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Mastering digital transformation in sales: A research agenda going forward – Dr. D. Rangarajan, Dr. P. Guenzi, Dr. T. Kaski

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Introduction

As buyers increasingly become more tech-savvy and consequently more demanding, it is imperative that sales organizations keep pace with their customers and work on a digital transformation strategy. However, a look at the literature in the sales domain mainly focused on how sales organizations have struggled to deal with implementing new technologies in the work place resulting in mixed outcomes. The purpose of this paper is to elaborate how sales organizations need to better deal with the digital transformation that their organizations are going through and consequently suggest a research agenda on the same.

As mentioned earlier, along the technological developments that seem to be embraced by buyers include online buying like – e-commerce and mcommerce, where that market is estimated to reach 12 trillion USD by 2020 (Frost and Sullivan 2017). Simultaneously, “amazonification” of commerce has elevated customers’ expectations, where in B2B customers get amazing experiences from players like Amazon and bring the same expectations from their B2B suppliers. In addition, B2B customers increasingly use social networks to communicate with other buyers and do their research about their suppliers. B2B customers today prefer to use the internet to do their own research rather than rely on the salesperson- who they usually consider to be biased in the information that they share. B2B customers expect to find customized and relevant information from their suppliers prior to communicating with salespeople. Today, customer should be in the centre of everything, and the suppliers would offer him/her optimized and personalized purchasing experience over the end-to-end purchasing journey and across all the channels customer may prefer to use. These trends have forced sales organizations to consider ways by which they need to transform digitally to keep pace with their customers and be one-step ahead of their competitors.

Sales and marketing literature is beginning to focus on how firms can harness technology to gain sustainable competitive advantage. Research by Kumar et. al (2016) looked at how a firm used social media campaigns to draw more customers into the stores. There has been work on how salespeople can harness social media to become successful (e.g. Rodriguez, Ajjan and Peterson, 2016). Additionally sales literature is focusing on how new roles in sales like inside sales are being used to create hybrid sales strategies with existing external sales forces to help sales organizations better efficiently use their

resources. Recently, Syam and Sharma (2018) explored how artificial intelligence (AI) may shape sales practice across the sales process. In the supply chain literature, there is a renewed focus on how advances in big data can help organizations better forecast sales using predictive analysis. E-commerce has been shown to impact buyer-seller relationships (Deeter-Schmelz and Kennedy 2004). Finally there is plenty of sales research that has focused on how sales force automation implementation has affected the sales organization (e.g. Jelinek et al., 2006).

It is interesting to note that sales and marketing research have mainly focused on specific technologies to understand their impact on the sales organization, but to the best of our knowledge, little work has been done on understanding how all these technologies existing in tandem affect the sales organization. Additionally there is not too much research that focuses on how the digital strategy of a firm (that includes the various digital tools available today) matches the organizational strategy of the sales organization and consequently how the operationalization of the strategy is carried out. This is interesting considering practitioner research that has insisted on the alignment between the digital strategy and the corporate strategy of a firm as being key to how organizations successfully harness digital technologies (Matt, Hess and Benlian 2015). Therefore, in this study we set out to understand how organizations focused on digital transformation can master the same and propose a structured method to achieve the same. We contribute to the sales literature by identifying possible research questions in each of the digital transformation steps.

Digital transformation Basics

A quick scan on the internet yielded multiple definitions of the term digital transformation, but the one we think best captures it is: "Digital transformation is the profound transformation of business and organizational activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact across society in a strategic and prioritized way, with present and future shifts in mind." (<https://www.i-scoop.eu/digital-transformation/>). We think this definition is apt since digital transformations begins with an organization have a strategy about how to harness digital technologies to fulfil both the customers and its ambitions, but it also focuses on how it is critical for firms to understand how their existing business models and activities need to readjusted to fit the changing buyerscape.

Matt, Hess and Benlian (2015) suggest that when undergoing digital transformations, firms need to have an established strategy in place, taking into account the impact this strategy is going to have on the organizational structure as well as the change in organization wide processes to accommodate the new technologies. They go on to add that it is critical to have good governance to ensure that these transformations yield the desired results.

Matt, Hess and Benlian (2015) suggest that from a business centric perspective, digital transformation strategies should involve transformation of products, processes, and organizational aspects- arising due to use of new technologies. However, an organization that focuses on technologies to help itself rather than helping the customer is most likely to fail in its implementation (Rigby et. al 2002). We suggest that organizations that orient themselves around customer centricity are more likely to succeed, as they tend to align their organizational structure, processes, and governance mechanisms to ensure that the needs of the customers are met.

Digital transformation of the sales function

A quick review of recent sales literature identifies how sales organizations need to reconsider their sales strategies to keep pace with changes in the customers organizations (Paesbrugghe et. al 2018). A significant change in the way customers buy today has been influenced by technology and this in turn has led to an increased use of digital technologies in the sales process. Literature in the sales domain has mainly looked at the use of social media in sales including social selling (e.g. Moore, Raymond and Hopkins, 2015), CRM technologies in sales (CRM). It is interesting to note that while literature has mainly focused on these technologies, there is not too much literature that focuses on the impact of other technologies like marketing automation, sales enablement, virtual reality, meeting mediums on the sales process. Another aspect that needs to be taken into account is while each technology might have its own advantage, lack of a coherent strategy that involves understanding the sales process and how technologies can help the changing sales process is critical if organizations need to be successful in utilizing the full potential of the new technologies.

In order to shed more light on this literature, we propose a step wise approach to a digital transformation of the sales function. Digital transformation is a specific example of change management. Literature suggests that successful change management implies a consistent and coordinated set of actions at multiple levels. In this perspective, a useful and well-established framework in the managerial literature is McKinsey 7S model (Waterman, Peters, & Phillips, 1980). As Palatkova (2011, p.46) pointed out, the 7S model “can be helpful when examining prospective effects of future changes within an organization.” (p. 46).

Specifically in our research, we will be restricting ourselves to how the 7S should be investigated to shed light on the impact of digital technologies on sales organizations:

1. Strategy: Aligning the sales strategy to an organization’s strategy

Literature on sales has mainly focused on how one particular technology- Sales force automation (part of CRM) has failed to consistently deliver on its promises, owing to lack of a clear sales strategy that aligns with the corporate strategy (source). A quick look at the work by Zoltners et. al (2008) suggests

that use of digital technologies is relevant only when an organization has aligned its sales and marketing strategy to the organization's strategy. They argue that an organization's strategy will dictate the kind of solution offerings to be offered to distinct customer segments, which in turn will affect the sales process and the various sales roles associated with the same. It is this sales process carried out by the different employees in sales functions that will determine the right kind of digital tools aimed at helping the organization achieve its objectives.

For example, an organization that decides to focus on selling commoditized offerings might choose an e-commerce platform as against a direct salesforce, whereas an organization with a complex value offering might need to equip their salespeople with sales enablement platforms to meet the diverse needs of their customer's decision-making unit. Similarly, when dealing with more knowledgeable customers, sales organizations might want to use more marketing automation tools and account based marketing tools.

Yet all of this calls for better integrated communication between marketing and sales and creation of new functions in support of marketing operations and sales operations? In addition, the increased focus on more tools to gather information about customer's will also necessitate the need for new functions and capabilities- which should be the focus for future research.

2. Structure: work on busting silos

Gulati (2007) argues that one of the reasons most organizations struggle when going through any change, is because of their focus on a silo-oriented thinking, where people from different functions do not necessarily work together towards a common goal. This has been evident, for example, in the work on marketing and sales alignment (Guenzi and Troilo 2007), sales and operations (Paesbrugghe et. al et. al 2018), and also in the research by Plouffe et. al (2016) where they find that salespeople need to work more persuading their internal teams more than persuading customers or third parties. Considering the disruptive nature of digital technologies, and the organization wide change and potential impact they imply, it seems of paramount importance to investigate how can sales managers get the buy in from their salespeople and other internal stakeholders during times of digital transformation.

3. Skills: re-define sales processes to the digital era and rethink sales resource allocation

Recent research by Paesbrugghe et. al (2018) highlights the changes occurring in the customer's procurement function that is forcing sales organizations to re-evaluate their sales strategies. While their research offers higher-level insights, sales managers need to understand that for their sales strategies to succeed they have to understand how sales processes are being redefined in the digital era. Consider the findings from Adamson, Dixon, and Toman (2012) that state that close to 57% of a

buying decision is made before a salesperson is contacted, or the findings from Gartner (2017) that state that there are around 6.8 members in the customers decision making unit that the salesperson has to deal with, or the work by Forrester (2017) that more and more B2B customers prefer to buy online rather than in traditional formats. All this has meant that sales managers need to understand how to better rethink their sales strategies to account for new technologies to help their salespeople while also rethinking how to look at customer portfolios and use digital tools to help allocate their sales resources better. In some cases, this has necessitated sales organizations to rethink their whole go-to-market strategies. This implies that more research needs to understand how digital technologies are being deployed to help sales managers achieve their targets while creating value for their customers.

4. Systems: how will digital technologies transform training& development systems, and performance management systems?

Literature suggests that supporting systems like training act like supporting systems in times of technological change and can therefore be of fundamental importance to facilitate technology adoption (Jelinek et al. 2006). In the case of digital transformation, transformation sometimes refers exactly to how salespeople are trained (e.g. online digitalized repositories of contents), and implies, much more than in the past, self-service, fully customized approaches to competencies development. The effectiveness, efficiency and impact of the digital transformation of training certainly deserves attention by scholars. Another interesting research area refers to the performance measurement systems: digital technologies exponentially increase a company's ability and opportunity to collect and analyse much more and much better information on their sales force on a number of extremely specific KPIs. The implications of this digitally enabled transformation on sales force control systems, as well as on the related reward systems, call for investigations by academics.

5. Staff: how will digital technologies transform the capabilities of salespeople?

Do digitally-enabled salespeople need to be different from the "traditional" members of a sales force? To date, the scant literature on the topic has only scratched the surface of this key question, investigating almost exclusively the impact of age differences on technology adoption. However, digital transformation requires a much deeper understanding of the success factors of salespeople in a technology-focused business context.

6. Shared values (Culture): which corporate cultures will facilitate the digital transformation of sales organizations? Will digital technologies modify the values of sales organizations?

Most studies on change management highlight that changing the culture is one of the most important success factors and, at the same time, probably the most difficult organizational aspect to modify. Digital transformation projects are probably no exception, but the literature is almost entirely absent

on this topic. Should sales organizations involved in digital transformation initiatives adopt new values? If yes, which ones? In addition, how should they effectively be instilled into the organization. As an example, in their analysis of the secrets of high-growing companies in the digital economy, Mahdavian et al. (2016) suggest that “Commitment to the future” is the most important aspect differentiating the best performing companies from the weaker ones. This is a value characterizing the prevailing mindset of people in the organization.

7. Style (Leadership): will digital technologies transform the leadership styles requested to sales managers?

As recently highlighted by Angevine, Plotkin and Stanley (2018), a largely under-investigated area in the existing literature is the interplay between the “hard” part of digital transformation (i.e., the technology) and its “soft” part (that is, human beings). Digital technologies are substantially re-shaping the way people work and relate to their colleagues, peers, leaders and followers. Business leaders and influencers play a critical role to drive adoption of digital technologies to reach critical mass, because executive sponsors of the transformation set the tone and maintains momentum. Hence, what kind of leadership is needed in the new scenario? Are the current typologies of leadership styles sufficient to answer this question?

Future Research and Conclusion

The purpose of this exploratory research was to mainly focus on how digital transformation in sales organization is likely to affect the personal selling and the sales management function. We used the McKinsey framework to identify 7 areas that sales organizations need to focus on- if they want to ensure that, their sales force can be enabled to be successful. This framework helped us identify some specific research questions per area that will need sales researchers to focus their attention on.

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