

# A brave new world

STEVE HOYLE describes the ‘new norm’ of selling, where the traditional divide between new business ‘hunters’ and account ‘farmers’ no longer applies

**C**onventional wisdom is that new business ‘hunters’ and existing account ‘farmers’ are two entirely different sales animals and, with a few rare exceptions, people are born to one or the other role. Our recent research has concluded that this does not have to be the case. Indeed, to be successful in the future a new model of ‘hunter-farmer’ will emerge, and many organisations are already embracing this change.

For the last four months some colleagues and I have been looking into the ‘new norm’ of complex B2B selling. The ‘new normal’ is a phrase being used extensively in management consulting circles, particularly by such luminaries as McKinsey and publications such as *The Economist*. In most cases, it simply means that after the financial crisis, things will never be the same again, and while it’s in vogue at the moment some people have used it since the early 2000s to describe the changed environment in which we all operate.

The commentators and consultants are still arguing about the details of the new norm, but there is a huge body of thought saying that, fundamentally, things will be different in the future, and we will

never go back to the ways of the last few years. We’ve been trying to gather together the major thoughts and concepts, and apply them to the world of selling.

The first thing that is obvious is that there is an emerging new norm of selling (certainly complex

B2B selling) brought about by two clear factors — customers have changed their purchasing approach in significant ways, and our own organisations will have different expectations of the salesforce. So things are going to change for all of us, and while we are still discovering many aspects, one message that is coming through very clearly is that the old hunter or farmer approach is simply not going to work in the majority of cases, and will be replaced with a new model of super salespeople, better supported by systems, tools and people.

In the side boxes overleaf you can see some of the key elements of the new norm generally, and how it is affecting selling. It is clear that the way businesses operate will change and how they deal with their suppliers will be one key difference for many.

It is also clear that customers will want to do two apparently contradictory things in the future — they will want a much more rigorous appraisal of new projects, involving many more people from business and finance communities rather than just technical subject experts, including a full business case with real return on investment (ROI) built in and measured. At the same time they will need to dramatically speed up their decision making as part of their need to respond very quickly to changes in their markets and business environment.

These fundamental changes will come about at a time when procurement departments are being slimmed down. Organisations appear to be approaching the changes in two ways — by changing procurement processes and by working with a much-reduced number of strategic or preferred suppliers.

Purchasing is being changed from a largely sequential to a much more parallel processing ➤



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*Many sales teams are starting to meet the challenges and opportunities of the new norm*

### ☑ The new norm – the wider context

Business commentators have identified a number of elements of the new norm in the general business context, including:

- The need for new forms of financing for projects to reflect the aversion to high debt levels that individuals, companies and government will have in the future
- Increased governance around decision making, particularly financial impact assessment (the business case)
- The need to massively increase flexibility and adaptability, leading to quarterly rather than annual business plan reviews and rapid deployment once decisions have been made
- In particular, this means developing the ability to instantly respond to ‘events’ be they physical (terrorism, environmental etc.), financial (changes in rates), market (new expectations, customer challenges) or competitive (new competitors, failing competitors etc.)
- More collaborative relationships with fewer suppliers, as a response to domino effects when you have a complex interaction of too many suppliers
- Sustainability and ethics playing a greater role as demanded by consumers and employees
- Increased transparency in a global, Internet-based business environment.

◀ approach. So rather than the traditional way of defining business issues, funding projects, drawing up requirements, long-lists and short-lists, appraising suppliers, negotiating terms etc. we are seeing customers going to a small number of pre-defined (formally or informally) suppliers and asking them to perform proof-of-concept type studies to potential business applications, and work with the company on developing business cases that can be implemented fast.

From a sales perspective this looks quite expensive. Indeed, without proper qualification of risks it could be. However, the additional costs of each project — and developing the relationship in the first place — should be balanced by improved win ratios for big projects. Becoming more involved in the actual business case also opens up possibilities for risk sharing, which again could significantly lower margins if not implemented properly, but conversely could lead to significant additional profits over time.

One central theme in the new norm of selling is that it will be all about relationships. Relationships between individuals and between organisations will be far more open and accountable, and will be massively augmented by social networking sites and supplier comparison sites. The latter will develop from today’s successful price comparison sites (eg. [gocompare.com](http://gocompare.com)) and package combination sites (eg. [expedia.com](http://expedia.com)) that abound in the B2C space.

In complex B2B sales, the relationships will be multi-level, multi-faceted and consciously managed by both sides so that they can become effective at buying and selling and, more importantly, partnering for mutual benefit. It’s interesting that the new norm is pointing towards this development, just at the time when the Facebook generation is starting to get into mid-level and sometimes senior level positions within organisations.

Even at relatively small levels in SME markets and smaller projects it appears that this approach is fast gaining acceptance. There is so much choice available in most markets, and increasing competition, that it is simply too bewildering to ‘go out to the market and see what is available’. Customers are increasingly likely to stick with suppliers where they have a good relationship, but be more rigorous in forcing those suppliers to be competitive and prove their worth in terms of real business benefits.

### No more hunters

Hunters have traditionally been out-and-out new business salespeople who ‘find ‘em and kill ‘em’, leaving others to pick up the pieces. They would find new opportunities by cold calling, or taking leads from marketing, telesales etc. and then aggressively pursue a sales plan that is all about the ‘single sales opportunity’. A very macho culture exists in many new business teams, where everyone is expected to have read and live by *The Art of War*.

In the new norm, things will have to be very different. New business acquisition will tend to come much more from relationships that have been built up over time in personal and organisational terms. Customers are much less likely to award major projects to people that they do

not know and where a track record does not exist. They will try out new suppliers on smaller projects and talk to their other customers, independent of the supplier, by using social and business networking tools. They won't rely on tame reference accounts.

Customers will demand a much more consultative approach and will want to work together on true business cases that examine the effect on the bottom line, rather than being bewildered by nice looking mock-ups in flash demonstration suites.

### No more farmers

The traditional farmer has been a very likeable and competent individual who looks after customers well, builds good relationships and believes that good suppliers who are well liked are rewarded with repeat business.

While this has often worked in the past, and indeed may be part of the answer in the future, customers will continue to be under such pressure that they are not going to automatically award business to suppliers on the basis of them being 'nice to do business with'. They will demand a much more rigorous and proactive approach from their suppliers, which will be required to add real value to their business if they are to continue being trusted.

### The new model

Many sales teams are starting to meet the challenges and opportunities of the new norm. The options that are being developed include:

- Smaller sales teams of higher calibre people, supported by better tools, systems and back office staff
- Focusing on a much smaller number of accounts — a much tighter target market where they can have relationships with key players and the overall sector
- Creating highly skilled business development managers responsible for leading sales with a virtual team of juniors — the role of the sales manager is then internally focused on people and task management
- Traditional farming activity moved to a combination of desk-based people and service account managers, with salespeople expected to take a much more proactive role in generating new business
- Upskilling the sales team, particularly in consultative selling, strategic selling and business case preparation.

The new breed of salesperson that is emerging in all of these cases is not simply a combination of the old hunter and farmer, although there are attributes from both of these models. They more closely resemble real account directors — or sometimes business development managers.

They will clearly be trained and supported more extensively than in the past. Their remuneration will also change. In particular, the old notion of an annual plan with a single target tied to revenue or margin is under threat. Although it is nice and simple, this approach will simply not drive the changes needed.

No ideal models have yet emerged. Businesses are experimenting with rolling quarterly plans, more extensive use of properly measured objectives (now more realistic with good salesforce automation systems in place), small team plans, deferred reward plans (particularly for managed service and account development business), true account profitability over time, and the concept of design wins.

### Major challenges

Implementing the changes required by the new norm will be a major challenge for all sales directors and VPs. Changes

## The old and the new

### Traditional characteristics of the excellent sales team

- Focused on win rates for single sales opportunities (deal-based)
- Replicable processes in place
- New business hunters and existing account farmers
- Disciplined
- Specialisation in customer verticals
- Consultative selling
- Multi-level selling
- Solid value propositions

### Characteristics of the excellent sales team in the new norm

- Focused on developing business within accounts/sectors (account-based)
- Relationship building with extensive use of tools
- Basic replicable processes in place as a foundation
- Business developers
- Disciplined but able to innovate on top of constraints
- Specialisation in customer verticals
- Consultative and strategic selling
- Multi-level selling
- Generic, solid value propositions plus customer specific true business cases, including detailed ROI

of basic approach are always difficult and at the moment many sales teams are still struggling to meet targets after a period of sheer survival.

Although some of the trends and emerging models are becoming clearer, there are still very few role models to follow, but as with most aspects of business in the new norm, if you wait for the model to be well established then you will be too late.

The good news is that many of the steps can be taken incrementally, and change can be started on a small scale immediately, with recognisable gains in fairly short timescales.

In talking with most senior sales management it is evident that the biggest challenge may be their own psyche. As one sales VP said to me recently: "This all makes sense, but all I know about selling is grounded in the 1980s — it's stood me in good stead and I've been very successful. Times are still tough, so how am I supposed to take huge risks with this stuff?"

You have to sympathise with sales VPs in this situation, just as you could have sympathised with cavalry officers at the start of the First World War.

But things will never be the same again in the business world. In sales we need to accept that a new norm is emerging and embrace it with enthusiasm. There are lots of younger more adaptable companies emerging, with people entering the sales profession who automatically manage their networks better (by intuitively using the new tools), who think it perfectly normal to react 'at Internet speed' and who think that the outmoded messages from the 1980s about macho hunters and friendly farmers is simply no longer of any relevance today. As the Facebook generation gains more and more influence in our customer organisations, so it will force changes from suppliers — by voting with purchase orders.

*Contributor Steve Hoyle* is a founder of ProAct Business Development, a specialised global training and consulting business focusing on sales and sales management issues. He can be contacted on 01372 459301 or [steve.hoyle@proactbd.org](mailto:steve.hoyle@proactbd.org)