

Why not experiment?

MARK McCARTHY considers the links between human behaviour, the sales organisation and sustained competitive advantage

Competitive advantage means that you are able to do things differently and better than your competitors, which, in the business world, normally equates to increased market share and profitable growth.

Competitive advantage can take many forms and the use of 'sustainable' with the term means that you have something that is not easily duplicated. In today's business world, successful products can quickly become cloned and commoditised, and therefore lack sustainability. But the creativity and innovation that drives those new products is a source of sustainable competitive advantage. These attributes lie in people – it is people who ask "why so?" and "what if?" and therefore it is people who really count.

THE NEXT DISCIPLINE

Recently, applied behavioural economics has come to the attention of business leaders when looking at ways to get predictable growth in revenues. It's still in its infancy, but is fast becoming the strategy of many organisations. It is described by research company Gallup as the "the next discipline".

In essence, it deals with the human nature of people in business – on both sides of the fence, buying and selling. I link applied behavioural economics to sustainable competitive advantage because of its focus on 'people'. This discipline is linked to market share growth, which in turn is linked to how capable the sales organisation is – ie. how many customers you win, keep and develop. In my view, in any given market, a highly effective sales organisation with second-best products or services will always out-sell a less capable sales organisation with the best-perceived products and services. And bearing in mind that it is harder to control how market-leading your products and services will be, I believe that your focus and resources should be on the sales organisation.

One key task is to recruit and retain 'A Player' salespeople. (See my article in the March/April 2011 edition of *Winning Edge*). Another is to try something fundamentally different.

Experimentation is a concept that spends much too much time in the R&D and marketing departments and much too little in the function that interfaces with customers and prospects – the sales organisation. The lack of purposeful experimentation in most sales organisations can



probably be put down to rigidity of thinking, the perceived pressure of short-term goals and politics. Whatever the reason, it is a mistake.

Experimentation has one wonderful thing going for it – it generally costs nothing to set up. Even so, there should be more thought put into it

than casually trying something different to see what happens. Here are my tips for running an experiment in the sales organisation:

CONDUCTING EXPERIMENTS

- Clearly define what you are trying to find out and why this is important to the business
- Accurately baseline the study area of performance and get it validated by finance
- Agree on what you expect to see from your experiment that shows improved performance
- Focus on the leading indicators (behaviours involved in both buying and selling) revealed by the metrics
- If possible, use a study group drawn from sales staff who will directly benefit from the outcomes of the process
- Ensure that enough time is allowed for the experiment
- Be objective in your

analysis of the data, taking care to avoid bias.

Sometimes, when looking at how you get your salespeople and sales managers to do something different, you can find plenty of reasons not to do so, but clearly if you want different outcomes and improved results you have to commit to change. Don't rely on luck or randomness or a few superstars to pull you through. Equally, don't rely on 'hope'. This will make people more risk averse and unlikely to change.

Creating a sales culture that embraces experimentation is a defining change. With this accomplished, you have the mechanism in place for a high performing sales organisation.

Achieving sustained competitive advantage, driven by highly adaptable and curious salespeople thinking differently and acting differently, is a 'win-win' for all the stakeholders involved: your company, the sales organisation and the customer.

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