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Sales Organization Evaluation Tool

Choosing the right sales model: SBI's top recommendations

Use the following slides to evaluate and choose among SBI's five recommended sales organization structures. Each includes a description, appropriate deployment scenarios, and the respective pros and cons.

1. **Stratification:** Prioritize accounts by size and potential. Suited for high-value targets with complex buying processes.

2. **Hunter-Farmer:** Hunters seek new leads, while Farmers strengthen existing ties. Ideal for businesses valuing long-term customer relationships.

3. **Geography:** A local approach to sales, targeting densely populated areas and customers preferring a local connection.

4. **Industry Vertical:** Specialize your sales team in certain industries, leveraging niche knowledge and industry-specific networks. Best for businesses centered on specific services.

5. **Social Proximity:** Harness the power of relationships in sales areas where connections are paramount. Utilize existing ties to access potential buyers early.

Stratification organization model

This model categorizes accounts based on their size and strategically allocates resources to maximize ROI. It enables sellers to balance efforts across a diverse portfolio and still achieve revenue targets.

When to deploy this structure:

- Significant amount of market potential sits top of market.
- Mid-tier buyers are willing to buy virtually with infrequent visits from a rep.
- Long-tail buyers are willing to engage with inside sales.
- Buying process increases in complexity up the pyramid.

Pros

- Best people are aligned to the best accounts.
- Strategic customers get the attention they deserve.
- Maximizes revenue per head in resource-scare environments.
- Generalists can incorporate SMEs where necessary.
- Customer engagement is driven at the highest levels.
- Selling expenses are aligned with opportunities.

Cons

- Prospects/customers are not managed equally.
- Generalists at lower levels may struggle to sell all products.
- Promotes a feeling of elite vs. regular sales reps.
- Territories may exhibit large geographic dispersion.
- Balancing mix of prospects and customers is difficult without proper segmentation.

Hunter-farmer organization model

This model defines the hunter and farmer role to balance new prospect acquisition with nurturing existing accounts. This approach both expands the customer base and ensures retention.

When to deploy this structure:

- Customer base requires significant account management.
- Customers want to see fewer salespeople.
- The margin is available to accommodate two types of sales roles and management.
- When sales cycles are long, high dollar, and complex.

Pros

- Sales force develops deep knowledge of how to perform sales activities.
- Efficiency is achieved through assigning specific tasks to reps.
- Hiring for specific roles is often easier.
- Recurring revenue is protected with focused resources.
- Selling expense drops over time.
- Enables focused acquisition of top prospects.

Cons

- Deemphasizes customer focus and the relationship that's built during the initial campaign.
- Increased coordination effort when handing off accounts.
- Understanding when to hand off accounts can be challenging.
- Time to results can take longer.
- Increased management headcount raises selling expense.

Geography-based organizational model

This model aligns sellers with specific locales to leverage local market nuances and build regional networks. This allows for deep understanding of local preferences and market trends.

When to deploy this structure:

- Customers are densely populated in geographic locations.
- Customers want in-present support when they have a problem.
- A generalist vs. specialist model would benefit customers.
- If there's a need to keep travel and expenses (T&E) costs low.

Pros

- Plays to customers' desire for generalists.
- Provides customers with local and state knowledge.
- Cost containment, i.e., it keeps T&E expenses low.

Cons

- Doesn't align the best sales resources with the best opportunities.
- Each geography needs committed resources.
- Smaller accounts can inadvertently consume resources.
- As the product set grows, it becomes more difficult for reps to have expertise.
- Talent pool is potentially reduced by being location-specific.

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Industry vertical organizational model

This model focuses on navigating industry-specific challenges and building targeted expertise. Sellers can better address specific pain points by having in-depth knowledge of a chosen industry.

When to deploy this structure:

- Customer base requires significant subject matter expertise for their industry.
- Significant margin is available to accommodate multiple role types in the same geography.
- When sales cycles are long, high dollar, and complex.
- It is more common in services companies, as opposed to product-centric ones.

Pros

- Salesforce develops deep knowledge of how to sell into specific industries.
- There's a potential to leverage referral networks via industry-specific groups.
- Can obtain premium pricing based on need for expertise.
- No need for SME support.

Cons

- Selling expense becomes very high.
- Reps require larger geographies to meet their goals.
- T&E expenses can escalate.
- Increased management headcount raises selling expense.

Product organization model

This model organizes around specific products or lines of business to navigate product-specific sales cycles and customer queries expertly, allowing sellers to tailor strategies to unique product features.

When to deploy this structure:

- Customers require deep product knowledge and expertise in product deployment.
- The product or product set can support a dedicated salesforce.
- Number of products goes beyond the ability of one rep to acquire necessary expertise.
- It's best for siloed product organizations with business unit/general manager leadership.

Pros

- Customers need to understand the value the product delivers.
- Customers need to comprehend implementation requirements to be successful.
- Ensures faster results for new products.
- Reduces the sales cycle for new products.

Cons

- Customers may become confused with multiple sales reps calling the same accounts.
- Selling expenses increase when the account base is widely distributed.
- Limited cross-sell/up-sell opportunities, due to siloes.
- Product sales teams become over-resourced as market saturation is reached.

Social proximity organizational model

This model leverages existing relationships to gain access and navigate buyer-specific challenges more effectively. It relies on establishing trust to facilitate sales.

When to deploy this structure:

- Access to high-level buyers is difficult.
- Marketing has not been able to stimulate enough demand.
- Evangelical sales require building and using relationships to gain access.

Pros

- Reps can gain access to buyers based on relationships.
- Reps can get into sales early to stimulate latent demand.
- Opportunities can be created through strong referral networks.
- Sales can provide key insights tailored to a recognized buyer community.

Cons

- Customers may become confused with multiple sales representatives calling the same accounts.
- Potentially larger territories can increase selling expense.
- Reps need to be product/industry generalists.

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