

Unwinding the Confusion of Inside Sales

For someone trying to say something intelligent about inside sales it seems that while we were in the huddle scratching our heads, someone moved the goal post. They also moved the line of scrimmage.

Inside sales doctrine has for most of the last twenty years been constant; we needed to turn our order takers into real sales people. We needed to get them to use basic sales skills. We were moving from the traditional *customer service rep* to real *inside sales*.

For about five years we have been defining *advanced inside sales*. The idea was that these inside salespeople not only used basic sales skills, but that they used the kinds of skills that only really good outside salespeople had.

Then we discovered that some companies don't want or need inside salespeople. What they need are really good customer service reps. Let's teach them not to sell anything, but to be really good at taking orders.

It's all very confusing. Until you look at what's happening to distribution and to the distributor's selling system. Traditionally — for most of the history of distribution — we designed inside sales around what we needed. Outside sales did the selling; inside sales (or whatever we called them) provided product expertise, back up for outside sales, and a lot of semi-clerical work. Some distributors went from there to designing the inside sales function around what the customer needed, emphasizing responsiveness, communication between inside and outside sales, and giving inside sales some of the sales functions normally reserved for outside sales.

The problem with that was that we defined our customer as anyone who bought what we sold, or — if we had done Activity Based Costing — anyone who bought enough of what we sold to be profitable. Because we were selected by our customers, we had to meet their needs, whatever they were.

This means that we are in our traditionally reactive position. Because of the complexity of the marketplace, the increasing demands of our customers, and the pressures on margins, we need to move from reactive to proactive. In designing our selling system, including inside sales, we need to begin not with what we need or even what our customers need. We need to begin with our business model, essentially a statement of the business we are in.

This is similar to what Treacy and Wiersema described in *The Discipline of Market Leaders*. They said that management had to choose what the business was to be — Operationally Excellent, a Product Leader, or Customer Intimate. However, it goes a step further; instead of three options, there are an infinite number, based on how we describe our market. Perhaps the easiest way to get to a working definition is to describe our ideal customer.

The ideal customer is one that both meets our needs — size, geography, business — and values what we bring to the partnership. A company providing VMI to manufacturers and selling not product price but reduction in process cost might describe their ideal customer as: *a large manufacturer with a critical need for (fill in your product type) who is intent on reducing expenses and is within 50 miles of an existing branch.*

This becomes the basis for our business. It means that we will be selecting our customers every bit as carefully as our customers select their vendors. Instead of the usual three characteristics that we use for qualifying customers, there will be a fourth, all important one: is this our type of customer. We will then develop processes aimed at being the best choice for that type customer.

We cannot, of course, be all things to all people, but we can — with proper planning — be the very best connection for some people.

It may seem that we are a long way from the original subject: inside sales. Not really. Once we have chosen our customers, all of our functions — inside sales, outside sales, warehouse, accounting and everything else — have to be designed to serve that type of customer. And, unfortunately, the most wrenching change may be in inside sales.

Determining how to redesign inside sales to best meet the needs of the ideal customer is a three step process, resulting in what might be termed a customer-centric position description.

Step 1: Identify what the customers need from inside sales. In this case, “customers” is broadly defined, including external customers (represented by our ideal customer and its employees), internal customers, and the company as a customer. (For those who have difficulty envisioning the company as the customer of an employee, consider that this is where we find such important needs as profitability and productivity.)

It’s important at this step to identify all of the customers. For instance, external customers of inside sales includes purchasing, receiving, and accounts receivable at the customer company and the customer company as well. Internal

customers usually include outside sales, warehouse, accounting, and management.

Step 2: determine what inside sales must provide to fill those needs. If, for instance, the customer’s receiving needs accurate shipment, one of the requirements for inside sales is accurate order entry. If one of the company’s needs is profitability, the requirement is the use of good sales skills and proper pricing. Once you have identified the requirements corresponding to the needs, you have the basis of the redesigned inside sales position description.

Step 3: determine what you have to do to make it possible for your inside salespeople to succeed. If the inside salesperson is expected to actually sell, then not only is it management’s responsibility to provide the requisite knowledge and skills, but it is also management’s responsibility to make certain that the right person is in the position. It is probable that not all of your existing inside salespeople or customer service representatives will match the redesigned position. It is nearly certain that they will not have all of the skills and knowledge that they need to be successful.

There is little that any consultant or distributor can say about inside sales that is unarguably true. Except for one thing: if you have not examined inside sales (and your other functions) in the light of where you want to go, you will probably be pushed down an unprofitable path by an unfriendly market.