



Promotion Optimization Institute, LLC

Industry Research and Best Practices

Change Management for Sales Organizations

Introduction

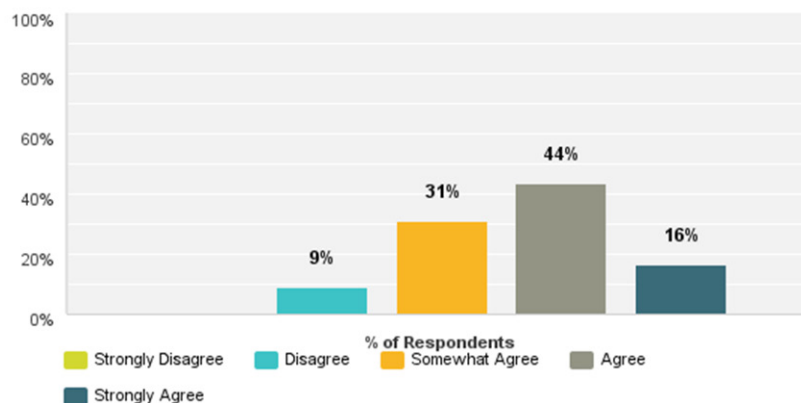
Consumer goods manufacturers spend millions of dollars each year on enabling technology, and tools for the field sales organization are consistently a top area of investment. However, if a sales organization refuses to adopt a solution or doesn't utilize it to its full potential, then the return on investment is severely diminished. While we do not know exactly what the cost of a poor or non-existent change management plan is because each deployment is very different, we do know that change management is a constant struggle.

Analysis

Sales organizations pose unique challenges when deploying enabling technology because they often work remotely, are a large body relative to the rest of the organization, and the nature of what they do is critical (i.e. engaging with customers and driving revenue). Considerable time and money is devoted to the selection, configuration, integration, and deployment of a sales technology. Often, a conscious strategy for driving the behavior change required by salespeople to leverage the technology is left to chance or as a last step. It can even lead to sales technologies being completely rejected by a field force.

The following charts show how respondents to the Promotion Optimization Institute (POI) 2015 TPx and Retail Execution Survey characterize their overall struggles with change for various technologies. In this first case for trade promotion management, a total of 91% of respondents have had issues in varying degrees.

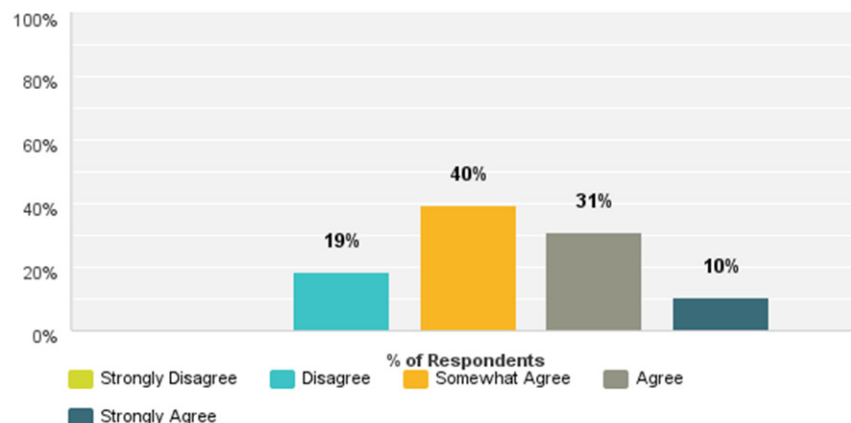
Chart 1. Responses to the survey statement, "Change management has been an issue among your trade promotion management users".



Source: Preliminary* data from POI 2015 TPx and Retail Execution Survey.

It might be argued that trade promotion management is a highly complex set of capabilities. However, a fairly similar response resulted when respondents were asked about change management for retail execution and monitoring capabilities. In this case a total of 81% have had change management issues.

Chart 2. Responses to the survey statement, “Change management has been an issue among your retail execution users”.



Source: Preliminary* data from POI 2015 TPx and Retail Execution Survey.

The results for retail execution, while slightly better than for TPM, still show that change management is an issue. And, later we will show that it is an issue whether for an initial deployment or while bringing a new user – like a new hire – on board after the larger deployment is completed.

Real change management means focusing on the underlying business and not just being able to navigate the application. In this POI Best Practices document, we discuss the keys to human change management that are required to improve the underlying process that is being automated as well as fully leverage the technology investment. We will do so by focusing on three phases: prior to, during and after a technology deployment. This should form the basis of your change management approach.

Phase 1: Pre-Deployment - Gearing Up for Change

Limit the Extent of Change. Focus only on the amount of change required to do what you believe to be reasonable. This varies from organization to organization and requires some testing and sensing.

Traditionally, the “big-bang approach” to application deployment has proved difficult. For example, trying to transition from managing trade promotions through spreadsheets to a full-blown trade promotion management (TPM) and trade promotion optimization (TPO) solution is likely to be too much for most users. The key is to balance the amount of change and technology that an organization is required to absorb in a Phase 1 project.

Rather than implement the full range of application functionality in one project, successful consumer goods companies limit the range of their initial implementations. This way, they achieve progress quickly, upon which they can build momentum for further progress. Full adoption of a portion of new processes and the supporting technologies is better than partial adoption of the full range.

There will be limited future change among those who refuse to change after the first wave. We also believe that peoples’ ability to change their behaviors, processes, and attitudes is more of a limiting factor than their ability to learn to use a new application.

Consistently Leverage Senior Management or CEO Buy-in and endorsement of the project. There is no replacement for leadership when seeking change. Culture and habit are big obstacles when implementing change management. A strong change management process leader is needed to educate project managers, project team leaders, technical staff and end users in the need for discipline, as well as the global business effects of change.

Lean on an experienced change management coach or leader for help in the change management effort. There are often people in the human resources department who have been coached in this area. Get your senior sponsor or CEO to speak at your kickoff meeting and describe why the process or technology is important, and how it fits within the strategies of the enterprise.

One successful project kick-off approach could include a video of the CEO speaking in support of the project so that it could be used remotely through various project phases and at various times. Thereafter, have the sponsor or CEO be a continuous voice for change during the project. Make sure that the message is consistent across all levels of the enterprise. Ensure that the change management coach is focused exclusively on change and not on additional aspects of a project or initiative — particularly project management. The change management coach must be responsible for human and procedural change and must remain objective and unburdened with tasks associated with the project or initiative.

Listen Early and Listen Often. Early on in the project, understand what people's concerns are about how current processes are going to be enabled with technology. This will give you time to diffuse and address objections to minimize internal sabotage, as well as provide time to build a comprehensive change management approach for the final rollout.

“Real change management means focusing on the underlying business and not just being able to navigate the application”

Continue to listen for signs of internal sabotage. These can include hearing that people who pledged support early on during kick-off are subsequently being openly negative about the project. An entire organization can become uncooperative because its leader(s) has ceased to support the initiative. If you have evidence of internal sabotage you have no alternative but to consult with the executive sponsor or manager of the would-be saboteurs before their seeds of discord are allowed to spread.

Learn to Communicate. Many companies do not communicate well regarding even routine business activities and events despite having tools like a company intranet and “town hall” meetings. This ineffective communication is compounded during deployment of a sales application. People form temporary project teams, which can require them to spend time away from their normal locations or established interpersonal networks.

Communication has to increase between project team members, future end users, and the extended enterprise. Communication should always correspond to a specific and meaningful agenda related to the project. Just chit-chatting about sports or what everybody did over the weekend is not likely to facilitate meaningful discussion about the project at hand.

Communication begins with the project kick-off and continues well beyond deployment. Effective change management requires openness and cannot happen if a new application or process has elements of mystery or uncertainty.

Use Appropriate Incentives. People in general — and, to an even greater degree, those involved in the selling process — will do what they are rewarded to do. Initially, the “what’s in it for me?” can be a bonus, annual objective, or other special reward. The use of gamification in the form of a contest can also be a powerful motivator without having to be a monetary cost. Line up goals and rewards to spark the initial desire to change.

Focus on more than short-term incentives and perquisites to garner long-term change and acceptance of change. Once momentum is achieved, and the value of the application is established, the impact of incentives lessens. It must be the intrinsic value of making a change to a new process or solution that provides the motivation.

Measure What Matters. Quantify change management results by establishing a baseline and measuring improvements. Keep the number of metrics to a manageable few that are easily measured and broadly accepted. Examples include:

- The speed and accuracy with which the sales-related processes such as store visits are executed.
- The number of people who are using the application.
- The frequency and duration of use.
- The satisfaction of the end users with the system.

Another key measure is the degree of satisfaction of external customers because of the new sales application itself or the service that users are able to provide to them both before and after they have embraced the new solution.

Phase 2: During the Deployment – Focus When It Is Needed Most.

Lead From the Front. Don’t give lip service to the need to change and then allow the old processes to be used after cutover to the new application has taken place. The mandate for change must be demonstrated at all levels of sales management. For example, if a sales vice president continues to take faxed sales forecasts like in the “old days,” rather than pulling the data from the sales automation tool, it will send a message to the sales force that the new tool and process are optional.

Don’t Skimp on Training. The formal act of training the end users is often the last step in the project plan. Training gets rushed and underemphasized for three reasons:

1. Project managers want to bring the project in on time and on budget, so training is somewhere they believe they can cut corners. This makes it the most avoidable cause of project failure.
2. Companies often do not understand that human learning is accomplished at differing rates, so some people require only one training session while others require numerous ones.
3. Leaders fundamentally underestimate the importance of training. No matter how good the new technology-enabled sales processes are, the end users cannot adopt what they don’t understand. Using “super-users” as part of training sessions and a “train the trainer” approach, in addition to adequate levels of training, will help people to better understand the context of the application, as well as navigation.

Reduce the burden of travel and downtime associated with training by using distance-learning tools. Sales users are often geographically dispersed. It is expensive to bring them in each time a new module is launched or for a “refresher course.” Also, getting senior sales management to pull people away from selling activities to be trained is always very difficult.

Distance learning can also facilitate various learning styles. For example, some salespeople will be comfortable with a new sales process and application after only one exposure, whereas others will require several. By reducing the time demands associated with learning a new process, you effectively remove many of the time-related objections associated with a new process and technology.

Facilitate Interactions Among Sales Persons. For example, a discussion group can be led by an outside resource other than the change management coach. This will encourage the end users to voice their concerns. In many cases, people may not have any major concerns, but the fact that you asked them if they have any will go a long way toward winning their support.

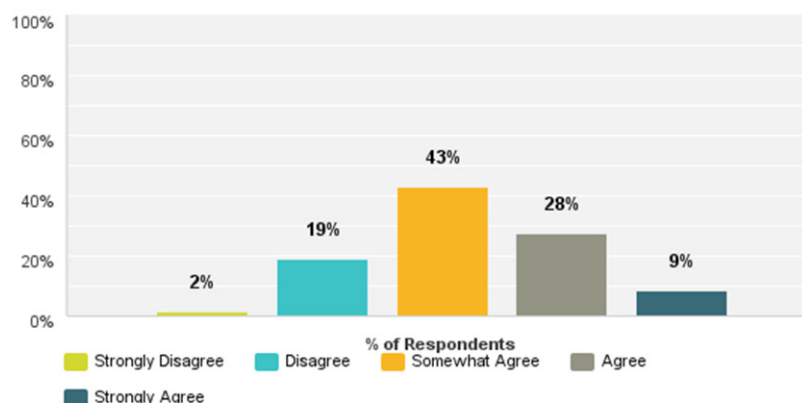
Phase 3: Post-deployment – Facilitating Lasting Change

Evaluate Opportunities to Continuously Improve. Much of what you learn in this phase or with this solution can be leveraged in the future. This is the responsibility of the change management leader and requires a focus exclusively on the behavioral aspects of the project, and not just on the project itself.

Listen to the Very End. Don’t stop listening after the sales application is up and running, and sales users have gone back to their territories or departments. Engage them and get them to tell you how it can be improved. It can always be improved over time.

Have an Ongoing Plan. Once an initial deployment has ended, there will always be a need to bring new users on board. Field sales people have a set of skills that enable them to move from company to company – often without changing their base of operations. As a result, it should be expected that new hires will experience change management issues. In fact, the same POI survey found that change management was perceived by 80% of respondents as an issue when bringing new users on board after an initial deployment.

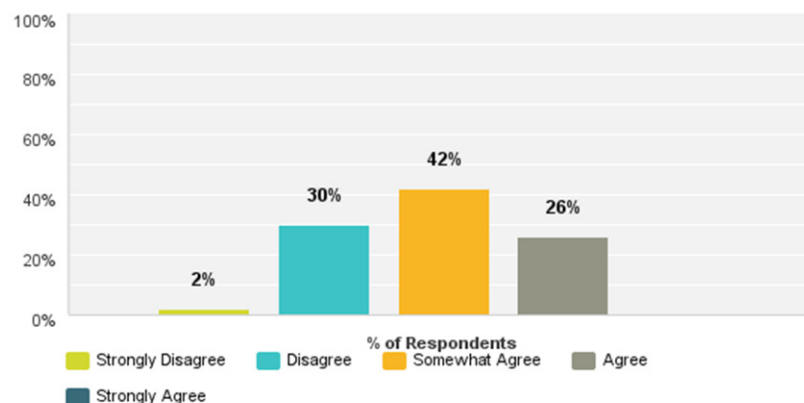
Chart 3. Responses to the survey statement, “You have challenges training and supporting new TPx users as they come on board”.



Source: Preliminary* data from POI 2015 TPx and Retail Execution Survey.

The results are not dramatically different from what we saw for an initial TPx deployment. Thus, it is obvious that many of the same issues persist. Similarly, when respondents were asked about issues with subsequent retail execution deployments, more than two-thirds indicated that there are issues as well.

Chart 4. Responses to the survey statement, “You have challenges training and supporting new retail execution users as they come on board”.



Source: Preliminary* data from POI 2015 TPx and Retail Execution Survey.

The net of this is that change management must be taken into consideration when deploying a solution to any field sales person regardless of whether it is an initial deployment or you are bringing someone on board later on. The degree of difficulty surrounding TPx is greater than for retail execution but both have significant issues. Change management can be a key factor in making your solution deployments to field sales users a success.

Set Adoption Expectations. Some individuals simply will not embrace change, even after all options have been exhausted. They must understand that change is required as a condition of continued employment. This “tough love” step will help the last stragglers to embrace change and will protect the enterprise from backlash if the last resort (that is, terminating the employee) becomes necessary.

Don’t be afraid to let go of employees who simply refuse to change despite your best efforts to engage them. It is better for some employees not to make it to the next level than to pull down the entire effort with dissension or backsliding.

Conclusion:

To review, here are the key success factors for change management:

- **Effective Training.** Nearing the completion of a sales application project, project managers have a tendency to cut back on training, because it is the last place they can cut in order to bring the project in on time and on budget. However, this is exactly what they shouldn’t do. An experienced change management leader can effectively temper the urge to cut training.
- **Supportive Leadership.** A sales application without a visibly supportive, executive level sponsor is like a ship without a rudder. It will inevitably be blown off course.

- **Intrinsic Incentives.** The use of incentives to motivate change is only viable in the short term. Lasting change takes place when people understand the need to change and see the intrinsic value of doing so.
- **Measuring Success.** Even though change has many behavioral aspects, it is still possible and desirable to measure the impact of change through the use of appropriate KPIs.

In Summary, when enabling sales processes with technology, a great deal of change needs to take place in terms of the processes and the adoption of the new technology. But change management must also be conducted at all levels, not just among end users. You can achieve lasting behavioral change, gain user adoption, and ultimately increase their chances of a successful deployment if you consider change management throughout the project – hence taking a “before, during and after” approach.

*The POI 2015 TPx and Retail Execution Survey went live on September 28, 2015 and while it has received a statistically significant number of responses (currently 65 at this writing), it is still open to additional respondents. Therefore, the information conveyed in the charts must be considered preliminary until the survey closes on November 27, 2015.

For questions, and to identify next steps with your TPX and Retail Execution Journey, reach Dale Hagemeyer, Partner, Promotion Optimization Institute, LLC at dhagemeyer@p-o-i.org

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About the Promotion Optimization Institute (POI)

POI brings together manufacturers, retailers, solution providers, analysts, academics and other industry leaders. Members of POI share cross-functional best practices in both structured and informal settings.

Additionally, members benefit through our industry alliances, the Certified Collaborative Marketer (CCM)[™] program, and industry-leading Spring and Fall Summits.

POI aims to instill a financial and metrics-based discipline not typically found with other trade groups. The goal of our innovative approach is collaborative promotion optimization. The focus is on the customer/shopper through sales, marketing, and merchandising strategies.

Executive advisory boards keep us apprised of industry needs and help us provide desired outcomes for members, sponsors, and academia.

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