Attribute Groups	
Selling Skills	Planning Skills Networking Skills Communication Skills Technical Savvy
Analysis	Understand/Use Relevant Data Sources Analytical Skills Financial Literacy Operations Literacy
Creativity	Strategic Thinking Innovation/Creativity Globalization
Consumer Group	Knowledge of Consumer Dynamics Knowledge of Local Marketplace Knowledge of Category Technology Impact on Consumer
Demand Generation	Develop/Implement Channel/Market & Customer-Specific Programs Knowledge of Own Company & Resources Consumer Marketing/Merchandising Literacy In-Store Marketing Retail Merchandising Shopper Insights

These attributes were rated on a 5-point scale as follows:

Rating Scales	
Importance Ratings	Critically Important Very Important Important Somewhat Important Not Important
Proficiency Ratings	Always Exceed Expectations Always Meet Expectations Usually Meet Expectations Meet Expectations Occasionally Do Not Meet Expectations

We compared the retailers' and manufacturers' attribute ratings across three dimensions:

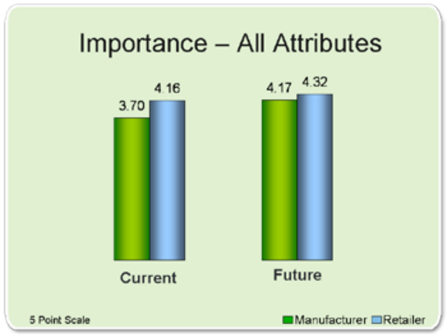
- **Current Importance –** How important is performance in the attribute today?
- **Current Performance –** How are manufacturers' account personnel performing the attribute today?
- **Future Importance –** How important will performance in the attribute be in the future?

Finally, we compared the manufacturers' development priority for each of the attributes to the retailers' attribute improvement ratings to see if manufacturers' development plans are bearing fruit.

2009 STUDY RESULTS

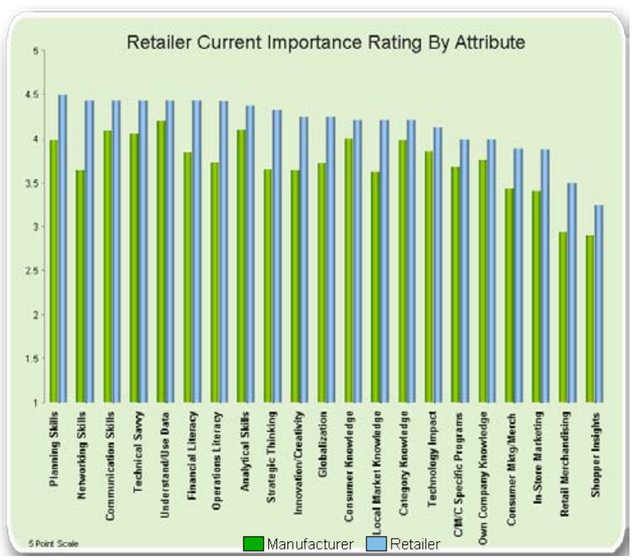
Results – All Attributes

As in previous Sale Force of the Future (SFOTF) surveys, both manufacturers and retailers believe that the rated attributes will become more important as time goes on and market complexity continues to increase. Also, as in the 2007 study, retailers consider the attributes as a group to be more important than do the manufacturers, although this "importance gap" narrows considerably in the "future" view.



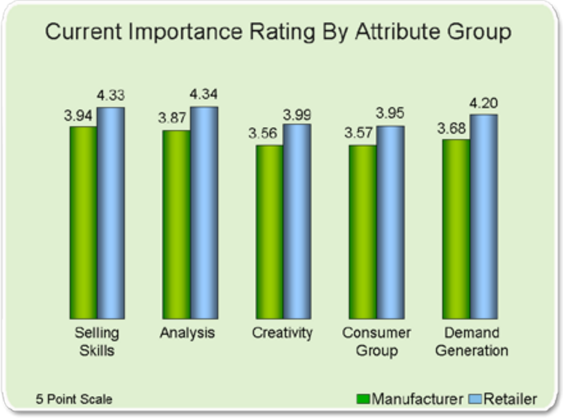
Manufacturers and retailers are almost perfectly aligned in their respective assessments of the manufacturers' proficiency in delivering the group of rated attributes. As we will see in the "Trends" section of this report, this is a substantially different result than the manufacturer proficiency results reported in the 2007 survey.

Retailers attach greater importance to all the individual competencies rated than do manufacturers. In particular, retailers feel that manufacturer knowledge and capabilities that can be applied to profitably move product through their stores and markets is especially important. In some cases, manufacturers are somewhat out of step with their customers in assigning importance to these competencies such as Local Market Knowledge, Customer Specific Programs, Category Knowledge, Financial Literacy, Marketing Literacy, Shopper Insights, In-store Marketing, and Retail Merchandising.

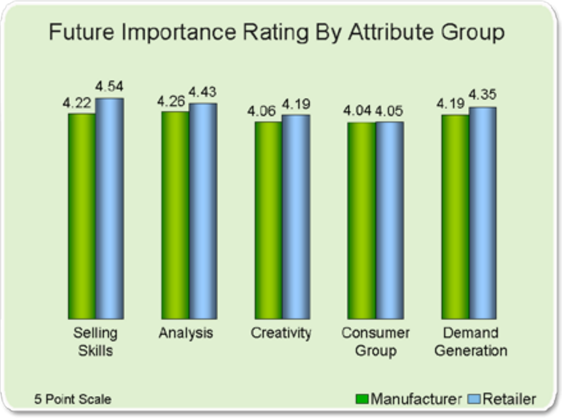


Results – Attribute Groups

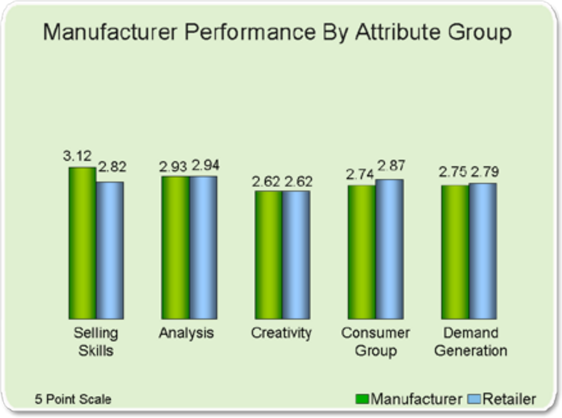
As explained in the Introduction, the twenty-one attributes measured in the survey are organized into five Attribute Groups. Not only did the retailers rate the current importance of all attributes higher than the manufacturers, retailers attach higher current importance to all five Attribute Groups as well. While retailer ratings of current importance are higher across the board, it is interesting to note that both manufacturers and retailers assign their highest importance to the same three Attribute Groups, Selling Skills, Analysis and Demand Generation. Creativity and Consumer Group ratings are lower for both manufacturers and retailers. And while the gaps between retailer and manufacturer ratings are significant for all five Attribute Groups, notice that the largest rating gap exists in the Demand Generation Attribute Group.



The pattern of stronger retailer ratings continues in the ratings of the future importance of the five Attribute Groups. In addition, both retailers and manufacturers say that all five Attribute Groups will be more important in the future than they are today. Retailers will tend to expect more from the sales managers calling on them, and the manufacturers acknowledge this expectation. Again, as in the ratings of current importance, Creativity and Consumer Group attributes are seen by both groups as being very important, but less important than the other three Attribute Groups.

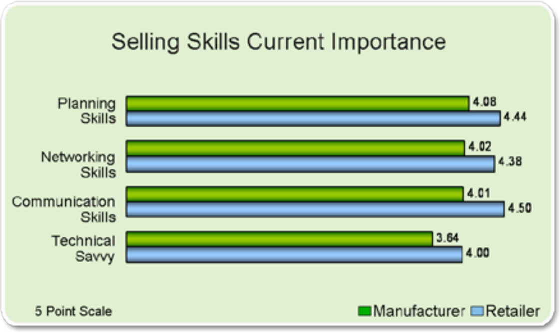


Except for the Selling Skills Attribute Group, the ratings of manufacturer performance are reasonably well-aligned. Retailers give the manufacturers more credit for performance in three of the Attribute Groups, although by slim margins: Analysis, Consumer Group and Demand Generation. Perhaps not surprisingly, the manufacturers think their Selling Skills are considerably stronger than the retailers do. Keep in mind when considering this result that the retailers rate Selling Skills very high in both current and future importance. Also notice that there is only one rating here above 3.00. So, while the assessments of manufacturer performance are reasonably well-aligned, they are relatively weak compared to the importance attached to the Attribute Groups by both manufacturers and retailers.

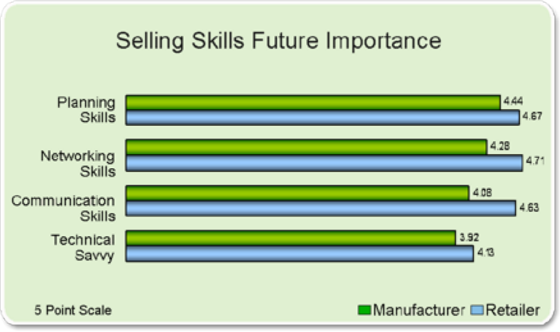


Results – Selling Skills Attribute

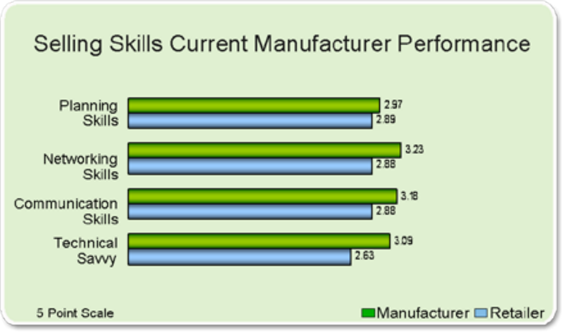
In an interesting twist, retailers rated Selling Skills as more important than manufacturers did across the board. Both groups gave their higher importance ratings to the three more traditional skills: Planning, Networking and Communication.



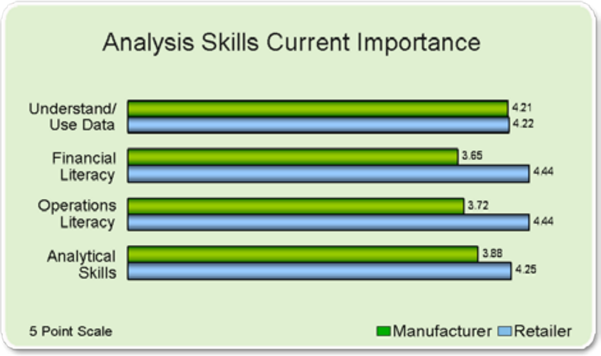
The ratings of both retailers and manufacturers show similar patterns when gauging future importance of the four Selling Skill attributes. All future importance ratings are higher indicating heightened expectations, and the three more traditional selling skills continue to lead the importance parade. The largest jump in importance rating from Current to Future is manufacturers' rating of Planning Skills, probably indicating manufacturers' belief that the business will continue to get more complex.



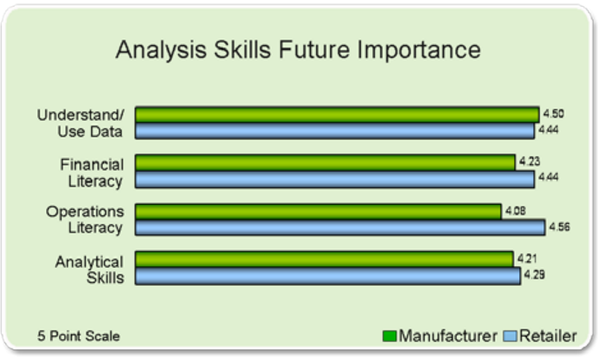
Manufacturers think they are doing a little better at meeting expectations for Selling Skills than retailers do. However, there are substantial gaps between performance and importance ratings across all four skills for both manufacturers and retailers, and the gaps increase as each group looks to the future.



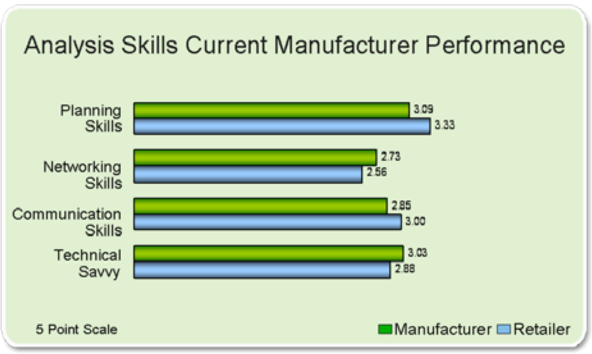
Results – Analysis Skills Attribute



Manufacturers and retailers are well-aligned regarding the current importance of being able to understand and use data in managing the business. Retailers attach substantially more importance to the other three Analysis attributes. It is interesting that the retailers rate two non-sales attributes highest: Financial Literacy and Operations Literacy. This indicates that the retailers expect the sales people calling on them to understand how the retailer's business works and how the retailer makes money.



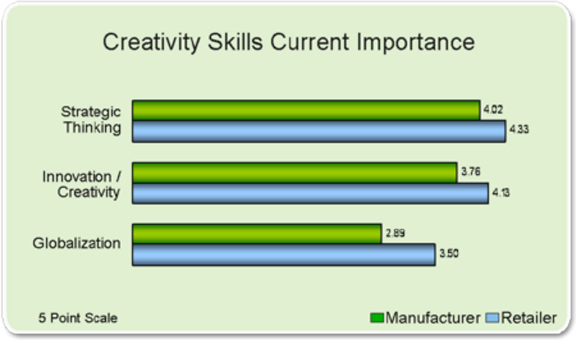
Manufacturers' ratings of the future importance of Analysis attributes are considerably higher than their current importance ratings, so the gaps between manufacturer and retailer ratings are generally smaller for future importance. So the two groups are predicting better alignment of expectations in the future. However, notice that the biggest gaps are still in the Financial and Operations Literacy attributes.



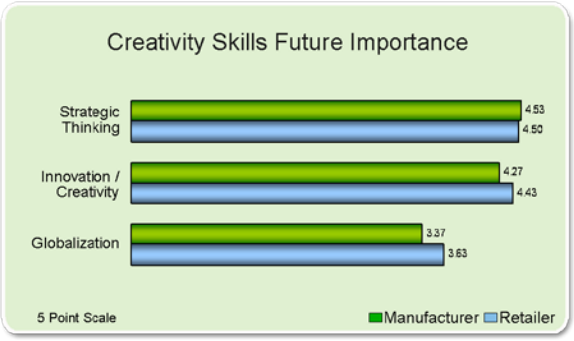
There is reasonable alignment in the ratings of manufacturer performance, although the ratings are relatively low in the absolute. Also, even though the retailers think that Operations Literacy is considerably more important than manufacturers do, retailers rate manufacturer performance in this attribute higher than the manufacturers rate themselves.

Results – Creativity Skills Attribute

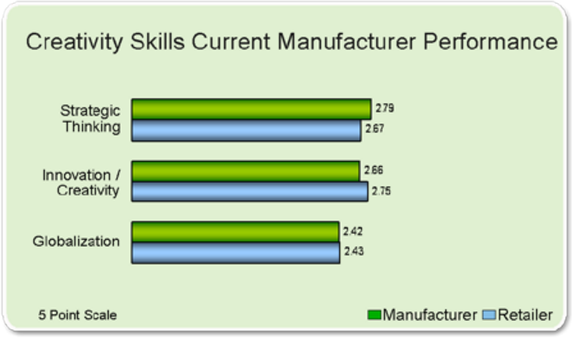
Retailers expect considerably more creativity in their business relationships with manufacturers, particularly in the area of Strategic Thinking. While the importance ratings for the Creativity Attribute Group are not as strong as some of the other groups, it does not appear that retailers and manufacturers are on the same page here. Globalization received the lowest current importance rating of any individual attribute in the survey.



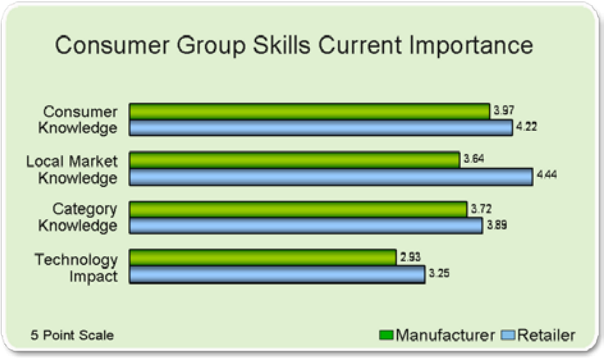
Manufacturers and retailers are considerably better aligned regarding their respective views of the importance of Creativity Attributes in the future. Manufacturers in particular see Strategic Thinking and Innovation/Creativity becoming much more important in the future.



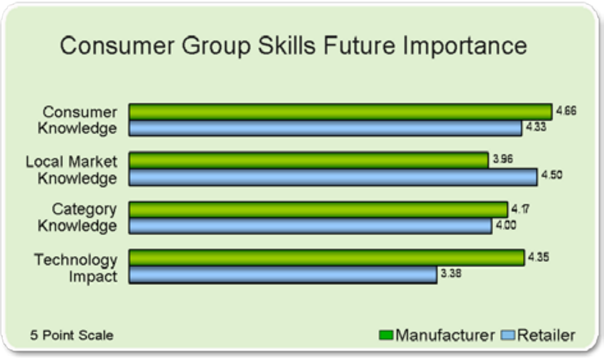
Manufacturers and retailers are very much in-step in their ratings of manufacturers' performance in the Creativity Attribute Group. However, these performance ratings are by far the lowest of the five attribute groups in the survey.



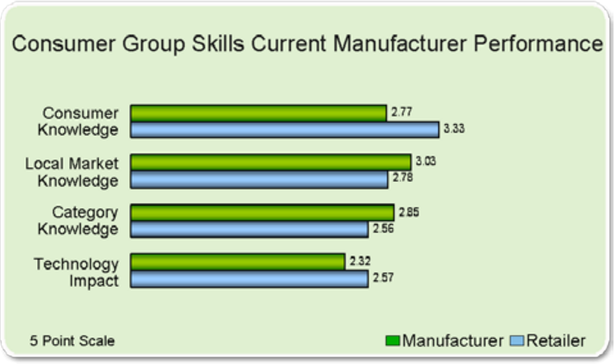
Results – Consumer Group Skills Attribute



Retailers think all four Consumer Group attributes are more important than the manufacturers do. The only Consumer Group attribute that does not show a significant gap in importance rating is category knowledge, and the importance gap for local market knowledge is particularly pronounced.

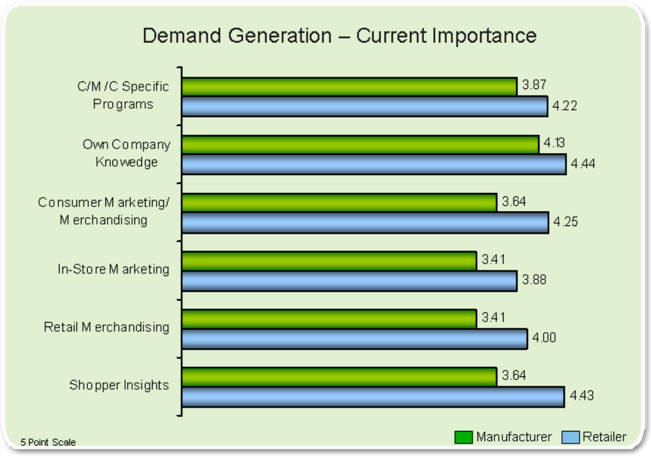


Looking to the future, manufacturers seem to see that Consumer Knowledge, Category Knowledge and Technology Impact will all be much more important in meeting the expectations of retailers. However, the future importance manufacturers attach to Local Market Knowledge is still substantially below that of retailers.

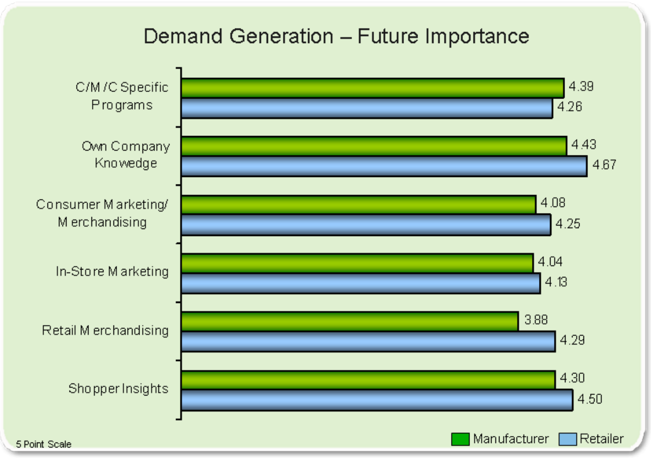


Despite the gaps in current importance ratings, retailers give manufacturers higher performance grades in Consumer Knowledge and Technology Impact than manufacturers give themselves. This could be because retailers still consider the manufacturer to be the expert in “things consumer”.

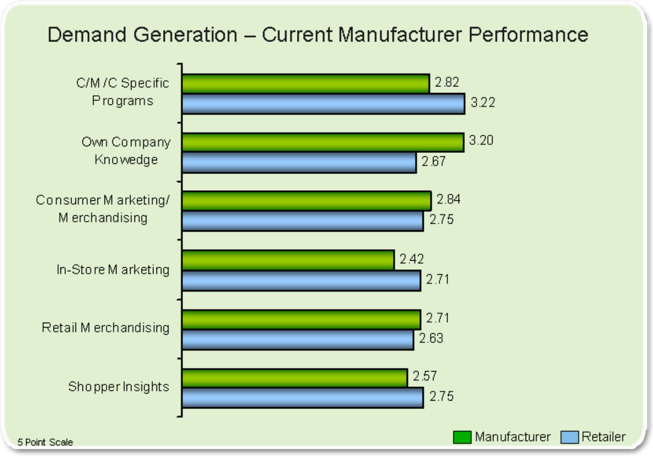
Results – Demand Generation Skills Attribute



As with the Consumer Group of attributes, the retailers attach more current importance to all six of the rated Demand Generation Attributes. The importance gaps in Consumer Marketing/ Merchandising, Retail Merchandising and Shopper Insights are particularly large. And all but one of the retailers' ratings are 4.00 or higher while only one manufacturers' rating is over 4.00.



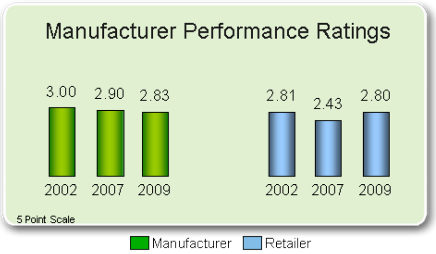
Manufacturers see Demand Generation Attributes becoming much more important in the future. In fact, the development and delivery of Channel/Market/Customer-Specific Programs is seen by manufacturers as being more important in the future than retailers do. And, while future importance ratings are better aligned than current importance ratings, manufacturers' projected importance ratings for Consumer Marketing/Merchandising, Retail Merchandising and Shopper Insights still lag behind retailer expectations.

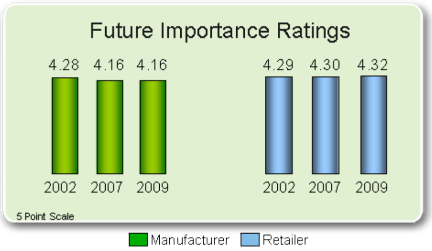


Ratings of manufacturer performance in Demand Generation are low in the absolute. The only attribute group rated lower by retailers for manufacturer performance is the Creativity Attribute Group. However, retailers rate manufacturer performance in three of these attributes higher than the manufacturers rate themselves. Further, it is interesting that two of these attributes, Consumer Marketing/Merchandising and Shopper Insights, are considered to be much more important by retailers than by manufacturers. It appears that whatever the manufacturers are doing in these areas is being noticed and appreciated by the retailers.

TRENDS: 2002 – 2009

When the principal metrics for all attributes (Current Importance, Future Importance, Manufacturer Performance) are tracked across the three Sales Force of the Future studies (2002, 2007, 2009), one overwhelming takeaway is the remarkable consistency of the results over the seven years. The other is that, despite consistently high importance ratings assigned by both manufacturers and retailers, manufacturer performance against the rated attributes has not improved in the perception of either group.





Focusing on the 10 attributes rated highest for current importance by manufacturers and retailers in 2009, we see that six of the 10 attributes appear on both top 10 lists: Own Company Knowledge, Planning Skills, Networking Skills, Strategic Thinking, Communications Skills and Analytical Skills. However, the attribute rated highest by manufacturers in 2009 for Current Importance, Understand/Use Data, is not among the retailers' top 10.

Manufacturers' vs. Retailers' Current Importance Rank

2007 Rank	2009 Rank	Manufacturers' Top 10	2007 Rank	2009 Rank	Retailers' Top 10
3	1	Understand/Use Data	2	1	Communication Skills
2	2	Own Company Knowledge	3	2	Own Company Knowledge
5	3	Planning Skills	11	3	Planning Skills
4	4	Networking Skills	17	4	Operations Literacy
7	5	Strategic Thinking	12	5	Financial Literacy
1	6	Communication Skills	10	6	Local Market Knowledge
6	7	Consumer Knowledge	*	7	Shopper Insights
8	8	Analytical Skills	15	8	Networking Skills
12	9	C/M/C Specific Programs	7	9	Strategic Thinking
9	10	Innovation/Creativity	5	10	Analytical Skills

*Shopper Insights is new for 2009
Note: #1 ranked attribute for 2007 was Consumer Knowledge (#13 in 2009 Study)

On the manufacturer side, nine of the 2009 top 10 were also among the top 10 for current importance in the 2007 survey, and the rankings of these nine attributes are remarkably consistent across the two studies. In short, the manufacturers' top 10 list did not change much from 2007 to 2009.

The retailer top 10 tells a different story. Only five top 10 attributes from 2007 made the 2009 top 10 list: Communication Skills, Own Company Knowledge, Local Market Knowledge, Strategic Thinking and Analytical Skills. The attribute ranked highest for Current Importance in 2007, Consumer Knowledge, did not make the 2009 top 10 for retailers. The four retailer top 10 attributes that do not appear in the manufacturers' list are: Operations Literacy, Financial Literacy, Local Market Knowledge and Shopper Insights.

Finally, all five Attribute Groups are represented in both the manufacturers' and retailers' top 10 lists.

MANUFACTURER PRIORITIES & IMPROVEMENT

Manufacturers were asked to identify their “A”, “B” and “C” priorities for developing their capabilities across the 21 rated competencies. Nine of these were identified as “A” priorities. Of the nine, only one, Communication Skills was rated by the retailers as showing “Definite Improvement”. It is also significant that none of the “A” priorities were rated by the retailers as showing “Little Improvement”. However, it appears that the retailers feel that the manufacturers can do a better job in improving their capabilities in those areas to which the manufacturers themselves attach the highest developmental priority.

Retailer’s Perspective On Progress

Manufacturer “A” Priorities	Little Improvement	Moderate Improvement	Definite Improvement
Knowledge of Consumer Dynamics		✓	
Develop/Implement Channel & Customer Specific Programs		✓	
Understand/Use Relevant & Available Data		✓	
Planning Skills		✓	
Knowledge Of Local Marketplace		✓	
Knowledge Of Category		✓	
Knowledge Of Own Company & Resources		✓	
Consumer/Shopper Insights		✓	
Communication Skills			✓

APPLYING THE LEARNING

Survey Implications

It is clear from the survey results that manufacturers and, in particular, retailers believe that the twenty-one rated Account Manager attributes are important today and will continue to become even more important in the future. At the same time, both groups of respondents say that manufacturers have plenty of room to improve their proficiency in the attributes pretty much across the board.

This suggests that those manufacturers that develop their Account Managers’ proficiency in the rated attributes to a point where it better measures up to retailers’ expectations can establish a competitive advantage. And the thing that retailers are looking for most from manufacturers’ Account Managers is help generating shopper demand that can be tapped to improve the retailer’s competitive position in the market and its financial performance.

Retailers expect Account Managers to know their own company’s capabilities and resources well and to be able to access them in support of the retailer’s business. But it is also clear from the survey results that the retailers expect Account Managers to understand the retailer’s business, how it works, how it makes money, what makes it successful. Account Managers with a customer-centric approach will have a leg up.

And manufacturers that try to grasp the competitive opportunity need to focus on two distinct elements of Account Manager support:

- Personal Development: Manufacturers need to provide Account Managers with a development curriculum designed to improve their competence and proficiency in the attributes rated in the survey. The survey results can be used to identify which attributes deserve the highest development priority.

- Tools: Account Managers will also need access to data, information and systems that support customer-centric business relationships with their accounts. No matter how competent and proficient, no carpenter can build a house without the requisite tools.

How DHC Can Help

Dechert-Hampe Consulting can help you assess how your Account Managers and the support they receive stack up against the expectations of your most important customers. And we can help you develop programs to close any significant gaps. In particular, our Productivity & Performance Improvement Services are directed specifically at helping clients address the challenges faced by today's Account Managers. Visit our website at dechert-hampe.com to learn more about these services as well as our offerings in Strategy and Structure Services and Research and Insights.

PARTICIPANTS & PERSPECTIVE

Participants in DHC's 2009 Sales Force of the Future Study consisted of 110 manufacturer and 10 major retailing organizations.

We asked manufacturers to consider all of their Key Account Managers across their organization when responding to the questions. This provides perspective on how the organization as a whole performs and the importance it places on the rated attributes in general rather than attempting to gauge the skills/competencies of an individual or the importance of attributes for a specific customer.

We asked retailers to consider all of the Key Account Managers who call on them in the course of business when responding to the questions. This provides perspective on how important the rated attributes are to their business as a whole and how well manufacturers in general perform rather than rate the success of any specific manufacturer organization which may/may not be representative of all manufacturers.

For more information contact:
Dechert-Hampe
555 Skokie Blvd, Suite 450
Northbrook, IL 60062
847-559-0490

www.dechert-hampe.com