



Managing the Dilemma Between Transaction and Relationship Selling

Xavier Martin, Ph.D.: Background

Xavier Martin holds a Ph.D. in Sales Management from ESSEC Paris, where he teaches Management. A partner of the Forum Corporation, he is the founder of PhormAction SARL (a training company working all over EMEA that helps organizations dare to dream about creating a more productive business environment in which people develop themselves). With more than 20 years experience in training and coaching in the areas of sales, management, and leadership, Xavier recently defended his doctoral thesis, “The Two Orientations of the Sales Force Control System: Impact on Short-Term and Long-Term Performance.” He shares some of his insights and experience in this interview with The Forum Corporation:

Forum: *What trends have you seen in the sales arena that specifically impact sales management?*

Xavier: One of the dilemmas facing sales organizations is the tension between short-term, transactional selling and medium- or long-term selling, focused on building client relationships. This is putting a tremendous pressure on both salespeople and sales managers.

Forum: *What are some of the factors that contribute to this dilemma?*

Xavier: There are many. First, sales managers must understand a constantly changing context: the market conditions, the pace of change, and the global nature of the market. Then, they must balance their organization’s “quarterly focus” on one end with creating long-term sustainable relationships on the other. (An example of this phenomenon is the evolution from selling products to selling solutions.) The third factor is understanding what customers value in the buying process. (Do they value a transactional relationship or partnership relationship?) The last factor is understanding salespeople’s skills and natural tendencies. Salespeople tend to gravitate to certain types of customers based on whether they (the salespeople) are “hunters” or “farmers,” for example. If they are hunters, they will look for a more transactional customer—and then, once they’ve found one, move quickly on to the next one. Farmers will take the time to nurture and develop long-term relationships with their customers. Sales managers need to consider who is on their team—hunters or farmers—and ensure that salespeople are adapting to the needs of their customers.



Forum: *What consequences does this have for the salespeople specifically?*

Xavier: With the expanding and changing needs of customers and the market, companies are relying on their salespeople to balance multiple priorities:

- Knowing customers well (understanding customers' market and business)
- Creating a more informed customer profile and a more effective customer acquisition or retention strategy
- Being aware of their own company's evolving strategies for expanding and changing its products and services
- Investing in customers' satisfaction by expanding their own services and investing in more long-term accounts

And all of this must be done while they meet quarterly goals!

There are more issues that require a salesperson's attention than there is time in the day to address them. Strong priority management is called for.

Only by being more proactive and taking time to develop account plans and strategies can salespeople achieve medium-term (8-18 months) and long-term (18 months plus) goals. They need to be accurate in account planning. It's complex: it involves people on both the customer and company sides, and many things can change between supplier and customer—things that demand quick adjustment. This is why adaptive planning is so crucial, and why it requires the support not only of sales managers but also of the entire organization.

Forum: *Speaking of sales managers, what does this mean for them?*

Xavier: Sales managers need to evolve from being frontline managers to being strategic leaders. Most sales managers come up through the ranks; they are typically great salespeople. The skills that they learned as outstanding individual contributors do not always serve them well as they become strategic leaders. Sales managers need to expand their influence over marketing, strategy, and HR, in order to address short-, medium-, and long-term goals holistically.

For example, if a transactional sales organization wishes to become a more consultative sales organization, then talent retention, talent relocation, compensation, training, and management support will all be impacted. Sales managers need to be involved at the front line, in order to help work out the transition plan—and also to determine who can be developed and who will likely not succeed. (Some salespeople won't be able to make the necessary changes.) Sales managers are a crucial link in ensuring a sustainable change. They should be involved in change conversations early on.



Most sales managers are measured on short-term goals; they're "only as good as their last quarter." This short-term focus is often driven by the misconception that the culmination of short-term profits equals long-term growth. In fact, the latest research studies indicate that other variables (such as customer satisfaction) generate long-term profitability. If sales managers focus too much on the short term, their efforts will not be sustainable over the long term. Successful sales managers are constantly adjusting their medium- and long-term strategies, and keeping them in balance with short-term gains. It is important that they work out effective adaptive plans and continually refine them as customer and market demands change.

Forum: *These issues are certainly germane to the sales manager's role in the organization, but what about the relationship between sales managers and their people: How is that impacted?*

Xavier: Sales managers could put more emphasis on a few things:

- Being clear not only about targets, but also about strategy and priorities.
- Helping their salespeople think more strategically about their customers.
- Spending time with their salespeople on a regular basis, helping them prioritize their own time and efforts—and balance their short- and medium-term goals.
- Being mindful of their salespeople's individual orientations, asking, for example, whether they are hunters or farmers.

Forum: *What do you see as the most common pitfalls for new sales managers?*

Xavier: There are a few common traps:

- Being a salesperson or expert and doing the job instead of leading (the classic "give a man a fish/teach a man to fish" paradigm).
- Acting like a manager instead of a leader; providing traditional developmental feedback instead of working as a team to create a true learning organization and empower people.
- Focusing only on the short term: the number of calls, customer visits, sales, et cetera. Taking this approach puts a tremendous amount of pressure on the sales team to perform. It takes a courageous person to look out to the long or medium term in a competitive, short-term-focused environment.



- Focusing on the team exclusively, instead of building the network out of the sales department, in order to influence the strategy and crucial departments such as HR, Finance, and Marketing. Falling into this trap is even more damaging in global organizations, in which networking is key to getting most things done.

Forum: *Do you have any stories about sales managers who are finding this balance?*

Xavier: One of my clients in the travel industry works in a very successful organization (the second-largest travel company in the world). She saw that her salespeople were constantly focused on responding to existing customers' requests. As a result, productivity was declining, and the company was missing some strategic long-term deals. The Marketing department had previously structured the sales force with a team of hunters (focused on looking for new customers) and a team of farmers (focused on keeping existing customers). One new sales manager developed a balanced approach to address the imbalance in the portfolio and the planning process, as well as in priority management. First, she asked each salesperson to analyze the client base in his or her portfolio in terms of actual and potential sales and the actual and potential value orientations and needs of customers. Based on this, she helped her salespeople identify a few key customers in whom she wanted to invest in the medium term (the next 8 to 18 months). Then she coached each salesperson to develop a medium-term strategy for these key accounts based on specific tools (SWOT, competitive analysis, and stakeholders map). Next she worked with her team members to help them prioritize their time (and specifically dedicate time to planning and focusing on their account strategy). The company's usual method of doing business was to informally push for emergencies; fire-fighting was rewarded, and it usually took urgent efforts to get things done. The newly dedicated time helped to shift this tendency, so that salespeople began to see the value in being proactive rather than heroic. The output was an evolution from "fire fighters" to "strategic planners"—which helped the organization to secure more large contracts, move into the global market more strongly, and consolidate its position in the market.

Forum: *Do you have any other thoughts about this topic?*

Xavier: Most sales managers have to consider three satisfaction factors: company short-term margins, customer satisfaction, and salespeople's motivation. Each manager addresses these factors in a different way, based on the company context and/or on his or her own personal preferences. The dilemma between transaction and relationship selling needs to be better assessed, strategized, and communicated.