

"*Sales Growth* belongs in the selling-as-science school. The book argues that data, process management and outsourcing can do as much for sales departments as for other areas of the corporation. This book, which finally gives the field some proper attention, is long overdue." —*The Economist*

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# SALES GROWTH

== SECOND EDITION ==

FIVE PROVEN STRATEGIES  
*from the*  
WORLD'S SALES LEADERS

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BAUMGARTNER | HATAMI | VALDIVIESO

Foreword by MARC BENIOFF  
Chairman and CEO, Salesforce



# **SALES GROWTH**

Five Proven Strategies from the  
World's Sales Leaders  
**Second Edition**

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**WILEY**

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## PRAISE FOR SALES GROWTH

"Improving sales performance with methods and tools is a must. A refreshing change beyond the common focus on back-office and operational excellence. This book is fact-based and takes a unique customer perspective. I have no doubt that the practical insights laid out here lead to sales growth."

—*Michel Crochon, Executive Vice-President, Schneider Electric*

"*Sales Growth* is sales wisdom condensed in a book. I have recommended this book to many of my sales executives who tell me it's helped them look at the sales function with a fresh perspective."

—*Joydeep Mukherjee, CEO, HR Johnson*

"The new edition of *Sales Growth* sheds lights on presales, a critically important function in sales management, but one that is often overlooked."

—*William Hendrickx, former President EMEA, Alcatel Lucent*

"*Sales Growth* is an outstanding book, sharing deep insights into the processes embedded in great companies. It is a 'must read' book for any company aspiring to outperform its industry. I have personally worked on the principles the book sets out, and seen them deliver exceptional results."

—*Vivek Agnihotri, Executive Director & CEO, Prism Cement*

"This book is a must-read for sales executives in emerging markets. The research and practical ideas clearly spell out how to create a global sales strategy with a local edge."

—Ricardo Villela Marino, CEO, Itaú Latin America; Board Member,  
Itaú Unibanco

"The authors' perspectives on the future of sales management are intriguing and thought-provoking. This book is essential reading for senior sales executives."

—Sunil Rayan, Director of Sales, Google

"If timing is everything, then *Sales Growth* has it made. We are at an inflection point where massive changes in technology and customer behavior point to growth opportunities. This book provides a critical blueprint for bridging those opportunities—both those in the future and right in front of us."

—Richard Kellam, former Chief Customer Officer, Mars

## FOREWORD

I've always wanted to start a company. I grew up watching my father build a chain of apparel stores, and I started my first business, Liberty Software, when I was 15. A friend and I wrote computer games (*Crypt of the Undead* was one of our first), my grandmother wrote the music, and we sold them to Atari. In college, I ran the company out of my dorm room; I studied entrepreneurship, and interned at Apple, where I wrote code for the Macintosh and became enamored with the "Think Different" mind-set that permeated the organization, from the revolutionary products the company built to the pirate flag flying on the roof. Early in life, I knew I wanted to create new products, encourage revolutionary ideas, and build a distinctive culture in my businesses.

So it came as a great surprise when, upon college graduation, my entrepreneurship professors told me not to start my own business but instead get "real-world experience." Specifically, they urged me to take a sales position that focused on building relationships with customers. They called it "carrying a bag."

I was less than enthusiastic. A career in sales wasn't anything close to the path I had envisioned for myself. Yet this turned out to be some of the best business guidance I've ever received. It certainly changed my life and deeply influenced the company I ultimately did create.

After graduation I accepted a job at Oracle answering its 1-800-number. I didn't want to be a 1-800-number operator, but soon I discovered that working with the customer was a lot easier and a lot more fun than writing code. It also taught me the value that guides everything we do at Salesforce today: nothing is more important than customer success, and sales is the entry point to learning how to make the customer successful.

Anyone on the front line has incredible access to information about the customer, the competition, and the changing market. Sales gives us the intelligence necessary to know our customers, deliver the right products, and compete. It's really the heart of an organization, the vital connection to the customer—and far too often it's overlooked.

During my career, I've had a chance to see sales from every angle. Early on, through my work as a salesperson, I understood the value of a program that would allow people to track leads, manage contacts, and keep tabs on account information. I also knew the traditional systems we had, which were expensive to buy, time-consuming to implement, and difficult to use, could be vastly improved. Observing the trends that were happening in the consumer world, I thought that sales-force automation and customer relationship management products could better serve customers if they were sold as a service and delivered over the Internet, which would make these pivotal products faster to implement, easier to use, and far less expensive. So, in 1999 I founded Salesforce with a new technology model, the cloud; a new business model, pay-as-you-go subscription services; and a new philanthropic model, donating 1 percent of Salesforce's product, 1 percent of Salesforce's equity and 1 percent of employees' time to help nonprofits fulfill their missions.

At the time, I had no idea that we would ultimately evolve our service to other areas, such as customer service, marketing, and analytics, and also develop a platform on which others could build new applications. But that is what our customers showed us they needed.

Today, we are leveraging the cloud, social, mobile, data science and Internet of Things technologies to help businesses connect and collaborate with their customers in new ways. Companies like Unilever, State Farm, and Mattel are using our technologies to transform themselves into customer-centric enterprises that can go faster, better align their organizations across business groups and functions, and be more innovative.

This technology shift is more profound than anything we've seen, and is transforming the way we sell. Buyers are engaging with brands in ways never before possible. We are now working in a world in which everyone is trying to determine how to best leverage technology to sell, but this does not mean that technology replaces sales. Too many companies have cut sales departments or neglected to nurture them.

This is not a time to diminish sales; it's a time to reassess and reinvent it. As technology evolves and the world becomes more interconnected, companies need to implement the right strategies and right services to get

better at selling. Having a dedicated, enabled, and passionate sales team is the way companies grow. By managing and motivating sales to develop trusted relationships with customers, and by using tools to make the process more transparent, collaborative, and strategic, companies can deliver sustained and consistent growth.

As the CEO of Salesforce, which has more than 150,000 customers, I meet with thousands of CEOs every year. In my own business as well as those of our customers, I witness how sales is being transformed. In this digital era, sales reps aren't lugging around briefcases full of purchase orders—they are closing deals on their phones and tablets in real time. Companies are creating one-to-one journeys for their customers that traverse sales, service, and marketing. And every part of the selling process is more intelligent, data-rich, and quantifiable, allowing sales teams to connect with their customers in entirely new ways.

Given the critical value of sales and how the digital revolution is transforming it, one would assume that business experts and business school professors would be cranking out reams of rigorous research and filling journals with insights on sales topics. Surprisingly, this is not the case. The topic of sales management is sadly underresearched, especially compared with the massive amount of material available in other business disciplines such as marketing, operations, or leadership. It's incredible to consider that business students can earn an MBA without ever attending a class on sales. Top journals devote less space to sales than to other management areas, and few, in fact, recognize sales for the important management practice that it is. There has been no great business book that offers a comprehensive, scientifically grounded analysis of sales as a discipline today—until now.

*Sales Growth: Five Proven Strategies from the World's Sales Leaders* leverages the leading minds and data of McKinsey & Company to fill the gap in sales-management research. It puts sales management back where it belongs—at the center of management thinking about what makes businesses successful.

McKinsey is a trusted adviser to the world's leading businesses and institutions, and reading this book is like walking into a room where more than a hundred of the world's sales leaders are openly sharing their perspectives on the most pressing issues they face. In addition to the stories and case studies woven through the text, there are exclusive interviews with sales visionaries from some of the very best sales organizations.

From finding opportunities ahead of the competition to making the best use of multiple channels, boosting sales performance, and providing real



sales leadership—this book covers all the bases. For each topic, the authors share insights, examples, and case studies that are instantly adaptable to any business. Readers gain access to McKinsey's network to learn how other sales executives have found hidden pockets of growth in geographies and sectors where they thought they knew all the possible leads. They can see how sales leaders manage channel partners to represent their brands as well as their direct reps do. They can learn how to adjust their sales strategies to win in emerging markets or find the best way to develop sales DNA in their organization.

In this second edition of *Sales Growth*, the authors have built on strong foundations with new research and additional interviews. The new edition also incorporates some of the changes in the field over the past few years, such as the impact on sales growth of increasing automation and outsourcing. But the underlying message of the book remains the same. Sales is both science and art, and the knowledge, research, and expertise in this book will help sales leaders make sense of what's happening in the rapidly changing business world and equip them to build organizations positioned to succeed in the next decade and beyond.

Marc Benioff  
Chairman and CEO  
Salesforce

*One of the pioneers of cloud computing, Marc Benioff founded Salesforce in 1999 with a vision to revolutionize the enterprise software world with new models for technology, business, corporate philanthropy, and management. Under his visionary leadership, Salesforce has grown from a groundbreaking idea into a Fortune 500 company and the number one customer relationship management platform. Salesforce has been ranked by Forbes as one of the world's most innovative companies over the past several years, and by Fortune as the world's most admired company in the software industry for three years in a row.*

## PREFACE

**W**hen we wrote the first edition of this book in 2012, we were confident we were breaking new ground. Nevertheless, we were still surprised by the overwhelming reaction from readers. While we were gratified by the 30,000 copies read by sales executives around the world and the countless social-media posts and extensive publishing attention, what struck us was how the conversations about the role of sales in driving above-market growth had reached a completely new level.

This feedback and requests for more insights drove us to write a new edition, which is what you are holding now. What's new? There are three entirely new chapters covering the role of presales, the benefits of marketing and sales collaboration, and a forward-looking view that reimagines what sales might look like in the years ahead. We have also made major updates to the chapters on digital channels, big data, direct sales, and channel partners to incorporate the latest trends and how they're affecting sales. In addition, throughout the book, we've layered in new examples and data based on recent McKinsey surveys of buyers and sellers, and on conversations with many more market-beating sales leaders.

For all the changes, this edition has remained close to its roots: a book for sales executives by sales executives. In that spirit, we have added 20 completely new interviews with sales leaders across many industries: from consumer goods to power generation, from financial services to high tech, and from manufacturing to logistics. These stories from the "front lines of sales growth" are rich with insights into how leading companies use the five sales strategies to deliver growth that beats the market.

These case stories are not just illustrations of how you should think about sales management. They are proven strategies. Together, they comprise a roadmap to tangible top-line growth and bottom-line improvement.

Few if any companies will tackle all five strategies covered in this book in one program. But we are convinced that the insights, examples, and lessons here can deliver significant growth. This book is a record of experimentation, of innovation, and often of courage. We trust it will provide you with a blueprint to pursue sustainable sales growth.

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