The Chief Sales Officer

First Quarter 2023

Leadership Challenges in 2023

Gartner®

The Chief Sales Officer

Contents

Letter From the Editors

Every day, CSOs ask us:

- How should I lead the sales function through transformative change?
- What are the best ways to build a diverse sales team?
- How should we explore and launch a complementary B2B digital commerce channel?
- How can we motivate the varied roles in my sales function?

B2B sales is in the business of change. Sellers and stakeholders are demanding transformation and innovation on all fronts — from the use of technology to the seller employee value proposition. CSOs are feeling this pressure. In a 2022 survey, 56% of sales leaders identified "managing internal change initiatives" as their most important internal challenge in 2022.[1]

In this issue, we focus on the challenges that CSOs are facing as we enter 2023 and identify some key elements crucial for success:

- **The CSO Leadership Vision:** Gartner's 2023 Leadership Vision identifies three critical focus areas for sales leadership — optimizing digital interactions, managing through disruption, retaining sales talent and how to get started on each. **(p. 4)**

- **The Future of Sales Talent:** Gartner predicts that by 2028, 50% of sales leadership roles will be filled by individuals from historically underrepresented groups. Read more about why this is a wave you want to catch. **(p. 16)**

- **Planning for Machine Customers:** Machine customers are proliferating. To remain competitive, you must understand this trend and its impacts. **(p. 11)**

- **A Day in a Machine Customer World:** In the postpandemic 2020s, the machines will arrive. This infographic provides examples of the physical and virtual machines you will encounter in a typical day. **(p. 14)**

- **The CSO Perspective on a Unified Commercial Strategy:** Our research shows that neither a rep-free nor a seller-driven buying experience leads to the best results. We discuss a better path forward and the commercial alignment that makes it possible. **(p. 22)**

- **Quant Corner: CSO's Top Challenges:** Sales leaders have faced acute disruptions in recent years, but data on CSOs' top external challenges show a shift away from managing short-term disruptions and toward a longer-term view. **(p. 27)**

Our **sales leader spotlight focuses on Damon Joshua,** Senior Vice President of B2B Business at MarketSource. Damon discusses navigating economic uncertainty, taking an aggressive approach to RevTech and engaging purposefully with DEI goals.

We hope everyone has had a successful start to the new year.

Until next quarter,

Betsy Gregory-Hosler and Delainey Kirkwood

[1] 2022 Gartner CSO Priorities Survey.

2023 Sales Trends

B2B sales is at a tipping point. Compounding disruptions in buying dynamics, the economic environment and sales talent are reconfiguring what it takes to succeed. Download our annual Leadership Vision report to get your questions answered.

Chief Sales Officers

- What changes should CSOs make to drive revenue growth as more customers move to digital buying?

- How can CSOs help their teams win deals with so much uncertainty?

- How can CSOs build a high-performing sales team in today's labor market?

Download Now

Sales Operations Leaders

- What organizational changes must sales ops leaders make to support revenue growth?

- How can sales ops leaders leverage technological innovations to drive commercial success?

- How can sales ops help commercial leaders make confident decisions in an uncertain environment?

Download Now

Sales Enablement Leaders

- How can sales enablement teams build their function to support today's commercial environment?

- How can sales enablement prepare sellers to drive commercial success using technology?

- How can sales enablement leaders help build a high-performing sales team?

Download Now

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The CSO Leadership Vision for 2023

By Shreya Biswas

Two years of constant and compounding disruption in buying dynamics, the economic environment and the sales talent market have left many CSOs scrambling to meet revenue targets. Heading into 2023, CSOs face a series of choices about how they will respond to these disruptions.

In many ways these choices are tipping points for sales where the decisions CSOs make today will separate the winners from the losers in the years to come (see Figure 1).

Figure 1. B2B Sales Is at a Tipping Point

"What changes should I make to drive revenue growth as more customers move to digital buying?

"How can I help my team win deals with so much uncertainty?"

"How can I build a high-performing sales team in today's labor market?"

Exceeding Revenue Targets

Missing Revenue Targets

Every decision compounds the widening gap between winners and losers.
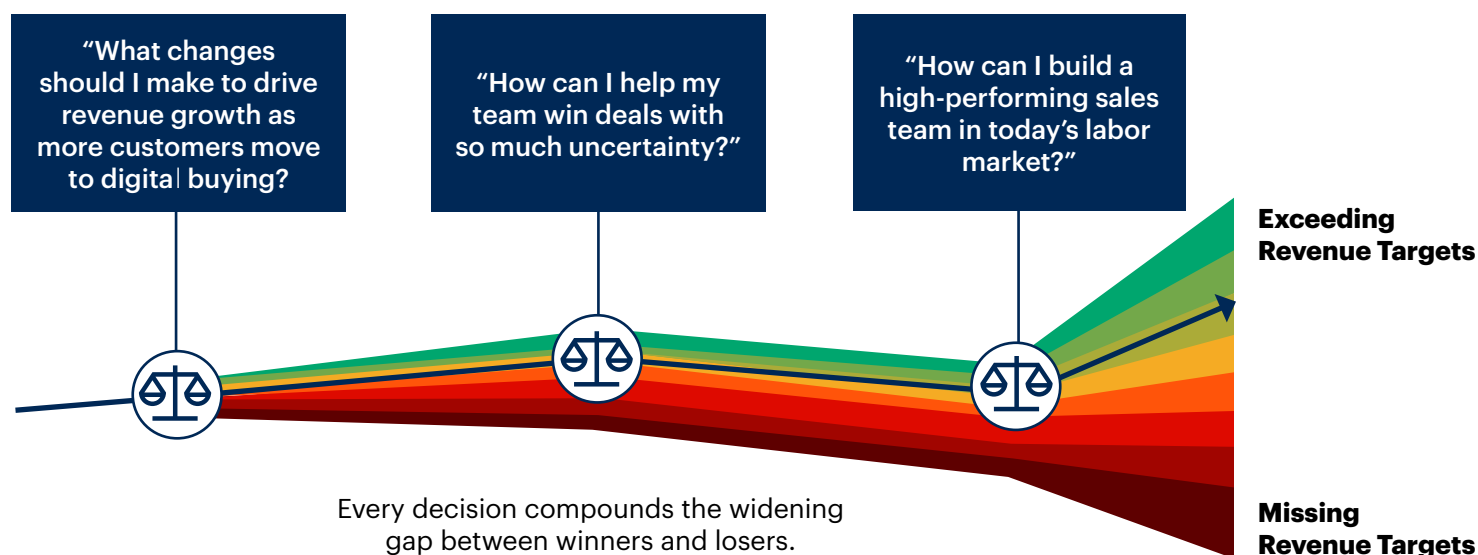
Source: Gartner

Top Trends and Challenges Affecting CSOs

Each of the decisions is aligned with key trends and critical challenges facing sales organizations (see Figure 2).

CSOs must focus on the following three decisions as they head into 2023:

1. What must CSOs do to drive revenue growth in a digital sales environment?

As the usability and customization of digital commerce platforms continue to improve, buyers will be more comfortable making large, complex, online purchases. By 2025, Gartner predicts 80% of B2B sales interactions between suppliers and buyers will occur in digital channels.

The tradeoff between digital and human-led channels is a false one. Both channels are necessary and complementary. CSOs must create an orchestrated customer engagement strategy where sellers and digital channels work together to deepen customer learning.

Figure 2. Key Trends and Critical Challenges

Priority	Trend	Challenge
Customer Experience	B2B digital commerce has overtaken seller-led purchases.	Current digital and seller-led engagements create poor customer experience and hurt commercial results.
Economic Uncertainty	Constant and compounding disruptions threaten revenue growth.	Sellers struggle to respond to uncertainty's impact on buying groups.
Sales Talent Management	Hiring and retaining talent is harder and more expensive than ever.	Constant turnover and longer hiring cycles threaten sales results.

Source: Gartner

The ability to foster and support customer learning will separate organizations who meet their revenue targets from those who fall short (see Figure 3).

To create customer learning paths for today's hybrid buying environment, CSOs should invest in a combination of dynamic personalization merged with new seller skills and behaviors that span traditional channels. This is necessary because the multichannel paths that buyers take are likely to include a mix of digital channels, human-led interactions and even hybrid experiences. By creating a system where sellers and digital channels work together to help customers learn in a commercially advantageous way, CSOs and their teams can create a customer experience that buyers value.

For more information on learning paths, see the article "The CSO Perspective on a Unified Commercial Strategy" in this issue.

Figure 3. Build Better Customer Engagements

Digital Engagement	Prompt self-assessment of learning gaps	Facilitate group use of digital tools	Validate buyers' readiness to move forward
Digital and Human Integration			
Human Engagement	Encourage buyers to slow down and reflect on their goals	Collaborate with buyers to relate and apply information	Prepare buyers for next set of questions and challenges
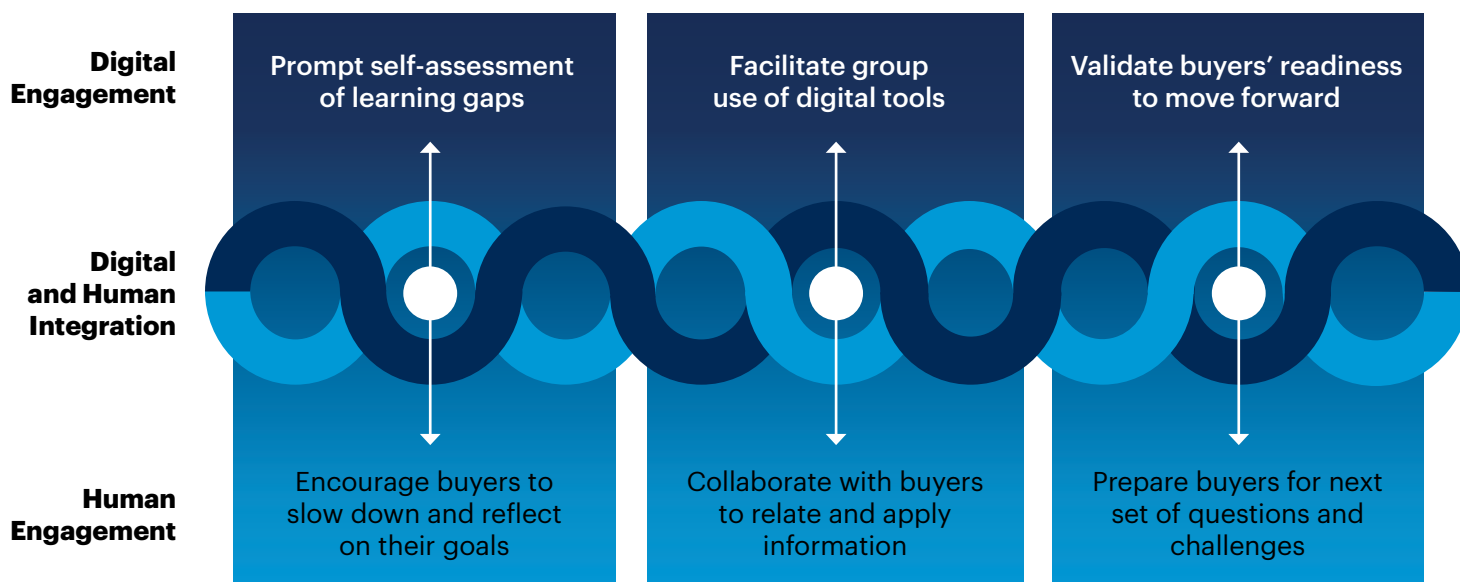
Source: Gartner

2. What must CSOs do to improve sales effectiveness in the face of perpetual and compounding uncertainty?

Factors like rising inflation, higher labor costs and supply chain risks mean that deals are often happening more slowly than CSOs would like, making it much harder to predict which deals will be won. Helping customers cope with the uncertainty in today's macroenvironment in a way that leads to positive commercial outcomes starts with building an **adaptable sales organization** (see Figure 4).

This means moving past traditional approaches to sales and building a more adaptive and resilient organization by focusing on the following:

1 **Help sellers understand how uncertainty is impacting their customers.** This starts with equipping sellers with details on customers' information journeys. Taking time to understand customers' emotional journeys and interpersonal dynamics reveals key insights about how customers reach internal consensus and how changing stakeholders slows down the process.

2 **Equip sellers with the resources they need to deliver valuable customer engagements in today's highly variable world.** Buying groups change rapidly and sellers need to be armed with the resources to adapt on the fly. This includes providing customers with dynamic customer verifiers to understand what is really going on "behind the curtain" in the buying group. Make buyer enablement resources available that enable sellers to work collaboratively with the buying group.

3 **Create a buyer-centric operating model.** A buyer-centric operating model requires visibility, collaboration and coordination across all customer-facing functions. CSOs should start by improving collaboration with marketing in six areas: customer profiles, messaging, measurement, enablement, process design and customer data and systems. Create consistency in messaging and communication across customer engagement touchpoints so it's less likely that sellers inadvertently create inconsistencies with what buyers independently find online.

Figure 4. How to Deal With Uncertainty

1 Map How Uncertainty Impacts Customers

2 Deliver Valuable Customer Engagements in Variable Environments

3 Create a Buyer-Centric Operating Model

Collect data on customers':
- Information journeys
- Emotional journey
- Interpersonal dynamics

Use emerging technologies like:
- Customer sentiment tracking
- Customer engagement tracking
- Conversational intelligence

Equip seller with:
- Dynamic customer verifiers
- Buyer enablement resources
- Sense making training

Combined with digital tools like:
- Real-time conversational analytics
- AI-guided next-best actions
- Intelligent coordination

Align customer-facing functions on:
- Customer profile
- Messaging
- Measurement

With the help of:
- Integrated revenue tech stack
- Communal data shared across the entire commercial org
- Revenue intelligence solutions

Source: Gartner

3. What must CSOs do to attract, retain and motivate high-performing sales talent in today's environment?

In the current talent market, building a sales team able to succeed today and in the years ahead requires CSOs to rethink their approach to retaining top talent and growing the team (see Figure 5).

Improve retention and performance by focusing on drag reduction. A Gartner survey of nearly 1,000 B2B sellers revealed that many are burned out, are looking for a new job and feel management doesn't understand their reality. We also discovered that sellers experience something we've called "drag," which
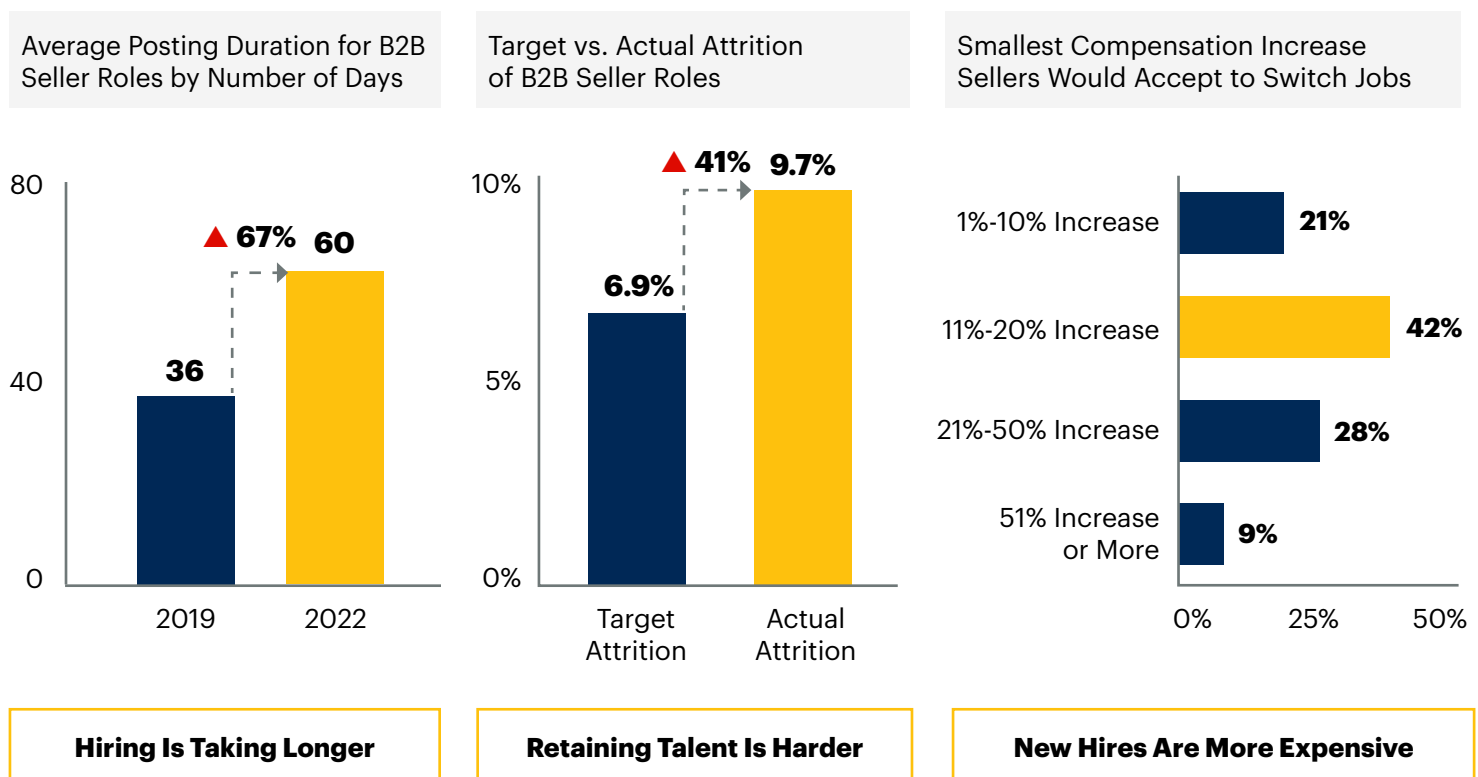
is demotivation away from work. Four key drivers of drag in sellers include:

- Lack of development opportunities;
- Feeling like a cog in a machine;
- Vague, unactionable manager feedback;
- Administrative burden

Reducing seller drag from medium to low levels provides a 20% increase in average quota attainment and an even more drastic 72% reduction in likelihood of active job seeking.

How can CSOs reduce drag? The greatest sources of drag can vary across organizations, so the best first step is diagnosing drag by implementing a deliberate process to listen to your sales force, understand what things look like "on the ground" and address key issues.

Figure 5: Three New Realities of the Sales Talent Market

| Average Posting Duration for B2B Seller Roles by Number of Days | Target vs. Actual Attrition of B2B Seller Roles | Smallest Compensation Increase Sellers Would Accept to Switch Jobs |

Hiring Is Taking Longer

Retaining Talent Is Harder

New Hires Are More Expensive

Source: 2019 and 2022 TalentNeuron

n = 43 CSOs
Q. What is your target/current regrettable voluntary turnover/attrition rate for sellers in your organization?
Source: 1H22 Gartner CSO Priorities Survey

n = 681 B2B sellers
Q. What is the smallest percentage increase you would accept in your total compensation to do your same job with a different employer?
Source: 2022 Gartner B2B Seller Motivation Survey

In addition, our research identified two other ways to reduce drag (see Figure 6).

- Create attractive, realistic and tangible employee growth opportunities via career lattices designed for sales.
- Create opportunities for seller empowerment by encouraging sellers to solve customer problems and innovate business processes.

Build the sales team of tomorrow by redefining what it means to be a seller. By redefining the seller role, CSOs can expand the talent pool, easing hiring and creating a more effective sales force. Redefining the seller role requires CSOs to take a close look at three areas:

- **Updated Deployment Model:** As digital engagements continue to increase, sellers are less tied to a specific geographic area, changing long-standing capacity modeling and territory design assumptions.
- **Sales Force Composition:** CSOs are shifting investments from a generalist field sales force to more specialized seller roles. These roles are either better able to operate at scale, such as inside sales, or more suited to personalized value-added engagements like key accounts.
- **Enablement Resources:** Ensure sellers have access to enablement resources designed to be used collaboratively between sales reps and buying groups in digital channels.

While the scale and scope of change in B2B sales can be daunting, sales leaders should use this leadership vision to organize around these challenges and develop action plans to drive market-leading growth in 2023 and beyond.

Figure 6: Building a Sales Force in Today's Environment

Focus on Drag Reduction

Drag is demotivation away from work.
Moving from medium to low drag:

▲ **20%**
Improves Mean
Quota Attainment

▼ **72%**
Reduces Active
Job Seeking

n= 832 B2B sellers; 906 B2B sellers
Source: 2022 Gartner B2B Seller Motivation Survey

Three Ways For CSOs to Reduce Drag

Diagnose and address sources of seller drag

Develop a career lattice to provide sellers with growth opportunities

Design opportunities for seller empowerment

Redefine the Seller Role

Digital

Human

Sales roles must change to integrate humans into digital engagements.

Three Areas CSOs Must Focus to Integrate Sellers Into Digital Channels

| Deployment Model | Talent Profile | Enablement |

Source: Gartner

Preparing for the Machine Customer Era

By Delainey Kirkwood

As the number of smart machines increases, machine customers are poised to change B2B sales. In order to prepare, CSOs must understand machine customers and incorporate them into their sales strategies.

Sales leaders must understand the impact of machine customers on their business and establish a strategy to stay competitive. Our modeling predicts that by the year 2030, machine customers will be directly involved or have influence over $30 trillion in purchases.[1] And CEOs tell us they believe 25% of their company's revenue will come from machine customers.[2]

What Are Machine Customers?

> Gartner defines a machine customer as "a nonhuman economic actor that obtains goods or services in exchange for payment."

More specifically, machines will function like a form of a digital agent that acts on a customer's behalf. Customers can now have their own authorized machine concierge that executes repeatable and low-complexity tasks, reducing customer effort to virtually zero.

There are two types of machine customers: physical and virtual.

1. **Physical machine customers** are smart physical devices that are connected to the internet or a local network for communication. These devices collect, interpret and communicate both internal information (performance of the machine, needs of the machine, etc.) and external information (motion detection, temperature, etc.).

Examples of such devices are around us, such as Tesla cars, HP Instant Ink printers, Google Nest and more. One forecast suggests the number of smart devices worldwide will jump from 13 billion in 2022 to 19 billion in 2025.[3]

Why Must Sales Leaders Pay Attention?

Today, there are more machines with the potential to act as customers than humans on the planet — 13 billion machine customers for 7.98 billion humans.[4] Effectively selling to machine customers will not just be a "tech thing" or a "marketing thing." It will be an everyone thing.
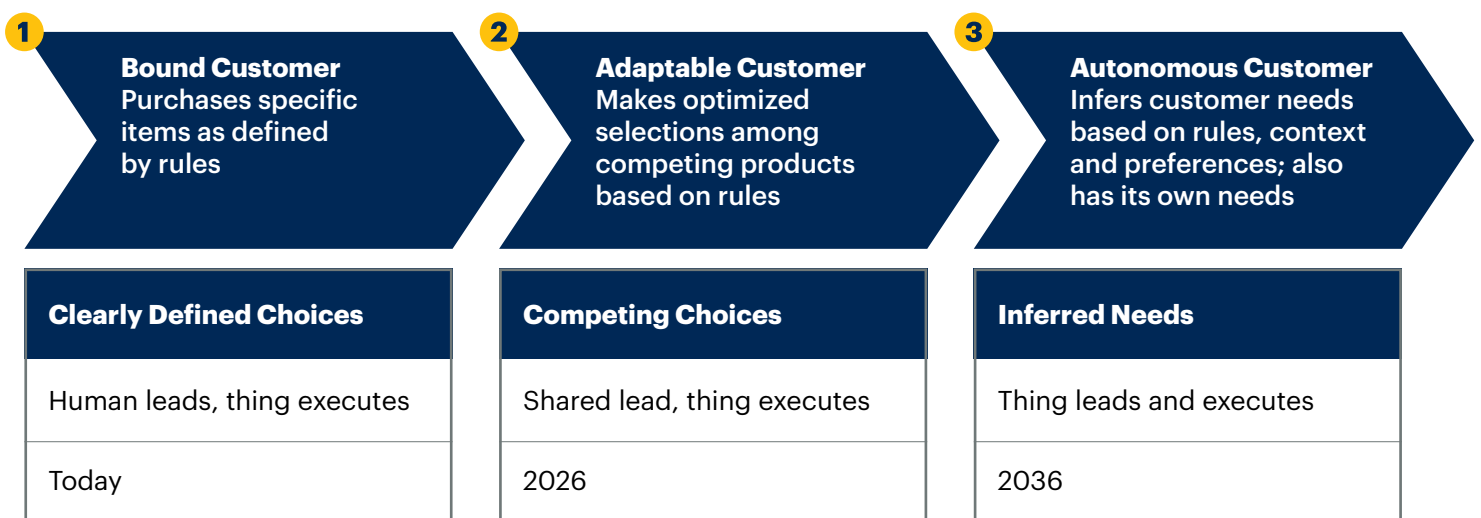
All C-suite executives must play a role in adaptation or progress will be partial, ineffectual and inconclusive. The arrival of machine customers will be more significant than the arrival of digital commerce and will be a competitive advantage for growth. In the future, a company's best customers will not be individual humans or enterprises — they will be machines. By 2025, there will be 15 billion connected products with the potential to behave as customers — to shop for services and supplies for themselves and their owners.[4]

2. **Virtual machine customers** offer a robust set of interfaces to human customers to perform transactions. These are virtual customer assistants (VCAs) and buying algorithms.

    Examples include Amazon's Alexa, Apple's Siri, digital nonplayable characters (NPCs)/digital assistants in virtual worlds, Alibaba's Tmall Genie, and more. The growth in adoption of these VCAs and their ability to continuously learn across millions of interactions set the strongest foundation for machine customers.

    The era of machine customers will evolve in three main phases over the next 15 years (see Figure 1).

Figure 1: Three Phases of Machine Customers' Evolution

1 Bound Customer Purchases specific items as defined by rules	**2 Adaptable Customer** Makes optimized selections among competing products based on rules	**3 Autonomous Customer** Infers customer needs based on rules, context and preferences; also has its own needs
Clearly Defined Choices	**Competing Choices**	**Inferred Needs**
Human leads, thing executes	Shared lead, thing executes	Thing leads and executes
Today	2026	2036

Source: Gartner

How Can Sales Leaders Prepare?

Sales leaders will need to consider how selling processes — and the sales organization overall — must evolve when their customers are machines. The key will be understanding the underlying rules and logic that will guide the purchase behavior of a machine. A machine customer will likely need significantly more information to decide than its human counterparts. Sales leaders must prepare to have the information available and dispensable. In addition, machine customers will be different from human customers in decision-making. Whereas selling to a human requires emotion, persuasion and empathy, selling to a machine requires logic, information and process speed.

In a machine customer world, selling will be data science-oriented and the process will be automated. In cases where decision making is largely rational or transactional, having a machine as a customer will be a great thing. Machine customers have the potential to be more reliable and efficient purchasers than humans. However, if emotion plays a vital role in the purchasing decision or the project is complex (for example, custom-built IT projects), selling to a machine customer will not be easy. It may not happen at all.

Recommendations

To prepare for the emergence of machine customers, CSOs should:

- Explore market opportunities by creating and considering one to three questions, such as:
  - What types of smart products might arise in the situations/activities where customers use your products and services today?
  - Who might create and/or manage those machine customers?
  - How would machine customers change your selling approach?
- Deepen the sales team's partnership with IT, product management, analytics and finance to align and capitalize on this emerging opportunity.
- Invest in your digital commerce platform to ensure that all information provided to a machine customer is easily accessible, current and relevant to its stage in the purchase journey.

[1] Adapted from When Machines Become Customers, now available in eBook, hardcover, and paperback. Gartner analysis based on IHS Markit data, Gartner estimates of the number of machine customers deployed and Gartner forecasts for machine customers' growth and maturation of key technologies.
[2] 2020 Gartner CEO Survey: The Year of Recession.
[3] Number of Digital Voice Assistants in Use Worldwide From 2019 to 2024 (in Billions), Statista.
[4] UN World Population Prospects 2022, Number of Digital Voice Assistants in Use Worldwide From 2019 to 2024 (in Billions), Statista.

Upcoming Virtual Events

Gartner regularly hosts virtual events across a variety of Sales topics. The following are a small selection of our upcoming events.

Please join us by registering online.

The CSO's Role in a Unified Commercial Strategy
7 March 2023, 1:00 p.m. GMT
18 April 2023, 11:00 a.m. EST

The Seller Role of the Future
15 June 2023, 11:00 a.m. EST
20 July 2023, 11:00 a.m. PST

**Driving Seller Behavior Change:
The New Enablement Mandate**
24 August 2023, 11:00 a.m. EST

A Day in Your Life in a Machine Customer World

In the postpandemic 2020s, the machine customers will arrive. This infographic provides examples of the physical and virtual machines you will encounter in a typical day that will become paying customers. Executive leaders must help their companies seize the growth opportunity of the decade before it disrupts their business strategies.
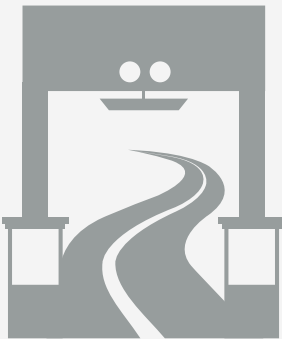
Starting Your Day

Leave Home: **Vehicle**

What they will buy:
• Tires
• Cleaning
• Fueling/charging
• Insurance
• Maintenance
• Media
• Food and drink

Examples: Ford, GM, Mercedes, Tesla, VW

Every business strategist in the automotive-related industries recognizes this will happen.

Drive to Work: **Road**

What they will buy:
• Repairs
• Recovery
• Police
• Cleaning
• Upgrades
• Loans

Examples: Roads, sensors, tollways

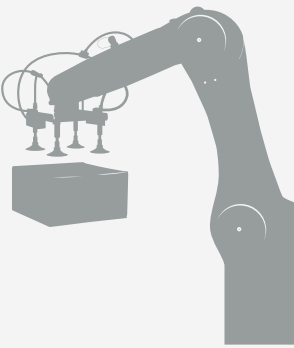**Anything could become a customer — it's very important to be broad minded.**

Stop by the Factory: **Industrial Robot**

What they will buy:
• Repairs
• Cleaning
• Parts
• Supplies
• Upgrades
• Insurance

Examples: Siemens, thyssen-krupp

Industrial machines, bristling with sensors, will detect demand way before their human operators.

At Work
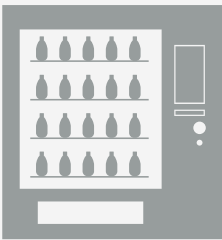
Check-in With Purchasing: **Buying Algorithm**

What they will buy:
• Gig workers
• Business services
• Energy
• Investments
• APIs and data

Examples: Datapred, Facebook, Google, Pactum, Staples

Some of this is already the norm.

Take a Break: **Drinks Cooler**

What they will buy:
• Cleaning
• Stock
• Customer analytics
• Pricing signal data

Examples: Coca-Cola, Nestle, PepsiCo

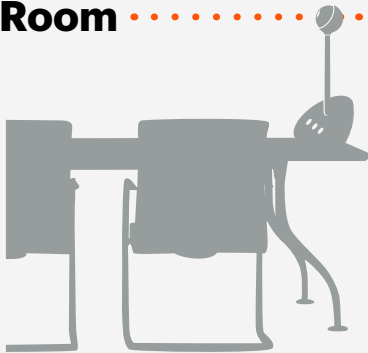**Likely to be more effective at reordering than the human customer.**

Go to a Meeting: **Conference Room**

What they will buy:
• Cleaning
• Catering
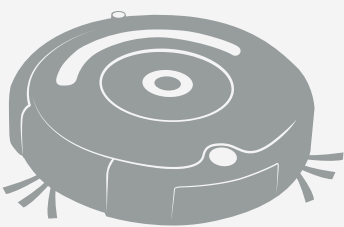• Security
• Equipment/ maintenance
• Pest control
• Furniture

Examples: Cisco, Herman Miller, Microsoft

What's the "natural" level of aggregate market control?

At Home

Clean Up: **Household Robots**

What they will buy:
• Cleaning consumables
• Cleaning services
• Upgrades
• Pet products
• Flooring

Examples: Gecko Robot Window Cleaner, Grillbot, iRobot Roomba

Machine customers may end up generating income they can spend.

Home Fitness: **Workout Mirror**

What they will buy:
• Apparel
• Health and nutrition
• Beauty
• Furnishings
• Training
• Equipment

Examples: lululemon athletica, Nautilus, Tonal

Machine customers need to see us to help us.

Cook Dinner: **Appliances**

What they will buy:
• Food
• Health and nutrition
• Maintenance
• Upgrades
• Cleaning
• Insurance

Examples: GE, Pantri, Samsung, Whirlpool

Proprietary platforms and walled gardens hinder market development.

Relax: **Smart Speakers With Intelligent Assistants**
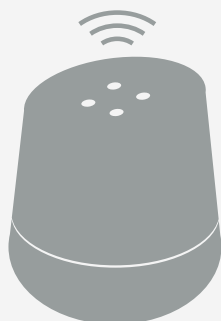
What they will buy:
• Media and entertainment
• School selection
• Investment portfolio management
• Almost anything?

Examples: Amazon, Apple, Microsoft

If physical context isn't relevant, then it's likely that ambient AI wins.

Today, there are more machines with the potential to act as customers than humans on the planet.

Why are nearly 90% of your sellers burned out?

Use the **Gartner Seller Time Spend Assessment** to evaluate how and where sellers are spending time across the sales process to pinpoint seller burden and where high-performers focus their efforts.

Explore a time assessment survey that covers:

- **Six major areas of the sales process**, each containing lists of seller activities for respondents to report their time allocations.

- **Productivity questions** as it relates to sellers engaging with technologies.

- **Seller perceptions** of the sales process within their organization.

1 Sales Planning

2 Prospecting

3 Customer Meeting Preparation

4 Conducting Sales Calls

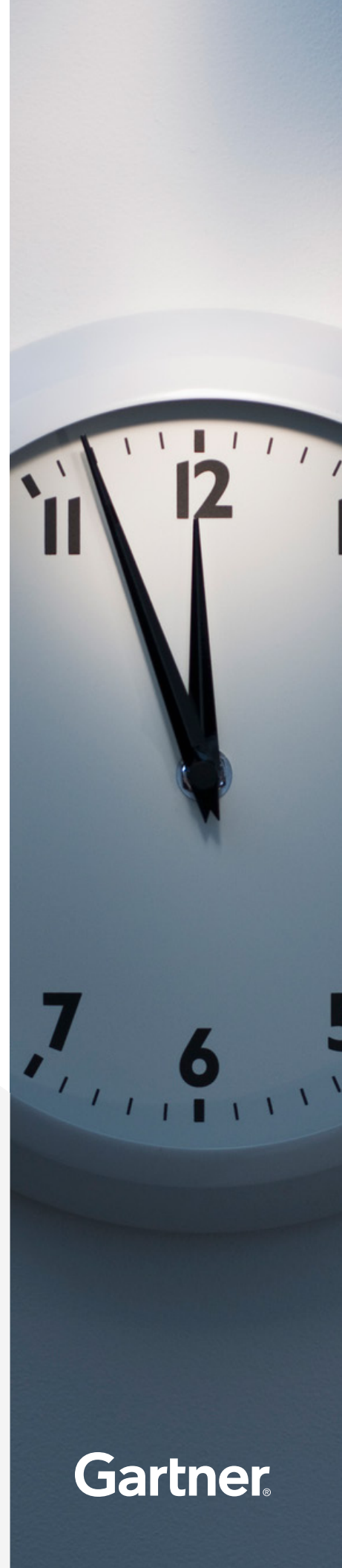**5** Deal Negotiation and Closing

6 Nonselling Activities

Gartner Client?

[Launch Assessment]

Not a Gartner Client?

[Learn More]

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The Future of Sales Talent: DEI Efforts that Expand the Sales Talent Pool

By Betsy Gregory-Hosler

B2B sales is facing a talent crisis. Tapping into previously neglected populations will help CSOs broaden their talent pipeline.

CSOs face a talent crisis. In the 2022 Gartner CSO Priorities Survey, talent is the top external challenge facing 67% of CSOs.[1] The math is simple: The B2B sales labor market is flooded with job openings and not enough high-quality applicants to fill those openings.[2] There are only three available candidates per open B2B sales job posting, and job postings stay open for an average of over two months.

> Offsetting seller turnover is difficult and expensive, costing sales organizations millions in revenue per year. Using the Gartner Tool: Sales Turnover Cost Calculator, we can estimate that for a company with 250 sellers and an average of $1.5 million in revenue generated per seller per year, an average annual turnover rate of 20% is costing that organization $11,898,462 per year.

When turnover happens, it's critical to have a robust candidate pipeline in place.

Unfortunately, sales is leaving crucial talent out of its pipeline. The sales function has historically been white and male, neglecting to attract and retain high-potential sellers from historically underrepresented groups (women, people of color and members of the LGBTQ+ community, for example). DEI efforts — targeting the talent pipeline, current sellers and sales leadership — are an imperative step in addressing current and future talent needs.

There is also no indication that diversified sales leadership will negatively affect the bottom line. In fact, past surveys have shown that sellers perform similarly across gender and racial groups — and that diverse sales teams actually perform better.[3] However, sellers from these historically under-represented groups don't earn as much and feel less supported than their white male colleagues.[4]

> Gartner predicts: By 2028, 50% of sales leadership roles will be filled by individuals from historically underrepresented groups.

Sales leaders who are unwilling to challenge existing recruitment efforts or don't put in the work to create an inclusive sales culture create a compounding downward spiral. In an unsupportive or biased environment, sellers within the organization are less likely to stay. In turn, new sellers are less likely to be attracted to an unwelcoming organization. It's time to take real action to widen the talent pool.

Reconsider Talent Profiles

The traditional candidate profile for a B2B sales rep relies on sales experience rather than skills, biasing the candidate pool toward those already in the function and the same white male demographic. In an already tight labor market, digital transformation stands to add technical and data literacy skills to already-demanding seller job requirements. Without re-thinking the candidate attraction strategy, sales leaders may face an even smaller talent pool.

Recommendations:

- Refocus candidate profiles on skills and behaviors — rather than experience — to widen the talent pool.

- Write job postings that properly frame the position to avoid skewed recruiting toward the same talent pool and demographics. Leverage tools like Textio and Gender Decoder to bias-check postings.

Address Gaps in Manager Support

We've all heard the line, "you don't leave a job, you leave a manager." Gartner research has tied unactionable manager feedback and an inability to see a career path to reduced seller motivation, performance and retention. Underrepresented groups may have significantly different experiences with their managers. In one seller survey, more than twice as many female respondents (13%) reported that they lack a manager that effectively advocates for their team members, compared to white male respondents (5%).[5]

Recommendations:

- Establish mentoring relationships between sales leaders and employees from underrepresented groups from within and outside the sales organization to help sales leaders increase their awareness of DEI challenges and uncover any potential biases, whether conscious or unconscious.

- Partner with HR to create a management DEI strategy and embed opportunities for managers to upskill in DEI competencies and practice them in talent management processes.

Take a Hard Look at Your Employee Value Proposition

Members of underrepresented groups may fear that a sales organization presents an unsupportive or even discriminatory environment. In one seller survey, one-quarter of respondents told Gartner that they witness or experience discriminatory workplace behavior a few times a year, and an additional 23% are exposed to discriminatory workplace behavior at least a few times a month (see figure 1).[6]
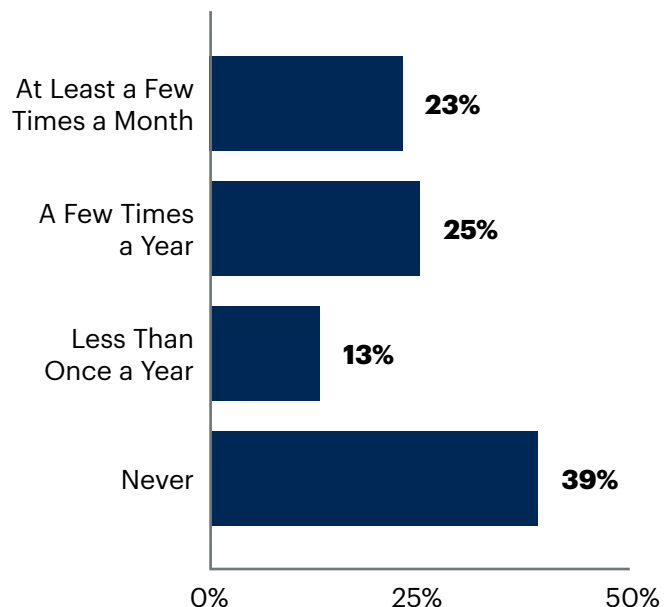
To retain the best sellers in the future, sales leaders should establish a culture and employee value proposition (EVP) that not only signal a commitment to DEI but also deliver on that promise by valuing and supporting sellers equitably.

Recommendations:

- Make the attraction, retention and promotion of individuals from historically underrepresented groups as equal in priority as other KPIs, such as quota attainment and activity metrics.

- Address pay disparity and bias for underrepresented talent by building new annual budgets that allow for compensation adjustments by as much as 30% and auditing pay equity at least biannually. This will be a challenge, especially in the current economic environment. But, the cost is recouped when open territories are staffed with higher-producing reps who affect both the top and bottom line.

- Continue investing in productivity, collaboration and learning tools that support anywhere/anytime hybrid work championed by IT/facility managers who support all work styles and new ways of working.

With 74% of CEOs agreeing that environmental, social and governance (ESG) efforts attract investors to their company,[7] CSOs will increasingly be held accountable on talent and diversity issues. However, superficial programs lacking follow-through and clear metrics will not convince current or potential candidates that your organization is the right one for them. Progressive CSOs will make this a priority in 2023.

Figure 1. Frequency of Seller Exposure to Workplace Discrimination
Percentage of Sellers

Category	Percentage
At Least a Few Times a Month	23%
A Few Times a Year	25%
Less Than Once a Year	13%
Never	39%

n = 881 B2B Sellers

Q. How frequently have you witnessed or experienced discriminatory behavior at your sales organization within the past year?

Source: 2022 Gartner B2B Seller Motivation Survey

[1] 1H 2022 Gartner CSO Priority Survey (n = 43).
[2] Based on candidate supply and employer demand data for B2B sales representatives in the U.S. collected in April 2022 from Gartner TalentNeuron.
[3] Delivering Through Diversity, McKinsey & Company.
[4] Why Women Are the Future of B2B Sales, Harvard Business Review.
[5] 2022 Gartner B2B Seller Motivation Survey.
[6] 2022 Gartner B2B Seller Motivation Survey.
[7] 2022 Gartner CEO and Senior Business Executive Survey.

Leading Into 2023

By Betsy Gregory-Hosler

Damon Joshua serves as Senior Vice President of B2B Business at MarketSource. He is responsible for the development and execution of the company's B2B business strategy, which includes sales, client services, human resources, talent development, recruiting and innovation. In his eleven years with the company, Damon has focused on helping solve clients' most complex business challenges and driving revenue. He brings more than 25 years of experience across a diverse range of industries, specializing in revenue generation with a focus on sales operations, strategy, leadership development, and direct, indirect, outside, and inside sales.

What drew you to a career in sales?

Sales was always an aspirational role for me. My father went into sales when he got out of the military. I got my start selling UPS automated tracking services and I've had a variety of sales roles since then. Once I made the switch, I never looked back. A career in sales isn't for everyone. Ninety-nine percent of the time it can be terrible. You have to hear a lot of "no." For me, it fits. I love getting a customer to see my vision or solving a customer's problem. That's the 1 percent that makes it worth it. There's nothing like it.

What are the most significant leadership challenges you're facing in 2023?

It's hard to plan and predict in this economic environment. There's a looming recession that's been "looming" for most of 2022. Meanwhile, there's still a low unemployment rate. It's different from the previous recession environments we've

seen. My organization works across multiple industries, so we also must navigate different economic realities among those industries. Last year, for example, automotive and manufacturing faced supply chain challenges, but IT and telecommunications enjoyed a growth spike. Now IT/tech companies are coming back to earth.

I'm looking at holding internal costs steady. I'm not planning to make any cuts in the short term, but I'm also not being aggressive with any new growth.

What would you recommend aspiring sales leaders focus on in the next 12 months?

> Develop your leadership skills. Just because you're a good seller, doesn't mean you're going to be a great sales leader.

Look for mentors who will share what they see in you, assess where you are today and put a plan in place for next steps. Hopefully you can do that with your manager, but if you can't, look for someone else who can help and coach you.

There is such a dearth of good leaders out there. If you become a good leader, you can transfer those skills anywhere.

Do you think that sales leaders need new or different skills today?

Yes and no. Leadership skills are a consistent need, but how those skills are applied has changed because the workforce itself has changed. There are significant differences across the four generations who are in the workforce now. They are different in how they buy, how they interact, and how they want to be communicated with. It's not that any one generation isn't willing or doesn't want to do the work. Get out of that mindset. Figure out how those folks want to be led. Once you figure it out, they will run through brick walls just like the last generation did. That's my job as a leader to figure out.

As a leader, how are you engaging with increasing AI-based capabilities in the sales function?

At MarketSource, we have chosen to be very aggressive and opportunistic around understanding sales technology and process technology. We're constantly testing and trying out new capabilities to better serve our customers. Our goal is to understand the RevTech landscape and apply the best technology at the right time.

We've looked at all sorts of capabilities across sales, marketing and communications. The goal is to make the seller more efficient. If your sellers are hearing "no" 99% of the time and "yes" 1% of the time — that's an inefficient model. If we can figure out how to be more efficient, and allow the seller position to be more favorable, the sellers will be happier and more productive.

We're also looking at tools that help us find sales talent. For example, there are platforms that take reps through AI-led scenarios to help determine the job fit and whether they are inclined to be hunters or farmers. You can enable all sorts of things with this tech — but it can hinder you, too, if you use too much of it.

Developing an effective approach to improving DE&I in sales has proven to be a significant leadership challenge for many. What have you done to encourage and build a diverse sales team?

This is a very important topic to me. I don't see a lot of people who look like me when I walk into a board room. Having a DE&I program, or talking about the issue, isn't enough. You must be purposeful to have an impact.

The people who don't look like the majority of your organization — be they women or minority groups — have had a different path. They are at a disadvantage when they enter your organization because of that different path. To support their success, we need to offer them supplemental support. Think about someone who comes to you and says, "I want to be a body builder." You don't tell them to keep doing the same things they have been doing. You talk to them about the additional things they need to do, like eat more meals per day or work out more often.

I take the women and minorities entering my organization and give them more support than I'm giving everyone else. I'm going to put them in an incubator so that they get additional training, coaching, and mentorship, among other things. And I make sure everybody sees it.

If you're a woman in our company who wants to progress your career, I can't guarantee you a job. I will guarantee that you will get supplemental development and support, so that we won't hear the same age-old statement, "I didn't have anybody who was qualified." My leadership team is 50/50 — 6 male leaders and 6 female leaders. I take a lot of pride in that.

How do you attract candidates to the organization?

If you do a good job with the folks that you already have, they are your best resource for getting new candidates. It also helps us to retain, because people don't want to leave. They also talk to other people — their most-trusted contacts — and refer them. Referred candidates stick about 80% better than other hires.

How do you see B2B sales changing in the next 5 years?

I read an article saying that selling will be dead by 2025. That's not true.

Automation will continue in sales. In the future, the seller will sit down and be presented with curated information at their fingertips. You won't have to guess or figure out who to call next, or how to contact them, or what they like to do. You're going to know those things before you ever reach out to them.

How will seller skills differ in the future?

Gone are the days where you can just be a good talker. Sellers will have to be a technology-enabled guru. I do think there'll be a platform in the Metaverse, and sellers will need to be able to meet and do demos there. Although, I also think that AI's going to do some of that for you — that there will be a concierge or some sort, welcoming your guest and showing your offering.

At the end of the day, sales is a people business. You're still going to have a conversation, but it better be meaningful. You better have your data tight. Potential customers are going to have done 80% of the research on your offering themselves, but you have to get them across the last 20%.

The CSO Perspective on a Unified Commercial Strategy

By Josh Kaye

Current sales and marketing efforts to provide a multi-channel purchase experience are inadvertently stifling customer learning, resulting in buyer regret and lost revenue. Sales and marketing must work together to deliver commercial engagements that enable cross-channel customer learning and drive high margin deals.

The buying world has changed. B2B buyers are no longer working primarily through sales representatives to navigate purchases. In fact, our most recent B2B buyer survey shows that **75%** of buyers prefer a rep-free experience and **68%** made a recent significant purchase without traditional rep assistance.

Faced with this reality, is the solution to double down on digital channels and rely on marketing to create materials that appeal to digital buyers? Not really. Our data show B2B buyers are 22% more likely to regret self-service digital commerce purchases.

Is the answer more sales rep involvement, whether buyers prefer this or not? Not this either, according to our research. Buyers whose purchase decisions were primarily led by sales reps were 63% less likely to complete

a high-quality deal compared to both self-navigated buying and a hybrid approach. In other words, rep-led customers are settling for smaller, lower margin deals and commercial organizations are leaving money on the table.

So why are both human and digital channels struggling to deliver high quality commercial outcomes? And most importantly, what can CSOs do about it?

A Superior Buyer Path

Through our analysis of B2B buyer experiences, we found that buyers take three distinct paths to purchase and one is clearly superior:

1. **A seamless path** provides a consistent experience across channels.

2. **A prescriptive path** offers personalized recommendations.

3. **A learning path** deepens the customer's understanding of their needs and goals.

Our research found the learning path yielded the greatest outcomes.

> While taking the prescriptive path made customers 50% more likely to buy than did the seamless path, buying groups experiencing a self-reflective learning path are 147% more likely to buy more than originally planned.

Figure 1 shows the process of how customers engage in a learning journey.

Figure 1. Choreography of Customer Learning Interventions
Illustrative

Customer Learning Stages

We know enough about our needs.

We know enough about how this purchase fits in our business.

We know enough to maximize the value of this purchase.

Foundational Learning

Application of Learning

Evaluation of Learning Outcomes

1   2   3

Sales Rep Interventions

Course Changing:
• How realistic is your goal?
• What is interfering with achieving your goal?

Course Smoothing:
Based on what you're trying to achieve, here's a shortlist of solutions to consider.

Course Changing:
• Under what conditions would you use this purchase?
• How common or realistic are those conditions?
• How could this product create underappreciated costs or challenges, and how can you mitigate them?

Course Smoothing:
This checklist will help you confirm that you've considered enough information.

Source: Gartner

Improving Marketing and Sales Alignment

As self-reflective learning paths produce the best commercial outcomes, organizations need to prioritize creating these avenues. 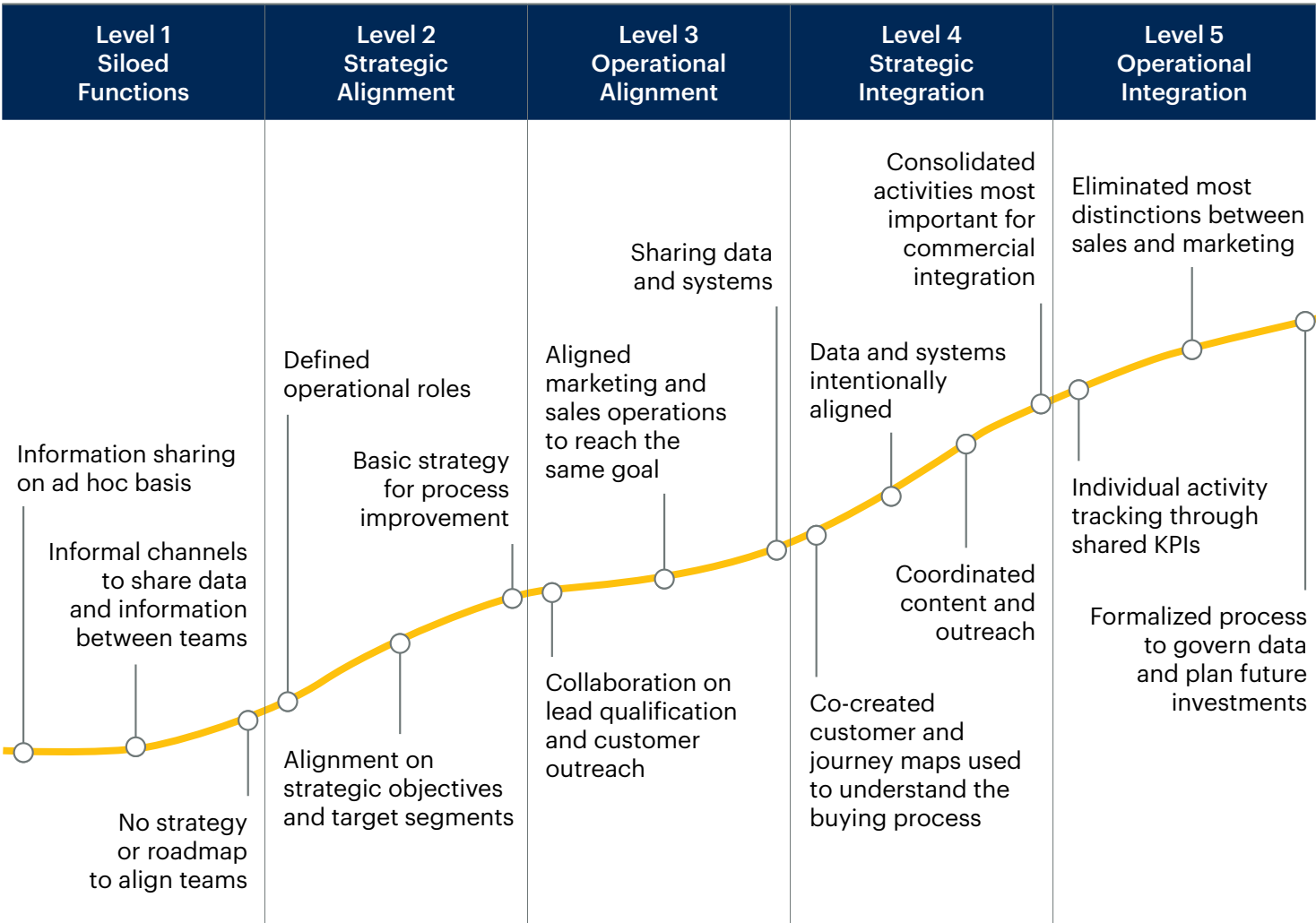To best accommodate a buyer learning path, sales and marketing need to break silos and improve coordination. This is an incremental process that you can tailor to your organization's specific needs, strengths and weaknesses. Marketing and sales leaders should assess six main areas that require the most coordination:

- Audience Understanding
- Messaging
- Measurement (e.g., the contribution of individual activities to revenue through shared KPIs)
- Revenue Enablement
- Process Design
- Customer Data and Systems

Use the maturity model in Figure 2 to assess your organization's alignment and coordination across the six areas and prioritize where to focus.

Figure 2. Maturity Model for Marketing and Sales Alignment

Level 1 Siloed Functions	Level 2 Strategic Alignment	Level 3 Operational Alignment	Level 4 Strategic Integration	Level 5 Operational Integration

Information sharing on ad hoc basis

Informal channels to share data and information between teams

No strategy or roadmap to align teams

Defined operational roles

Basic strategy for process improvement

Alignment on strategic objectives and target segments

Sharing data and systems

Aligned marketing and sales operations to reach the same goal

Collaboration on lead qualification and customer outreach

Consolidated activities most important for commercial integration

Data and systems intentionally aligned

Coordinated content and outreach

Co-created customer and journey maps used to understand the buying process

Eliminated most distinctions between sales and marketing

Individual activity tracking through shared KPIs

Formalized process to govern data and plan future investments

Source: Gartner

SMART Technologies Redesigned for Alignment

SMART Technologies, a company that creates interactive technologies for teachers, students and business leaders, realized that its siloed commercial operations unintentionally led to a discontinuous purchase experience for digital and multichannel buyers. This resulted in operational redundancies, excess spend and lost business. To address this coordination issue, SMART Technologies focused on four critical components to catalyze commercial integration:

1. Coordinated commercial change leadership
2. Outside-in role redesign
3. Integrated commercial teams
4. Customer-centric business processes

SMART leadership worked together across the commercial organization to coalesce around goals and redesign roles and responsibilities based on the buyer journey. They then created unified commercial pods of 6-10 team members that integrated members from the sales, marketing, and customer success teams. SMART also focused on developing shared customer-centric business processes (e.g., metrics, budgeting).

Since implementing its new integrated commercial structure, SMART's YoY revenue has increased by 48%. Other leading indicators point toward continued success: Lead volume has increased by 50% and lead acceptance rate has increased by 35%.

Get Started Now

CSOs who prioritize operational integration will create enhanced organizational visibility, increased information sharing and a customer-centric culture.

To get started, CSOs should:

• Diagnose and evaluate your commercial organization's maturity using our materials and support

• Develop a plan for priorities of integration, resources, and set a timeline

• Launch a targeted strategy to address at least one gap in maturity through a process, motion, tool or other solution.

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- Learn from the most progressive sales organizations and accelerate commercial performance within your own business
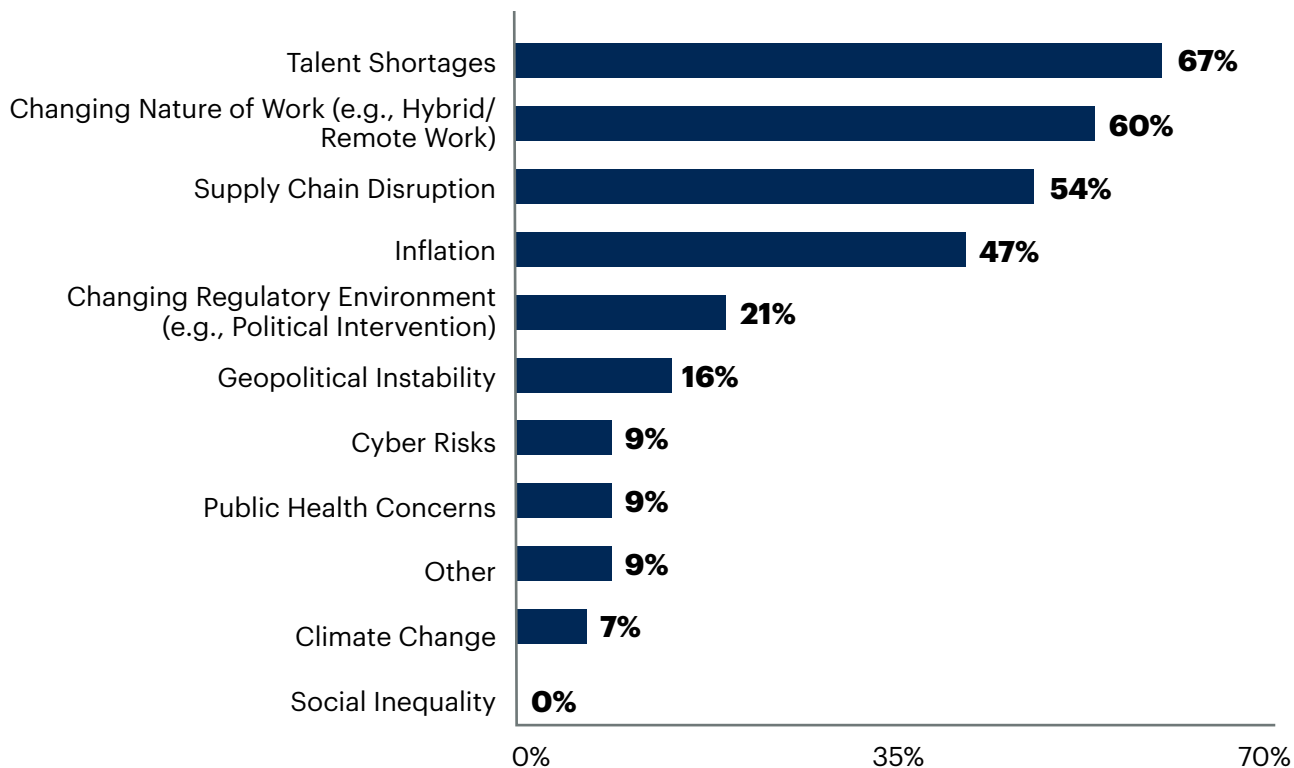
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Quant Corner
CSOs' Top Leadership Challenges Reflect Long-Term Plans

By Jared Davis

CSOs know that B2B sales is fundamentally and irreversibly changing. Over the past years, acute business disruptions have altered the landscape of B2B sales. However, in the 2022 Gartner CSO Priorities Survey, 43 CSOs indicated that their biggest external challenges were less about individual, acute disruptions and more focused on navigating a new, long-term reality for B2B sales.[1]

Figure 1. Ranked as Top-3 Most Important External Challenge
Percentage of CSOs

Challenge	Percentage
Talent Shortages	67%
Changing Nature of Work (e.g., Hybrid/Remote Work)	60%
Supply Chain Disruption	54%
Inflation	47%
Changing Regulatory Environment (e.g., Political Intervention)	21%
Geopolitical Instability	16%
Cyber Risks	9%
Public Health Concerns	9%
Other	9%
Climate Change	7%
Social Inequality	0%

n = 43 CSOs

Source: 1H22 Gartner CSO Priorities Survey

Note: "Please select the top 3 most important external challenges driving your top priorities in 2022."

CSOs have worked valiantly to keep their sales engines humming in the face of major disruptive events like the COVID-19 pandemic, which accelerated new buyer preferences and left sales organizations racing to meet those customer needs. However, when CSOs articulated their gravest external concerns for 2022, few remained focused on public health concerns (9%) or geopolitical instability (16%), signaling a shift from short-term response to long-term planning. The top external challenges reported by CSOs are:

1. The sales talent shortage (67% of surveyed CSOs).

2. The changing nature of the seller's work (60% of surveyed CSOs).

These CSO-identified challenges also reflect CSO priorities in 2023.[2] In a recent survey, CSO priorities included three talent-focused challenges, specifically:

- 42% of CSOs highly prioritized increasing the diversity of the sales force (e.g., gender, race-ethnicity, age),

- 40% highly prioritized developing a strategy for retaining sales talent, and

- 37% highly prioritized developing a strategy for hiring top talent.

In addition, 41% of CSOs reported that improving the data literacy of frontline sellers was a high priority.

Similar issues are highlighted in the 2023 Leadership Vision for CSOs, which includes driving revenue growth in an increasingly-digital B2B world, creating an adaptive sales organization and attracting and retaining sales talent in this environment. Addressing all of these challenges requires close attention to changes in the seller role and the evolving skills that sellers need for execution.

Gartner provides diagnostics and tools that can help track the evolution of seller activity within roles and better align the sales force to the specific actions that will drive commercial success for CSOs' long-term vision.

Gartner's Seller Time Spend Assessment illuminates how an organization's best sellers approach sales activities, so CSOs can leverage technology and support tools to replicate those behaviors.

Gartner's Seller Skill Assessment allows CSOs to target improvement areas that are crucial to driving high-quality deals and sustain meaningful seller behavior change that aligns to best-practice sales activities.

[1] Source: 2022 Gartner CSO Priorities Survey; n = 43; "Please select the top 3 most important external challenges driving your top priorities in 2022."

[2] Source: 2022 Chief Sales Officer Strategy Survey

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The Gartner Sales Podcast

Betsy Gregory-Hosler, Senior Director, Research, and **Doug Bushée,** VP Analyst, sit down with leading experts across Gartner and beyond to highlight important implications and unexpected findings for senior sales leaders from across the company's vast range of cutting-edge research.

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Betsy Gregory-Hosler
Senior Director, Research

Doug Bushée
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