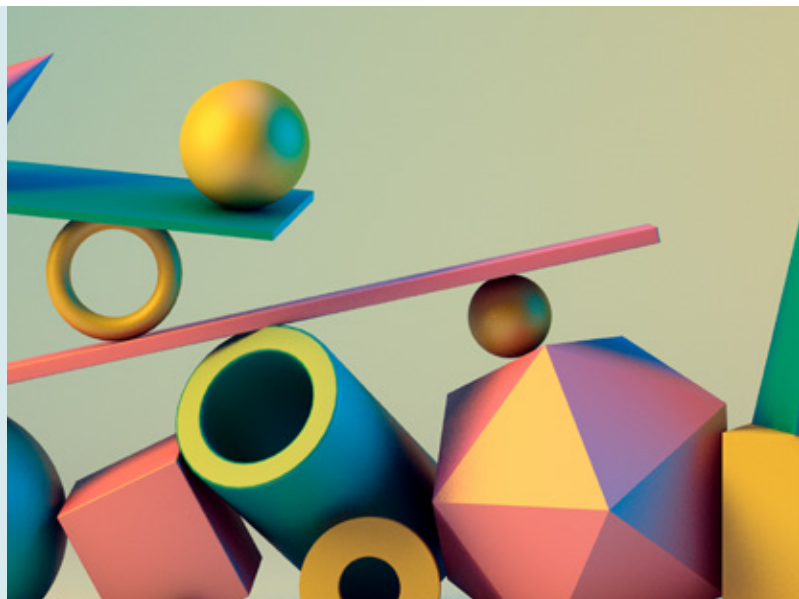


# The Future of Sales Leadership

Insights from chief sales officers in the consumer and industrial sectors



Spencer Stuart has been conducting executive searches and advising clients on sales leadership for several decades. During this time we have witnessed a steady evolution of the sales function, which has grown in complexity, placing new demands on chief sales officers.

Well before the onset of COVID-19, there were signs that the profiles and characteristics of world-class sales leaders were changing. Since the pandemic, we have seen these changes accelerating and new dimensions in sales leadership coming to the fore. The leading factors are:

- » The growing importance of digital and e-commerce
- » New opportunities arising from data analytics, AI and machine learning
- » The need for a flexible go-to-market strategy
- » A shift towards a more consultative approach
- » Diversity is paramount, not least because sales roles are evolving

These changes demand different capabilities in the sales function and adjustments to the leadership style of chief sales or commercial officers. We talked to a select group of sales leaders from market-leading companies in both consumer and industrial sectors; despite product differences they are facing similar challenges and adopting a common set of solutions.

## The growing importance of digital and e-commerce

The pandemic has forced changes to the way sales teams operate and altered the balance between physical and virtual/digital interactions with customers. This has been a positive shift, according to Julie Hamilton, chief commercial officer of Diageo, who believes that in-person sales calls will drop from 95% pre-pandemic, settling at around 60-70%. “The resulting flexible, hybrid model has enabled our sales force to reach more customers and grow outlets, with very little negative impact,” she says. There are implications on the back end, of course. We’ve had to rework our resources and capabilities to create new portals that allow for self-ordering, for example. And we’ve had to improve our data foundations.”

“As the B2B customer journey goes digital, anything up to 75% of purchasing decisions will be made online prior to any contact between the company and the customer,” says Mike Hughes, SVP end to end digital customer relationship at Schneider Electric and former CEO and president, Schneider Electric UK and Ireland. As a result of this trend, sales teams in multiple sectors are being reorganised to reflect different channel activities, using a similar approach to B2C.

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## Data analytics, AI and machine learning

The growth of digital commerce and the fragmentation of channels means that the sales function needs to acquire deeper data management and analytics capabilities. Future sales leaders will be expected to have a sophisticated understanding of how data can improve performance. For Elaine Bowers Coventry, chief commercial and customer officer at The Coca-Cola Company, the pandemic led to a radical change in demand patterns and this highlighted the importance of data, analytics and real-time, forward-looking analysis. “One of the biggest skill sets is the ability to convert consumer insights into tangible growth opportunities for customers,” she says.

“At Coca-Cola HBC advanced analytics becomes a transformative theme,” says Vitaliy Novikov, group digital commerce director, Coca-Cola Hellenic Bottling Company. “In general, at least foundational data engineering and analytics capabilities are becoming a must for CPG organizations playing in competitive markets with complex structures and abundance of choice for consumers. Yet these capabilities are not naturally derived from ‘traditional’ commercial capabilities,” he says. “Integrating these skills into a sales function will require care and attention from sales leaders and a combination of both a compelling vision and a rigorous capability building effort, where capability is defined broadly as talent, skills, systems, and performance metrics, plus the right organizational culture.”

The competition for digital talent is intense. Ram Krishnan, chief global commercial officer of PepsiCo, says that artificial intelligence (AI) and machine learning (ML) are big drivers within the sales function, particularly around net revenue management. “We are looking to hire external talent to jumpstart some of these capabilities, bringing expertise into the CPG ecosystem at the same time as training our existing sales force in these tools. If we just pull people in from a different domain with no experience of our category dynamics and channel landscape, they struggle without help.”

## Route to market talent is needed

As the rise of e-commerce and direct-to-consumer continues to affect the channel mix, sales leaders will become more reliant on data when deciding on go-to-market strategy and resource allocation. However, bringing in digital and data analytics capabilities is not the whole story. In order to fully exploit multi-channel options and reshape the customer journey, sales leaders need to invest in route-to-market talent to help develop a sophisticated understanding of buyer behaviors and to navigate the growing complexity of omnichannel.

“The customer landscape is constantly evolving,” says Vitaliy Novikov. “Advanced analytics give you the data points on what is changing and where, and even what will be changing before the change actually happens, and your route to market management is the practical manifestation of how you apply these changes to your organization in the CPG sector. It requires a 360-degree understanding of your business and the broader ecosystem around it.”

The pandemic provided the opportunity for many sales leaders to reimagine the value chain – to think more transformatively about responding to channel changes. Julie Hamilton anticipates a war for talent in route-to-market as well as digital/e-commerce expertise. “There will continue to be big disruptions in the supply chain and in route to market,” she says. “You need people with consulting skills to come in, analyze all the data points and make recommendations about the make-up of trade – what is right for the market and consumers.”

Some changes in customer behaviors since the pandemic are here to stay and sales leaders will need to adjust their route to market, continually asking themselves whether they need the same sales resources, how should they be deployed, and whether to expand direct-to-consumer, for example, or invest in smarter B2B platforms.

## Consulting is the byword

Advances in digital and e-commerce, and a general trend that customers in many industries favor platform and system decisions over “on the spot” purchases, have resulted in a shift away from transactional relationships towards a more consultative approach to sales. Jochen Olbert, head of the Central Europe region and general manager of Hilti Germany, says that half of the company’s employees are in sales. “Our differentiated products are priced at a premium versus competition and require in-depth explanation of the value-add. We offer a combination of product and service solutions which in many cases involve an integration into the customer’s value chain. Consultative selling is our *modus operandi* today.”

According to Mike Hughes at Schneider Electric, there is a clear transition to “consultancy selling” that focuses on finding creative and customized solutions for end users. This has become a far more demanding and complex job. Sales executives will need to gain a thorough understanding of their customers’ business processes and have the capacity and influencing skills to pull together internal teams of specialists to provide bespoke solutions to customers.”

For Ram Krishnan, relationships continue to be important in the CPG sector, but “If you’re not thinking about omni-channel, how the customer needs to evolve their supply chain, then you’re not adding value. This has implications for the kinds of profiles we hire in the future.”

## Diversity is essential

Traditionally, the sales function in most sectors has been predominantly male. Future sales leaders will be expected to build more diverse functions, not least because sales roles are becoming more sophisticated, evolving away from individualistic ‘hero’ profiles towards greater collaboration and interdisciplinary teamwork. As a result, leaders will need to look in different places for the requisite skills and capabilities.

Julie Hamilton says that Diageo wants multiple dimensions of diversity represented – not just gender or ethnicity. “We are looking broadly and trying to hire the very best people,” she says. “We have policies such as family leave and flexible working that make this a much more interesting place to work for potential candidates.” These policies also encourage movement of talent around the business, including short-term assignments that expose people to completely new roles such as overseas postings, thus accelerating career development.

Ram Krishnan says that PepsiCo puts a lot of effort into making sure the company’s sales force represents the customers that they call on, and on educating people on why the sales function is very different from what it was a decade ago. “COVID has made it even more important for our sales force to reflect the people we serve, especially women and minorities, in all our markets,” he says. “In some ways, the pandemic has enabled us to increase the diversity of our team by opening up the value to approach the sales role in a different way, particularly since some have chosen to opt out in the past due to the amount of travel involved.”

We believe that sales leaders should find it easier to attract more diverse groups into the sales function, in the same way that the backgrounds and skills of people within the buying and supply chain functions are quite different from what they were a decade ago. The nature of the conversation between sales executives and buyers has changed and a more collaborative, data-driven and solutions-oriented approach is needed. The diversity imperative within sales reflects the inexorable drive towards diversity across entire organizations.

## A new style of leadership

Sales leaders of the future will be faced with far greater complexity than their predecessors have had to deal with over the past decade. They will need to be comfortable addressing each of the factors described above, and they will need to lead cultural change in the sales function, demonstrating the following five characteristics:

- » **Empathy.** Sales leaders will need to hone the art of listening, reflecting, understanding context and anticipating customer needs if they are to truly solve their problems. “A lot of salespeople like to act before they think, but the emphasis will be on learning speed rather than execution speed in future,” says Vitaliy Novikov.
- » **Collaboration.** While customer relationship building remains core to the sales function, there will be a heightened need for collaboration internally between functions. “The relationship between the commercial, supply chain and data leaders is critical,” says Elaine Bowers Coventry. Christian Schulz, president global operations and member of the group executive committee at Schindler Group, reports that sales and marketing have become closer since the pandemic, collaborating far more on virtual presentations and sales videos. “You’ve got to be able to influence R&D innovation and brand strategy and connect these into something that’s going to make money for the customer,” says Elaine Bowers Coventry.
- » **Curiosity.** Sales leaders will need to foster a team-based culture in which colleagues are open to new ideas and diverse perspectives – a culture in which curiosity, listening, feedback, robust debate are encouraged and which results in an obsession with customer satisfaction. This openness to new ideas is particularly important as new digital and data analytics talent is brought into the function. In a more virtual world, special attention will also need to be paid to celebrating success and recognizing people for a job well done.
- » **Flexibility.** One of the challenges for further sales leaders will be to create a truly adaptable sales organization that can thrive despite uncertainty. The sales organization of the future will need to be more agile, capable of responding quickly to rapidly changing consumer dynamics and competitive forces. “In CPG there is a bias towards having things predictable and nicely planned,” says Vitaliy Novikov. “But as a sales leader you have to abandon this notion. You need to expect ups and downs and constantly be prepared to redefine priorities.” In practice, this may mean setting a clear strategic direction but then empowering teams to make decisions on the spot and implement them quickly. For some organizations this will amount to a significant cultural change.
- » **Daring.** Future sales leaders will need to create space for more experimentation and risk-taking in their teams – testing new tactics, probing, learning from mistakes and iterating again. This new, bolder way of thinking could equally apply to product innovation, route to market and organizational models.



## The sales leader of the future

Future sales leaders will need to have a broader portfolio of skills. They will need to be fast learners, comfortable with continual change and willing to embrace digital technology. They will lead with purpose and possess exceptional people management skills. They will be prepared to devote a significant proportion of their time to building and looking after diverse teams, developing a strong talent pipeline, and successfully integrating expertise from other disciplines. They will need to bring strong critical thinking skills and be adept at collaborating and influencing across the organisation. As the sales function increases in complexity, today's leaders have an important yet challenging task in finding their successors.



## Questions for sales leaders

1. What is your plan for enhancing your team's digital, AI and analytics capabilities?
2. Do you have the talent to develop and execute a forward-looking route to market strategy? If not, where will you look for it?
3. Are you making the most of the opportunity to hire from more diverse backgrounds? How can you create a more inclusive sales function?
4. What can you do to foster a stronger culture of collaboration?



# SpencerStuart

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## About Spencer Stuart

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Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com).

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