

Sales innovation and revenue go hand in hand

The companies most affected in their revenue have been those innovating the least in their sales networks during the economic crisis.

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The past five years of economic crisis have taken their toll on revenue. These lean times have especially eaten away at prices and consequently profitability. The companies most affected are those bringing fewer innovations into their sales networks.

This is one of the [main conclusions of a survey](#) of 3,000 general managers, marketing directors and sales directors, which was coordinated by IESE professors [Cosimo Chiesa](#) and [Julián Villanueva](#).

The authors point out that the lack of innovation does not necessarily cause shrinking revenue. Rather, the lack of resources due to weaker sales can preclude innovation. Other times, the relationship between innovation and revenue may be coincidental.

A passing grade

The managers surveyed generally approved of the innovation efforts carried out through their companies' sales networks since 2008. More than half considered those efforts either solid or excellent, while only 15 percent rated them as subpar.

Still, most companies said there were many areas that needed improvement. For example, 40 percent considered the performance of the sales force to be far from perfect.

Companies with more than 10 external sales reps were the most prolific innovators. This

could be because those businesses were often larger and more accustomed to working with different sales networks, which created competition between them and placed the focus on raising productivity.

There was also a significant connection between companies that offered more added value and those that innovated the most.

However, these companies were also the ones that failed to size up their competition properly when it came to innovating their sales networks. Companies with lower prices actually did a better job sizing up the competition.

In addition, B2C companies tended to assess their competitors slightly better than B2B ones.

Areas for improvement

Organization, motivation and supervision of sales networks were the areas that experienced the most innovation, while remuneration and recruitment remained stagnant.

Systems for reporting, and analysis of sales data, have clearly advanced the most since the crisis erupted. Half of the companies also cited progress in CRM, while another third made advances in the use of social media networks.

Strategy, logistics, segmentation and training were other areas in which respondents gave specific examples of innovation.

During the next five years, more than half of the companies said they intended to continue innovating in social media networks, reporting and CRM systems.

Vendors and middle managers were the main sources of innovation in the field of sales. Surprisingly, boards of directors and management committees were perceived to contribute the least.

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