

Comparing IT sales to other Industries

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IT sales is a broad field but how does it compare with other business-to-business sales professions?

According to The Institute of Sales & Marketing Management's (www.ismm.co.uk) Chief Executive, Patrick Joiner, sales skill levels vary across industries with some still tending to 'show and tell' but that "the good people are those who look at how to add value to the relationship".

Unsurprisingly the old adage 'people buy from people' stands firm across the board. But differences do arise in the sales process, role and culture as the following examples attest.

Creative advertising agencies

Creative and 'full service' agencies do not employ dedicated sales staff though a New Business Director may co-ordinate 'pitch' efforts. Andrew Cracknell of creative agency Bates UK explains "Agencies keep clients for typically 6 to 7 years. We make only 20 pitches in a year for new business. Opportunities come largely through personal relationships and the Advertising Agencies Register which helps clients short-list suitable agencies. There used to be a gentleman's agreement that you would only pitch to a competitor's client if invited to but speculative approaches are becoming more common".

Richard Ganson of full service agency Leo Burnett adds "Our clients spend £millions per campaign and our industry works on a one client per industry sector principle - so if we have Fiat we can't have Ford too".

'New media' advertising sales

Virgin Net sells web advertising space to both agencies and end-clients. Agencies are rated according to clients and spend and allocated as named accounts whilst end-clients tend to be split alphabetically.

According to Commercial Manager, Alison Warburton, the industry's salespeople tend to be sociable and ambitious individuals in their early 20s. The culture is easy-going with a strong social element.

Long-term relationships and proactive sales calling are key to generating leads along with software to track sector activity. Salespeople work predominantly with an agency's media planner or buyer and the client's marketing manager/director. They receive a brief detailing the campaign's business objectives and produce written proposals to meet these needs, presenting face-to-face for larger bids. Virgin Net generally closes business in three to five weeks from identification of requirement and wins 80% of bids but in a nervous economic market, the pressure to discount is getting stronger.

Geophysical instrumentation

Andy Brown reflects on his former career with Earth Science Systems, selling instrumentation for underground 'exploration' without digging.

'Salespeople generally move into sales at 25-35 with an engineering or science background'.

Although salespeople have access to admin and IT systems, culture combined with tight profit margins and a niche market do not justify employment of pre-sales technical staff. Salespeople therefore need strong technical knowledge and work alone.

Customer types vary from oil and mineral companies to civil engineering firms to archeologists. As Andy explains 'A typical investment is between £20K and £120K and is usually a board level decision - even for large oil companies -because it is so core to their business. Key contacts range from technical 'gurus' to board directors and it's not uncommon to present to the board one day and stand in a field with a bearded archeologist the next!

Water treatment

Hydrotec(UK) Ltd sells industrial and commercial water treatment solutions. Field sales staff are trained engineers with the majority aged 30 to 40. They are the product specialists but have admin and internal sales support.

"Salespeople work mainly with consultants who include Hydrotec's products in a building specification", Alan Flight, Sales Director, explains. "It's vital we develop good long-term relationships with the consultants so salespeople make around 20 visits a week in total. We also run technology overview seminars for consultant's engineers. However, even when consultants specify our products sometimes the building contractors will prefer an alternative supplier and we will have to 're-sell' the benefits of our product".

This two stage process can mean a wait of 6 to 12 months from specification to order. Timing is everything, Alan emphasises. "If the building project doesn't require our product for six months we put ourselves in a weak negotiating position if we try to close too early. We have to understand and work to their agenda".

Medical sales

A major difference between medical sales and other fields, according to recruitment website www.pharmajobs.co.uk, is that there are no 'orders' - a verbal commitment to prescribe is the medical rep's objective.

Many medical reps come from nursing and science backgrounds and reps working for Association of the British Pharmaceutical Industry members are required to pass an exam on a range of technical subjects of a standard equivalent to a State registered nurse.

Salespeople tend to have medical specialisations and work a geographic patch. There is also greater use of contract sales staff and teams than in IT.

The GP/hospital rep is usually targeted with visiting 3 to 5 GPs, often speculatively, 3 pharmacists and 3 hospital doctors each day. First calls start around 07:30 and the day concludes with admin and reporting at around 5 to 6pm, assuming there's no evening promotional dinner to attend.

Commercial insurance

According to Andrew Glen of Ryan Insurance Group, "Insurance is competitive and price-sensitive. There's still a 'hard-sell' element but most brokerages promote professional advice".

Timing is key. "Once we know a company's renewal date we'll build their awareness through direct contact, mailings and newsletters. As their renewal date approaches we visit their premises and then present a risk report and proposals for our insurance solutions. Usually we get the instruction on the renewal date itself".



"Insurance is a technical subject, it's not interesting and companies view it as a cost, Our best customers consider us a professional advisor and expectations are increasing as regulation gets tighter. This is important -the cost of sale is high and margins are tight so we need long-term business of five years plus to make it worthwhile".

Training

Training traditionally is sold through word of mouth, advertising and catalogue distribution. Marcus Evans Professional Training also successfully employ cold calling.

Simon Miller, Account Manager, explains "It's a high pressure environment. Basic salaries are low so you need to perform but it's a great opportunity for a high salary at a young age". Salespeople are typically graduates of around 25 with experience in a customer-driven b2b environment.

Sales teams are telephone based, although key accounts may be visited. "They handle incoming enquiries and cold call by course area, aiming to close business within 24 hours, though more complex solutions can take a couple of months. Once an account has been won, the salesperson has 2 to 3 months to win repeat business or the account may be transferred to a colleague".

Simon sums up the challenge. "We are selling an intangible product where ROI is hard to measure. Our salespeople are not the trainers or experts in the course topics they are selling. They have to work hard but are rewarded well".

How does IT fare?

- Relationships and customer retention are critical - everywhere
- Salespeople are not subject to legislation or exams like insurance and medical reps
- A relevant technical background is more important in other technical industries
- Salespeople receive more technical support - due to fast-changing, complex technology or to compensate for lack of technical background?
- 'Cold' lead generation seems less important in niche sectors
- Awareness of the customer's timetable is key in some industries - IT could pay closer attention to this
- For all this, IT pays more!

Sector	Salary	Targets	Commission basis
Training	£12K basic, £30K OTE (to £60K)	£15K revenue per month, average order £1-3K	% of revenue
Insurance	£30K plus car, all as basic (to £100K package in City)	Business focus on client retention	None
Medical	£17-20K basic, £25K OTE plus car (to £40K)		



New media advertising	£25K basic, £45K OTE (to £60K)	£60K revenue per month, average order £15K	% of revenue
Water treatment	£40K OTE plus car	Gross margin of approx £500K revenue, average order £4K	% of GM
Geophysical instrumentation	£20-30K inc 5% personal & company bonus plus car.	Based on % won of 'available' business	None

According to the Reward Group (www.reward-group.co.uk) the average UK sales rep salary is c. £19,000.
Salaries quoted are approximate averages for sector