



# The Five Pivotal Moments of Every Sales Transformation

Lou Schachter & Rick Cheatham

# You have built a beautiful business.

But lately, waves of change are slowly eroding its base. Until now you have held back the damage by reinforcing the foundation. Then one day the realization hits you: you must move the whole structure, or it will be swept away, like a sandcastle on the beach.

For so many of us, that is precisely how it feels when the market for what our company sells stops growing. Or when a newly emerged competitor (who seemed like an irrelevant gnat just a year ago) releases an offering that is beginning to transform the marketplace. Advances in technology are making new products possible or making it cheaper to produce the old products.

Sometimes the trouble occurs because our customers are changing. The customers may be confronting a shock in their own market (e.g., contractions in electronics retailing, fluctuating oil prices) and are less able to make their traditional purchases. Or the customers' buying behaviors are changing. Often what is changing is who is doing the buying within each customer organization. New buyers bring different purchasing criteria with them.

The drivers of change can also be positive. A new, more attractive segment of customers might be emerging. Our colleagues in engineering or product development may be ready to release some major innovations. We may have discovered that a few of our salespeople have become very successful selling in a different way, or to different buyers, or to different types of companies.

Whatever the cause, the moment will come, and you will find your company in a shift from selling a lot of your current offering—let's call it X—and a little bit of something new called Y. Eventually, if your change strategy works, your company will sell a lot of Y and much less of the X legacy offering.

X and Y can be *what* you sell or *how* you sell. What you sell may be shifting to radically new products or to radically new services. How you sell may involve new types of customers, new types of buyers within existing customer organizations, or new, fundamentally different selling approaches.

Whatever your company's X and Y might be, how you respond to the need to shift will determine your personal success, that of your customers, and to a great extent that of your company.

Five key moments determine whether your sales transformation will be successful.

## Moment #1: Recognition

Is it time for a sales transformation? Only the leader can make that evaluation, and of course any decision to embark on a major change must be assessed in concert with the larger executive team. In statistics, there are what are known as Type I and Type II errors. Type I errors are false-positives. In this situation, it would mean deciding that a sales transformation is needed when it really isn't. Type II errors are false-negatives: deciding that a sales transformation is not needed when it really is. We haven't seen many false-positives in the decisions to embark on sales transformations. Much more common are the Type II errors, failing to embark on a sales transformation early enough, or at all.

While we don't have statistics to prove it, we find that new leaders are disproportionately likely to initiate a sales transformation. Perhaps you can say that they are looking to make their mark, but more realistically, we think it is that new leaders are not locked into legacy thinking, so they look at everything with fresh eyes.

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There are several developments that might indicate the need for a sales transformation:

- Consistently flat or declining revenues
- Activity from competitors (especially new entrants) that threatens the future of the existing revenue base
- The approaching obsolescence of a key product or the introduction of a radically new product
- Quickly changing customer expectations

One way to test whether a sales transformation is necessary is to try defining X and Y in several different ways. It's a worthwhile exercise. Start with defining what Y might be. Think about new technology, new selling channels, radically new products, new buyers, new approaches to buying or selling, and new payment structures. For each Y you create, identify the parallel X state that defines where your company is today. Which of those X and Y pairs do you think is central to what is happening in your market? Do you believe that the shift is real, is significant, and is likely? If so, it's time to move on to initiating a sales transformation.

If you're a salesperson or a sales manager, obviously you can't make the decision to embark on a sales transformation. However, you can alert your sales leaders to the indicators that make you believe a major change will be necessary. Even if it falls on deaf ears initially, it may trigger a response when added to what others are saying. In any case, it's your obligation to point things out—in a manner, of course, that is constructive. And if your sales leader is unreceptive, you can still experiment with changes in the way you sell personally, or in the way you manage your team, that begins to test a new approach. Many sales transformations actually begin when one team starts delivering performance that stands out from what the rest of the organization is doing.

## Moment #2: Communicating the Vision

It's the leader's job to create a vision for Y along with a vision for the XY transition. Doing so requires a clearheaded assessment of how salespeople, and their customers, are likely to respond to the change. What is most critical is the recognition that a transition period will be required. The hope you express for that period is that people will begin to (1) sell XY combinations to customers, (2) sell X and Y separately, but sell both to the same customer organizations, and (3) sell X and Y to different customers, selling X to some and Y to others (which essentially means beginning to sell Y on its own).

Once you have the vision, you need to communicate it. That must be done in a way that respects the past. It's worth celebrating what has made the company great and what will not change.

It is also worth recognizing what contributed to past success but will need to change. Most importantly, you need to show that continuing to sell X is still highly valued. Not all your salespeople will even shift to selling XY overnight, and you don't want to demotivate those sellers. In most cases, the market for Y will not outpace the market for X for several years, so you can't afford to signal a need for reduced performance in the X space. You have to continue to support the X business while you build the XY and Y businesses.

Remember that as you introduce Y and XY, you probably won't be met with thundering applause. People often fear change, and initially the natural response is to deny the need for change. You have to repeat the message consistently for a bewilderingly long period of time, in different venues, using different media and approaches.

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## Moment #3: Recognizing Early Success

In the beginning stages, you'll have some people naturally selling Y, and you'll have many others beginning to experiment successfully with selling XY. You want to celebrate both those groups, as they are critical to your future performance. When early success proves durable, you may want to put the high performers in those groups into more visible roles. Those can be formal positions, or they can be informal roles where they are mentoring and advising others in the organization. Those folks are your ambassadors, and they will help you carry your message to many more people. When the message is transmitted by peers, it will be amplified. Take good care of those people.

Part of recognizing success in the early stages also means, counterintuitively, recognizing failure. The XY transition phase is never easy, and humility combined with a mindset of experimentation is required. Celebrate the successful experiments, but also celebrate the unsuccessful ones because you've all learned something that will help you in the future. If you instead create the misimpression that a failed experiment is not valued, you will discourage people from experimenting.

In the early stages, you also want to entice X sellers to want to be part of the next group to experiment with XY. So, again, while you continue to recognize the importance of X, you want to make a big deal out of those X sellers who have begun to see success with XY. You may choose to invite teams into selling XY in stages, making it a somewhat exclusive club, rather than expecting everyone to adopt it at once, which in reality won't happen anyway.

## Moment #4: Navigating the Second Stage

Stage 2 is the critical moment that determines success or failure in an X-to-Y transformation. Stage 2 begins when you move from having just a few early adopters of Y and XY in Stage 1 to the point where half of your sales force is now selling XY or Y (with the vast bulk in the XY stage). We see many change efforts begin to fail at this stage, and this is where many are abandoned (leading to the salesperson complaint about “flavor-of-the-month” initiatives).

Stage 2 is the tipping point for sales transformations, and it's worth investing all the energy you can to make sure it goes right.

Don't be afraid to break Stage 2 into smaller phases. Phasing the rollout can enable you to learn lessons early and apply them later.

One critical way to improve the chance for success is to be deliberate about which populations are invited into each phase of Stage 2. Deploy pilot groups. Find the sales managers and teams that are motivated and have the needed capabilities. Oversupport them with training, feedback, resources, and recognition. Whatever the cost of those support mechanisms, it will be far less than that of hiring a new Y sales force. Later you'll be able to determine which support structures are required as you continue the rollout through the rest of the organization in Stages 3 to 5, which, by the way, begin to take care of themselves if you get Stage 2 right.

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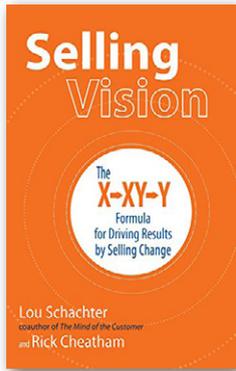
## Moment #5: Spotting Z

By the time you get to Stage 5, all your reps are selling Y. But wait. Just when you thought it was safe to take a breath, now is the time when Z emerges, and you have to begin the whole process over again, defining the vision for Z and for the YZ transition.

If you've chosen Y well, Z won't derail you for some time. The mistake we often see is that once the recognition of market change begins to be valued, people begin seeing it everywhere. Everyone has a theory about what's next. Some will see potential rewards and recognition in spotting Z first. Others will use a false identification of Z to argue that the X-to-Y transformation is misguided. Your job is to keep people focused. Yes, numerous possible Zs will appear on the horizon, but until they exceed the thresholds we outlined at the beginning of this manifesto, everyone needs to focus on the X-to-Y game.

Perhaps the best news about Z is that it's easier the second time. You've been down this road before, and you know what you need to do. Your confidence is greater, and you have great stories to tell. **It's the beginning of another fantastic journey.** 📖

# Info



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**ABOUT THE AUTHORS** | **Lou Schachter** is managing director of the global Sales Practice at BTS, where he is responsible for ensuring client success and the growth of the practice worldwide, leading the 30-person global practice team, and driving thought leadership. He is the co-author of *The Mind of the Customer*. **Rick Cheatham** leads the Sales Practice at BTS for the United States. As a thought partner for organizations who want to transform their sales teams, Rick has worked with clients such as Google, Salesforce, and IBM to accelerate the execution of their sales strategies and transform their sales forces from transactional to consultative.

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