ANYBODY OUT THERE? HOW SALES ORGANIZATIONS RESPONDED TO THE COVID-19 ECONOMIC SHUTDOWN

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ABSTRACT

In March of 2020, companies were faced with unprecedented and widespread challenges. Those challenges were especially considerable for companies’ sales divisions as commerce took a momentous pause due to the Covid-19 Pandemic. Orders were cancelled and supply chains experienced major and ongoing disruptions. Customers stopped orders, cancelled meetings, and the supply chains salespeople relied on to support their customers came to a standstill. Face-to-face meetings practically came to a halt in March of 2020 as stay-at-home and work from home orders rolled into effect across the world. Through this, companies were challenged to re-think their organizational structure to sustain their sales organizations and their revenue streams. The following research is based on interviews with key informants from sales organizations at ten different U.S. and global companies about the impact of the first three months of the pandemic which hit squarely during Q2 of the sales year. The results provide insight into the immediate decisions and actions taken by a sample of companies to address salesforce control and motivation, training, technology, and strategic agility to respond to a crisis situation.

Keywords: COVID-19, Shutdown, Sales, Mitigation Actions, Continuity.

INTRODUCTION

The new normal – may not be a normal many desire. The Coronavirus pandemic has impacted and continues to impact many industries. Revenues have taken a severe hit as meetings and orders were cancelled and supply chains salespeople relied on to support their customers came to a standstill (Hartmann & Lussier, 2020). Productivity took a direct hit. The U.S. G.D.P. declined at the fastest rate ever recorded in the first three month of the Covid-19 crisis, shrinking over 9% (Siegel & Van Dam, 2020). Indeed, Lafayette (2020) laments an apparent short-term decrease in advertising sales revenue and mentions uncertainties involving the long run impact the pandemic presents on advertising sales. However, an alternate view suggests that many firms are changing their advertising messages and increasingly envisioning a long-term strategic outlook in contrast to just cancelling orders outright (Lafayette, 2020). For example, Hammett (2020) found that some national firms are finding success in resonating with customers using messages concerning a positive future, not dwelling on the vagaries of the pandemic. Sales organizations that help their clients focus on a long-term strategic outlook may provide some reason for optimism in an increasingly negative economy. Additional evidence is offered by large firms that are still pursuing the purchase of smaller firms despite the pandemic (Kirchfield & Nair, 2020). One thing has become clear through the rollercoaster of the pandemic, it is necessary for sales organizations to strategically adapt.
The need to adapt in order to survive and to prosper is clear. The overall objective of this paper is to examine and shed light on the efforts of sales professionals and managers to adapt and progress during a time of an unprecedented, stifling, external influence on the sales process. The pandemic, along with its associated stay at home/work from home orders has impacted and will continue to impact sales force motivation, relationships, compensation and success. As Mallin et al. (2017) discerned, many salespeople, especially those who are intrinsically motivated, are at their best when relationships with and among their coworkers, supervisors and customers exists and are supported. Such relationships to exist and flourish are made more difficult by the pandemic.

Similarly, Fatima (2017) recognized that sales personnel are the link between an organization and its customers. As Fatima points out, if interaction between customers and salesforce members is strong, the profit situation will be strong (2017). Alternatively, as one might imagine, weak relationships and linkages, regardless of cause can produce less than satisfactory results. Teas & McElroy (1986) discussed linkages when they mentioned that a sales person who perceives their poor performance is caused by their facing a high task difficulty, will perceive a diminished linkage between effort and performance, the difficulties for sales organizations presented by the pandemic are systemic. The need to understand the impact of the pandemic on salesforce motivation, training, development and personal relationships is important as organizations desiring to exist and progress need to be able to adapt to the current environment, maintain and motivate their sales force and their relationships, and promote a climate that encourages growth.

**METHODOLOGY**

Because the Covid-19 pandemic presented a novel situation, the goal of this research was to use an exploratory research methodology to understand how sales organizations adapted during the initial onset of the Covid-19 pandemic. Unstructured key informant depth interviews are an appropriate methodology when the aim of the research is to understand an issue, especially when little prior research is available (Weathington et al., 2012). The goal of such a method is an open dialogue to enable the researchers to elicit any relevant information from the key informants. Depth interviews are also ideal for probing to get a deeper understanding of a phenomena (Adams et al., 2014). The authors conducted interviews with sales professionals within their professional networks. Special attention was given to engaging a variety of industries and sales roles. Interviews were conducted via web conference or phone and lasted approximately one hour each. The authors then content analyzed the interview transcripts to extract common themes among the responses, a process espoused by (Weathington et al., 2012).

Key informants from ten international and global companies were interviewed to gather insights into how organizations responded to this extraordinary environment. The individuals interviewed included a mixture of sales/operations managers, sales trainers, and field salespeople from both inside and field sales teams. The sales organizations spanned a variety of industries, including two SaaS companies, five in Industrial B2B sales, one in commercial and consumer retail, one in medical devices, and a consumer finance company: see Table 1 for descriptions of the companies. Several issues emerged from the interviews as key concerns during the first three months of the pandemic, including salesperson control and compensation, motivation and engagement, and new hire training. At the corporate level, issues emerged related to technology and strategic agility. The themes that emerged from these interviews provide insight into the key
issues related to, and a variety of approaches to handling, unexpected challenges in acute circumstances.

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<tr>
<th>Table 1 DESCRIPTION OF KEY INFORMANTS INTERVIEWED</th>
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<td><strong>Title and Responsibility</strong></td>
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| Inside Sales Team Leader, train, coach, and lead over 20 members of the inside sales team | Industry: SaaS Company  
Revenue: $36 million  
Employees: 150 |
| Sales Director, manage company’s inside and outside sales team of 16 people | Industry: SaaS Company  
Sales: $10 million  
Employees: unknown |
| Director of Sales Training, developed and manages sales training across three training center locations | Industry: B2B Industrial Sales  
Revenue: $8 billion  
Employees: 19k |
| Regional sales managers (two interviewed) – manage multiple branch locations and over 20 salespeople each. Also responsible for recruiting and training. | Industry: B2B Industrial Sales  
Revenue: $5 billion  
Employees: 22k |
| Sales recruiter, recruit salespeople and inform training agenda | Industry: B2B Industrial Sales  
Revenue: $476 million  
Employees: 290 |
| Sales recruiter, and also HR director, recruit salespeople and inform training agenda | Industry: B2B Industrial Sales  
Revenue: $274 million  
Employees: 666 |
| Field salesperson, responsible for local and national accounts | Industry: B2B Industrial Sales  
Revenue: $14 billion  
Employees: 63k |
| Regional sales manager, manage salespeople in multiple profit centers across two states, also responsible for recruiting and training Regional director of recruiting, recruit salespeople | Industry: Commercial and Consumer Sales  
Revenue: $17 billion  
Employees: 53k |
| Operations Manager, manage multiple departments responsible for supporting the sales team, including customer service, warehouse, and inventory. | Industry: Medical Devices  
Revenue: $2 billion  
Employees: 40k |
| Regional sales manager, manage approximately 25 salespeople at multiple locations. | Industry: Consumer Finance  
Revenue: $200 million  
Employees: 250 |

RESULTS AND DISCUSSION

Sales represents the revenue generating lifeblood of most organizations. Despite the challenges presented by Covid-19, sales organizations were still unmitigatedly tasked with generating revenue. Yet, it was clear the pandemic caused many prospects and customers to go into contraction mode – identifying ways to minimize risks and save money. As one salesperson put it, “Covid-19 has changed the game.” Early on, as a result of the myriad uncertainties surrounding stay-at-home orders, travel restrictions, and quarantines it was reported customers appeared less interested in buying new products or services. For example, Malkawi (2020) explained that Covid-19 may be a reasonable circumstance under which to apply the legal principle of force majeure to cancel existing contracts. In addition, due to many customers working-from-home and related issues, it was more difficult to reach customers and capture their attention. Furthermore, sales professionals, themselves, had to manage their personal work-from-home (WFH) circumstances, inventory shortages, threats of furloughs, and supply chain
breakdowns. There was widespread mental fatigue. However, all ten representatives interviewed for this research reported that the salespeople in their organizations were expected to maintain their original sales quotas. None reported having their sales quotas adjusted downward due to Covid-19. Therefore, in an extremely challenging environment, sales representatives had to adapt to hit both company and personal goals and move forward.

The following section offers a detailed discussion of the results of the unstructured key informant depth interviews. The discussion is organized around the themes uncovered in the interviews. We begin with a discussion of the control and motivation of salespeople, followed by training, strategic agility, and technology.

CONTROL AND MOTIVATION

Considering both the quarantine orders and a bleak sales environment, a key concern of most of the companies interviewed was control and motivation. Control and motivation are closely tied concepts while research suggests that outcome-based control leads to higher motivation, this relationship is weakened in times of economic uncertainty (Lapierre & Skelling, 2005). Companies often struggle with balancing behavior-based and outcome-based control systems (Anderson & Oliver, 1987). As Mallin et al. (2017) surmise, a sales force that is committed to organizational goals and sustained performance will satisfy sales managers - so long as those managers understand motivational impacts on sales performance and proceed accordingly (Berl et al., 1984).

All ten of the companies interviewed expressed concerns about the ability of sales employees to continue to make sales in WFH environments. Two of the companies interviewed for this research, approached the issue of control for their inside sales teams in vastly divergent ways. Each provides excellent examples of behavior-based vs outcome-based models of employee control. One of the SaaS companies, accustomed to having direct observation of its team, required its inside sales team to login to a continuous video conference call all day. According to the inside sales team lead that was interviewed, the employees “really took advantage of brainstorming with others from their team on the call to overcome customer obstacles they were stumped by.” While this had the benefit of enabling employees to readily ask questions and get feedback, it also gave the company the added assurance that employees were engaging in work activities during the time they were employed. On the other hand, one of the B2B industrial sales companies elected a different route and applied greater significance to its analytics, including capturing more data on activity and heavily monitoring outcomes such as new customers on-boarded and a variety of sales-related analytics. According to their representative, “setting clear expectations for salespeople is even more of a priority now.” Interestingly, despite the continuous video conference call for the SaaS firm mentioned, they saw a small, but noticeable dip in activity-based productivity. Both companies indicated satisfaction with employee productivity overall.

During the interviews, company representatives mentioned apprehension about the lack of communication, camaraderie, engagement, and feedback, as well as the overwhelming concerns of health, family, and finances during the early days of the pandemic. The company representatives offered some lessons they learned about motivating their employees. The director of sales training for a B2B industrial sales company said, “it is important to celebrate wins immediately and publicly across all sales teams.” This not only helps the individual salespeople feel valued and provides a sense of accomplishment, but the sharing of success stories reassures other salespeople that success is within their reach.
Companies had to get creative in how to share these stories as email fatigue was a real problem. One B2B industrial sales company previously relied on large display monitors in their inside sales room to display salesperson rankings. The monitor would highlight new wins and play the sales representative’s favorite song briefly at all locations to celebrate success. The company was challenged to replicate this in a WFH setting. Their solution was to integrate a new cloud-based technology dashboard that would share employee successes easily and quickly with other employees.

Another B2B industrial sales company that was interviewed elected to invest in new sales tools and sales contests. Even in the best environments, companies struggle to get salespeople to adopt new technologies (Jelinek et al., 2006). Within a week of the pandemic WFH onset, this company conducted a pilot test on the impact of using short greeting videos embedded in emails to prospects. Following a very successful pilot, the company rolled out the video technology nationwide. To encourage adoption of this new technology, the company implemented a contest that included prizes for a variety of accomplishments including the best video, the most videos distributed, and the most appointments booked using a video email. The contest was designed to keep employees motivated, give them multiple ways to capture a win, and to provide positive motivation to implement new strategies.

Companies also recognized motivation was particularly critical as employees were facing uncertainties often both at home and work. The importance of talking (and listening) to sales reps relative to their motivation is emphasized by Chung’s research (2015) in which a myriad of complaints from sales reps indicated displeasure with a variety of compensation plan components. Job motivation and sales performance improvements can advance both profitability and market share (Huggins et al., 2016). At the same time, negative impacts on compensation from caps on commissions and ratcheting of quotas were negatively impacting sales before the pandemic (Chung, 2015).

During WFH orders many lost out on what would have been normal levels of compensation due to the decreases in sales brought on by the pandemic. Indeed, furloughs among sales reps were reported and accompanied decreases in orders, which negatively impacted compensation. One of the firms studied that sells surgical supplies and implants reported its compensation model experienced a major hit when sales of surgical products took an abrupt drop after elective surgeries were basically halted as a result of the pandemic. As elective surgeries have resumed, the company has promised to pay quarterly bonuses retroactively as long as annual sales targets are hit. Third quarter sales of its products are running at a record pace and substantially higher year over year – practically assuring sales reps their compensation will not be negatively impacted for the year.

TRAINING

Eight of the companies interviewed for this research had recently begun training new employees and/or had recently hired new employees that required training. On-boarding and training new hires is a vulnerable time for the new employee and the company. For a firm to achieve peak performance from its employees, managers must train and motivate the sales force it recruits. As Boe (2003) relates, the sales role in particular is fraught with rejection. Being told no and hearing objections can have deleterious effects on a person’s psyche, so sales training is essential to not only convey product, company, and industry knowledge, but also to provide salespeople with the resilience needed to be successful. Following quarantine orders, training programs had to shift quickly to avoid alienating new hires and to accomplish training goals.
While all of the companies shifted to online training, the structure of the programs varied significantly.

The companies interviewed shared several lessons learned while training salespeople in the first three months of the pandemic. Most of the companies interviewed expressed overwhelmingly positive experiences with the shift to online training and to using video conferencing software. One of the SaaS companies interviewed condensed the timeframe of their initial sales training program from three weeks to two weeks. Surprisingly, they discovered that the condensed timeframe had no negative impact on employees’ ability to generate sales following training. Salespersons’ activities and sales successes closely modeled that of past new hires.

One of the B2B industrial sales companies, which typically runs three training center locations with cohorts of 15-20 sales trainees each, began offering combined online training sessions. Previously, each location was responsible for applying the curriculum independently. The company discovered that by offering synchronous video conference training for all new hires, they could give all trainees access to their top people. As the Director of Salesforce Training put it, “sharing expert knowledge should not be limited by location.” Using synchronous video conference training offers the added benefit of maintaining consistency across all of its training sites. This discovery is causing them to re-think some parts of their training model to strategically incorporate the use of expert training via video conferencing.

A second B2B industrial sales company, traditionally incorporated on-site field trips to its vendor, customer, and branch locations as part of its sales training process. To replicate this during the pandemic, the company relied instead on video tours of these facilities hosted by people who were working at those locations because they were considered essential. The video tours were complemented by video conference call training offered by the vendors and customers they normally would have visited in person. This company also invested substantial energy to identifying ways to make video conferencing more engaging. They focused on learning “bursts” of approximately 15 minutes followed by short online quizzes, polls, or breakout discussions to encourage engagement and connectivity among trainees.

The medical devices firm also previously relied heavily on field trips and on-location tours in their traditional training model. Under the new quarantine protocols, they shifted to using online conference calls and videos as their primary training regimen for new hires. However, this was the only company interviewed that also conducted some on-site but socially distanced orientations. These orientation sessions were more about company philosophy and office processes while online components focused on sales training of products.

One of the SaaS companies doubled down on its use of Artificial Intelligence in training its new sales hires. The AI software was purchased to compensate for the lack of in-person feedback resulting from stay-at-home orders by providing trainees with immediate and valuable feedback. Trainees may practice as much as they want as they are not limited by their manager’s availability. The model of practice – immediate feedback – practice, has been extremely helpful for trainees’ development according to the sales manager interviewed. They anticipate retaining this technology even when quarantine protocols are ended.
STRATEGIC AGILITY

Though companies experienced lagging sales across the board, some industries did well. The medical device company that was interviewed said that while elective surgeries were completely halted, sales of products related to trauma-based surgeries continued. Such a bright spot may not be unique as it is reported that IKEA was discussing returning governmental aid packages to nine different countries due to the fact that its business was recovering more quickly than anticipated (Davis, 2020).

In response to the Covid-19 competitive environment, the majority of the companies interviewed found it necessary to invest in new strategies, products, or technologies. Five of the ten companies interviewed made product or strategic shifts. Two companies began offering a modified version of their product to address the new realities in the marketplace. One company in the SaaS area that sells in-person and online training products in addition to other products, began offering Covid-19 safety training, including critical back-to-work protocols within the first two weeks of the shutdown to its existing and new customers. The second company, in the financial services industry, began offering “eSign” loans which were previously not available from that firm. This product became essential to the company’s business since customers were unable to sign for loans in person.

Two companies strategically shifted by targeting customers in entirely new industrial sectors. For example, one of the B2B industrial sales companies developed a new program to support the education industry. The market for safety products in the education industry exploded due to the Covid-19 threat. This company began targeting the education industry with its existing safety products. The lawncare industry proved to be a surprisingly profitable segment for one of the SaaS companies interviewed because as people were forced to stay at home, they began to take more interest in the appearance of their homes. Though not a targeted segment in the past, the SaaS company successfully launched a campaign to support the needs of this industry as a result of the pandemic.

A final company that serves both commercial customers and consumers through its branch locations began offering curbside service like many other retail establishments. One of the challenges they uncovered was that customers missed the ability to touch and handle products prior to purchase. There were both logistical and sanitary concerns with making products available for touch. To overcome this hurdle, the company invested in large signage outside of their locations. According to one district sales manager, their goal was to “bring the sales floor out to customers.” All of the representatives of these companies agreed that these shifts enabled the sales teams to continue to generate revenue and attract new customers whereas without these shifts, their sales would have been stagnant at best.

Though not a deliberate strategic decision, one of the industrial B2B sales companies and the medical device company both mentioned that while second quarter sales were dismal, third quarter sales were on target to eclipse last year’s sales records. The medical device firm expanded its sales due to new customers seeking them out as new sources of supply and service in response to disruptions in these customers’ pre-pandemic supply chains. Assuming the continuing pandemic will not re-close their primary market (elective surgeries), annual sales goals are expected to be surpassed.

The B2B industrial sales company also signed on several new accounts. According to one of their sales representatives, accounts that he had been trying to get his foot in the door for as long as two years were suddenly open to doing business with his company. In every instance, the customers were looking to reduce their expenses. According to the sales representative, “In the
past, these were customers that cared most about service and quality regardless of price, but now they are looking for the lowest price.” In his opinion, the pandemic has made many customers highly price sensitive. Both the B2B firm and the medical device firm are recognized as leaders in their respective industries and therefore, better equipped to overcome supply chain shortages and to offer competitive prices.

TECHNOLOGY

A common theme of dealing with the Covid-19 pandemic has been the use of technology to overcome challenges (Frisch et al., 2020; Iansiti & Richards, 2020). All of the companies interviewed for this research expressed increased reliance on technology salesforce control, engagement, and training as well as connecting with and supporting customers. Five of the companies said that the pandemic accelerated the use of technology that was either planned or implemented but not fully utilized. Two of the companies had existing online platforms for customers to access inventory and place orders. However, prior to the restrictions of the pandemic, few customers took advantage of these platforms, preferring instead to speak to their sales representatives or the inside sales teams. Both companies reported a significant increase in customer signups and orders via the online platforms after the start of the pandemic.

One of the SaaS companies had been testing cadencing software for several months that would help the sales team smartly manage following up on leads. However, once their employees were required to work from home, the software became essential to help their employees be successful in a WFH environment. Another new approach to technology was offered by one of the industrial sales B2B companies that was interviewed. The company had always relied heavily on technology to train its new hires. However, due to the pandemic, they decided to make its online training programs available to all company employees to support those who wanted to brush up on their skills while quarantined. All interviewed agreed that the technology changes that were implemented due to the pandemic are likely to stay.

CONCLUSIONS

The Covid-19 pandemic has had a significant impact on sales organizations. A few firms have been positively impacted, as has Home Depot, which reported its best ever May-July sales with a 23% spike (Lucas, 2020). In addition, the firms interviewed for this report indicate they are progressing despite some early setbacks as they adapt to changes and needs in their markets. However, for every success story, there are numerous cases of businesses suffering, with many closing, perhaps never to reopen.

Craft distillers in the US experienced a 41% sales decline resulting in the furloughing of more than 1/3 of their workforce (Associated Press, 2020). USNews (2020) is reporting that hospitals in Florida lost $4 billion in the past four months. New York hospitals have lost $25 billion (Campbell 2020). Airlines are struggling (Slotnick, 2020). Many restaurant chains are in trouble (USA Today, 2020), and if the big chains are in trouble, smaller restaurants are in dire straits. Hotels are seeing the worst year since the great depression, with 80% of hotel rooms empty (Simon, 2020). Supply chains are negatively impacting manufacturers, with many facing decreases in demand, production and revenues (PWC, 2020). Toyota, GM, Honda, and Hyundai, reported double digit drops in May (Lyon, 2020). With the negative impacts on sales organizations the pandemic presents, the need to understand how firms are succeeding in the new normal is paramount.
This research offers an informative look into how ten sales organizations dealt with the abrupt onset of changes resulting from global stay-at-home orders. Representatives of every company interviewed said that some of the changes forced by the pandemic turned out to be positive and would continue as a part of the company’s operations after the pandemic ends. All companies plan to continue to use video conference calls to have a more personal connection with both co-workers and customers when travel is not an option or a cost-efficient option. One of the SaaS companies plans to allow occasional WFH days in the future, whereas previously it was strongly against the company’s culture. Finally, the commercial and consumer retail company that began offering curbside delivery expects to continue that service post-Covid.

All companies found value in online training and expressed an interest in keeping some of the online training processes to complement in-person training in the future. The B2B industrial sales company that implemented vendor training video conference calls plans to continue such in the future because it was determined to be just as effective as field trips, but less time consuming and easier to facilitate. The SaaS company that condensed its training program plans to continue with the condensed format after discovering that, even reduced in scope and time, it was still successful in accomplishing its goal of developing an effective sales force.

Despite some positives, the companies’ representatives did express some ongoing concerns and issues they were still working to overcome. All companies interviewed expressed a general loss of collaboration among co-workers. The sales director at one of the SaaS companies interviewed started hosting optional 15-minute coffee talks and happy hours every morning and afternoon; he also encouraged his salespeople to “let your co-workers into your life.” He found this helpful with collaboration and rapport within his team. One company typically used peer groups for training and despite integrating new collaboration tools, found they could not find an effective replicate of the in-person experience, even with the use of technology. Additionally, they acknowledged the difficulty of bringing on new talent and acculturating them to the company remotely.

Representatives also talked about experiencing significant uncertainty with how to interact with customers in person given the pandemic and ongoing health concerns. For instance, several mentioned it may be difficult to gauge the level of interaction a customer is comfortable with once in-person sales resume on a large scale – a handshake, a fist bump, the new foot shake? One salesperson said, “You really have to feel out every new situation, at some places, especially local businesses, no one is wearing a mask. But at others, like corporate branches, they are all masked up and following disinfecting protocols every five hours.”

With masks and social distancing, there is also concern for what may be missed in reading a customers’ body language. Missing important communication nuances due to masks and social distancing may allow unmet needs to continue or create misunderstandings harmful to the sales process. As McFarland et al. (2006) point out, sales representatives who can accurately judge a customer’s communication style and identify pertinent cues are more likely to succeed in their efforts. Similarly, Kidwell et al. (2007) emphasized the positive aspects on sales performance of being able to judge customer emotions accurately. Our interviewees’ concerns about the lingering impacts of COVID on their efforts appears to be well-founded given the impediments to the communication process presented by WFH orders and mask mandates.
LIMITATIONS

This research is based on in-depth interviews with representatives of sales organizations of ten companies in a variety of industries. The research is exploratory in nature and therefore the results should be taken as anecdotal evidence and used with caution. Though there are limitations, this research provides information into the changes the Covid-19 pandemic imposes on sales organizations and the individuals responsible for driving those sales.

REFERENCES


