DIGITALIZING B2B SALES

COMPREHENSIVE DIGITALIZATION OFFERS THE POTENTIAL FOR SIGNIFICANT IMPROVEMENT

Wolfgang Weger, Henning Tielker, Andreas Nienhaus
The sales function in manufacturing companies needs to be transformed to meet changing customer preferences and improve sales force effectiveness. Digitalization can enhance sales performance in numerous ways, from creating a new sales channel, to productivity enhancement tools, and on to advanced analytics.

Over the past decade, companies have begun to upgrade the sales function and have invested in technology to manage the sales force or improve the sales process. Initially, the effort began with the implementation of customer-relationship management (CRM) or management information system (MIS) tools that improved transparency and allowed better management of the sales funnel and overall sales performance. While helpful from a management perspective, these tools consumed the time of the sales force and were perceived as a burden. Consequently, adoption rates were low.

Recently, manufacturing companies have broadened their efforts to digitalize sales. Most initiatives in manufacturing companies have focused on two areas: first, digitalizing customer interaction and the sales process through online shops, portals, and apps; and second, improving sales performance/effectiveness through digitalization/automation and improved tools.

**COMPANIES HAVE YET TO FULLY EMBRACE DIGITAL**

Today, there is not a single meaningful company that has not launched or implemented some digitalization initiatives (such as launching an online store with or without guided selling elements or apps). Nonetheless, there is room for improvement, as companies have yet to embrace digital B2B and online sales fully.
An analysis of the 30 biggest German manufacturing companies found that only a minority of the firms uses at least one product configuration tool, one-third has online shops or portals for customers, and just 40 percent have apps to provide basic information and services for customers. It resembles more a piecemeal than a serious effort to change or re-align the overall go-to-market strategy. Just adding another channel will very likely become too expensive in the long run. The proper setup and commercial model in a multi-channel environment is missing in many cases.

On a more operational note, many online stores and portals have been developed from the inside out, without taking customer behavior and supplier expectation into the equation. Creating a seamless digital customer journey is critical and essential to create and maintain customer loyalty.

**DIGITALIZATION OF SALES FUNCTION AND PROCESSES IS PIECEMEAL**

Surprisingly, the typical sales representative’s use of time has not improved over the past decade, with too little time spent on customer-facing activities. Indeed, more than half of their time is devoted to internal/administrative tasks.

Companies are trying to attack this situation by digitalizing some process steps. But many have lacked a comprehensive approach. Typical areas of digitalization included: 1) reducing administrative tasks by digitalizing existing functions such as e-signatures or integrating information smoothly and swiftly into customer presentations; 2) Improved lead qualification and hit rate via guided online selling; or 3) maximizing the value of the customer interaction through up- or cross-selling.

The focus of solutions is shifting towards the front-line, tablet-based tools that make it much easier for sales representatives. Easy-to-use tablets have seen high rates of adoption.

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**15-25% Improvement of sales contribution can be achieved through digital transformation of sales**
ADVANCED ANALYTICS IN SALES IS BEING UNDERUTILIZED

Our view is that applying advanced analytics to the sales function is an important lever that can contribute significant growth at manufacturers. (See Exhibit 1.) We recognize that advanced analytics and artificial intelligence (AI) are barely used to improve sales and commercial effectiveness at manufacturing companies. There may be multiple reasons why companies still shy away (such as lack of analytic capabilities or proper data model/data lake). However, we would encourage senior leaders to make use of AI in sales, as we have seen the difference it can make.

Exhibit 1: There are a few success factors in implementing ideas and new concepts

<table>
<thead>
<tr>
<th>CLEARLY DEFINED USE CASES</th>
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<td>Sharp target picture of the use case and purpose of the tool in its future operational environment</td>
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<th>FROM THE FIELD – FOR THE FIELD</th>
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<td>Typical adoption rate after six weeks is 80%</td>
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<td>Sales reps’ needs at the center of any new concept</td>
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<th>AGILE DEVELOPMENT IN SPRINT</th>
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<td>Rapid iterative process to assure quick results and development close to the users needs</td>
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<th>FROM &quot;BIG IMPACT&quot; TO &quot;BIG DATA&quot;</th>
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<td>Starting from the desired impact, it will then be decided which actions, insights and data will be needed</td>
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Source: Oliver Wyman analysis
Use cases to apply advanced analytics in sales are manifold and company-specific. Examples include:

- A big data-based approach to customer segmentation as the basis for redesigning the sales focus, resulting in 5-to-7 percent revenue increases in key markets
- AI-based churn-prediction modelling that provides better predictions and helped the sales force reduce churn dramatically
- An intelligent cross- and up-selling engine that provides recommendations for the sales force and yielded 60 percent higher revenue

It is the combination of new insights generated through advanced analytics and tools that are designed from the field for the field that increase acceptance. Digitalization has great potential to upgrade the effectiveness and efficiency of sales at many manufacturing companies. The time to take the leap is now.

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