

1

# Sales Management Through the Covid Crisis - Challenges

- 1
- 2
- 3
- 4
- 5



# Introduction

How hard has it been for your company to sustain sales during the Covid crisis? The year 2020 will go down in history as a time of immense challenge for businesses globally. We tapped into the collective wisdom of our client base across Asia Pacific to understand just how companies are coping in sales management. Words like uncertainty, volatility and pressure are commonplace, but it is not all doom and gloom. Companies are responding with actions oriented towards resilience, adaptability and preparedness.

At the very core of every enterprise is the question of how to sustain sales. However, even at the height of this crisis (and we have no way of knowing if we have yet even hit that point) nimble organisations are finding new ways to drive revenue, grow market share and reach new customers.



This series of thought leadership articles examines the challenges faced by companies in Hong Kong and across Asia Pacific at the time of the global Covid pandemic. We will share best practice solutions that can help your business meet short-term revenue goals, whilst ensuring longer-term strategies are in place to emerge successfully from the crisis. These articles rely on input from our extensive industry outreach across diverse lines of business, including technology, financial services, real estate, manufacturing and retail.

## **Sales Management Through the Covid Crisis Series covers:**

- 1. Challenges**
- 2. Strategies**
- 3. Processes**
- 4. People**
- 5. Actions**

We are very thankful for the collaboration of our clients in providing insights for these articles. Such collaboration is important, as we believe this enables the collective discussions necessary for robust responses to the Covid crisis. If you would like to share your experience, please contact us. All conversations are treated in confidence.

This series: **Sales Management Through the Covid Crisis** has been developed by GXS Partners and Sales Dragon Consulting. We have combined our extensive experience in sales management and business transformation to highlight key insights, in collaboration with senior executives across the region.

# Challenges

Inviting business leaders to share their unique insights into the sales management related challenges they are facing in 2020 elicited a tsunami of responses. Organisations are stretched and feeling increasingly fatigued. Keeping a stiff upper lip and being thankful for small mercies is indeed wearying in the face of wide-spread revenue reduction, cost cutting and layoffs.

However, the degree of impact has not affected all businesses equally. How well companies are responding depends largely on their industry sector and exposure, geographical location, pre-existing company norms with regard to virtual working and digitalisation and, importantly, the capability of sales teams to perform under changing market conditions.

For ease of presentation, we have organised the insights into the challenges businesses are experiencing because of Covid into three broad categories: revenue pressures; managing predominantly virtual ways of working; and maintaining marketplace connectivity.

## Revenue Challenges in the Time of Covid



We found some companies, for example those involved in e-commerce, last-mile logistics and healthcare, were better positioned to capitalise on rapidly changing customer needs. Some of these businesses have actually increased their revenues as a result of the Covid crisis. For so many others, however, revenues are flat or significantly down as a result of the shifts in the economy. Here are some of the major challenges interviewees shared with us:



**Declining revenue:** Nearly every organisation we spoke with reported that revenues were down, but the degree of decline varied from gradual to effectively “falling off a cliff.” Lower revenues are necessitating cost management measures that reduce administrative and sales support staff. In short, salespeople have to sell more with less. At the same time, deferred buying decisions and longer decision-making timelines have lengthened sales cycles. One respondent reported that his firm’s traditional 45-60 day sales cycle has now stretched to 90-120 days, further increasing uncertainty and risk.



**Focusing on the short term:** Over 60 percent of respondents informed us that their focus has shifted from achieving longer-term objectives to meeting short-term sales goals as a result of Covid. Typically, that means just getting through 2020. Executives reported teams are “chasing smaller deals” that they “previously wouldn’t have cared about.” Similar levels of effort, therefore, are being expended to sell increasingly smaller deals. In addition, offering discounts to secure short-term work resulted in concerns about how some businesses might reverse the downward trend in pricing.



**Shifting channel opportunities:** Many companies we spoke to have begun selling into channels they had not previously utilised. Interviewees reported significant challenges in adapting their sales model and processes to efficiently cope with differing channel requirements. For example, some companies that had previously exclusively operated a B2B model designed to handle large, complex accounts, but with potentially fewer single large orders, are now finding they must adopt a different set of skills and capabilities to deliver vastly more numerous, smaller B2C orders. This is, amongst other things, significantly increasing processing time and the cost of sales.



## Distancing and Isolation

Distance-working arrangements are nothing new for sales organisations. Seventy-five percent of the organisations we surveyed had some form of remote working options in place before the crisis. However, most respondents indicated that pre-Covid, these were generally under-utilised. Now, in moving to predominantly distance-working, companies are experiencing the following consequences:



**Less cohesiveness and collaboration within the organisation:** The twin themes of cohesiveness and collaboration emerged as important to the companies we interviewed. Over 60 percent of respondents indicated that their sales teams are becoming more fragmented and less supportive. Distance also reinforces the silos within organisations; 70 percent of respondents felt that collaboration between the sales team and the rest of the organisation has decreased since the virus's outbreak. This impacts service delivery due to increasingly complex and coordinated responses across different functions within the organisation. The lack of regular in-person, informal interactions is viewed as primarily to blame. "Zoom fatigue" as well as the loss of company rituals, such as "water cooler chats" and morning meetings designed to motivate sales teams for the day ahead, are eroding team bonding and impacting morale.



**Onboarding and training challenges:** Some companies have still needed to hire new staff during Covid and the reduction of face-to-face communication has been particularly difficult to ensure effective onboarding. Generally speaking, respondents highlighted a reduction in new hire effectiveness, which was attributed to a lack of interaction between the new hires and experienced staff. One senior executive further emphasised that knowledge transfer, mentoring and training have all decreased since moving to remote working. He noted that at the beginning of the crisis people made an effort to be more sociable online, attending "Zoom Happy Hours" for example, but they have become less responsive as the situation has dragged on.



**Protracted internal decision making:** Over 60 percent of executives reported that decisions are taking longer now than prior to the crisis. Management is increasingly called upon to spend time approving smaller, unusual customer offers that deviate from normal practice in order to secure short-term wins. And, management frequently has to intervene to fill in gaps in organisational models that are ill-equipped to address post-Covid complexities, such as rapid decision-making on local issues, as the situation on the ground may now vary substantively between locations. New situations and problems are requiring increased management / sales force interactions that ultimately reduce the time given to frontline sales teams to engage with clients. Sales team interaction is further complicated where online schedules are now more highly regimented and key team members do not have the flexibility to respond as effectively as before, particularly with emerging opportunities.



# Marketplace Connectivity



Organisations are using a variety of online tools and techniques, such as surveys and questionnaires, to remain connected to the marketplace. However, respondents reported that these methods are all less robust than direct interactions and they all felt that the loss of face-to-face client interactions has adversely impacted their business. Retaining meaningful connectivity to their customer base has resulted in the following trends:



**Loss of direct interactions with clients:** Though some businesses we spoke to had already established on-line sales channels pre-Covid, many still rely on direct interactions with their clients to win deals. This is especially true for more complex products and services. Even where dialogue can be started, remote engagement is decreasing the likelihood of a successful sale. In some incidents, prospective clients are opting to hold off on remote conversations and are waiting instead until Covid restrictions ease and face-to-face meetings can resume.



**Focus on existing and past clients:** Many organisations told us they were “doubling down” on existing clients, seeking opportunities to cross-sell and up-sell while they “wait out the crisis.” However, as the pandemic continues, over two thirds of interviewees say that this strategy is increasingly untenable. Existing clients are typically under increasing financial pressures themselves, demanding more for less, and becoming more reluctant to place new orders.



**Increased reliance on local personnel:** Due to Covid travel restrictions, numerous regional or functional heads are increasing their reliance on local personnel. This has sometimes proved positive where local personnel have obtained market insights previously unavailable to visiting regional heads, or where they are able to still make face-to-face contact with prospects and clients. However, in companies where regional sales teams and management are centrally located, Covid-related restrictions have meant that their most influential sales assets are not physically meeting clients and prospects.



## Responding to the challenges

This article has focused on some of the sales management challenges companies have been facing because of the Covid crisis. In response, many sales organisations are already considering significant changes in their approach to the way they work. From our interviews, companies are focusing their responses in three key areas:

- Strategies
- Processes
- People

Our next article examines how companies are responding strategically to the crisis.

We are grateful for the input to these articles from our friends across a broad range of industries. You can also contribute to the discussion by contacting any of the authors or, if you would like to discuss how best to steer your business through the Covid crisis and beyond, we would be happy to talk to you.

### **GXS Partners is an independent strategic consulting firm specialising in devising effective interventions for competitive advantage.**

The name GXS is derived from the Chinese initials of “Gong Xin Shi” or 拱心石, meaning keystone; the element in construction which holds everything together, or in other words, the link between strategy and operations. We are trusted by business owners, directors and senior leaders to define the right strategic priorities and transformative solutions to have them realised.

With an Asia Pacific focus, we combine in-depth understanding of Greater China and the Asia Pacific region with our global experience. We have held senior executive positions ourselves, delivering market growth, running effective operations and transforming organisations to create value. We work with many of the world's leading organisations in their sectors, as well as high growth enterprises and ambitious innovators.

### **Sales Dragon Consulting is a sales-focused management consulting and training firm dedicated to helping companies grow.**

Sales Dragon Consulting brings 25 years of experience executing and managing sales and business development strategies across APAC. We've developed highly effective and proven sales methods working with top-level sales teams and winning thousands of mandates from major corporations throughout the region. We create experts in sales and sales management – we create Sales Dragons!

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6