

White Paper

The Inside Sales Playbook for Distributors



DISTRIBUTORS MADE A
SHIFT TO ECOMMERCE
AND INSIDE SALES.
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In partnership with:

**DISTRIBUTION
STRATEGY GROUP**



Why proactive inside sales can be a highly profitable channel for distributors



How to empower inside sales reps with AI



Why technology enables – it doesn't replace – reps



www.proton.ai



info@proton.ai



800.780.5901

At the start of the pandemic, analysts believed COVID-19 would cause a permanent shift toward digital sales channels. For distributors, that meant a shift to ecommerce and inside sales, and embracing social media and Zoom as another option to stay in front of customers.

As we know now, those analysts were right.

Surveys show that many customers have lost their appetite for old sales methods, and now prefer to conduct business digitally or by phone. That shift began emerging even before the pandemic caused customers to close doors to sales reps. In recent years, distributors have struggled to meet the varied needs of baby boomers, Gen X and millennials. Because their customers' buying styles and preferences differ, distributors need to be able to facilitate that and communicate with customers in multiple ways.

For example, even as far back as 2014, according to an IBM Institute for Business Value Survey 69% of millennials said they engaged in face-to-face selling that year, but only 24% said they preferred to buy that way. At the same time, millennials reported that while emails and phone calls were involved in 37% and 22% of sales cycles, they preferred these channels to be utilized 69% and 62% of the time, respectively.

COVID-19 accelerated that shift and forced distributors' hands. While many are sending outside sales reps back into the field as businesses reopen, we continue to hear customers are less open to drop-in visits from suppliers than they were in January 2020.

Distributors are taking a good hard look at how they go to market so that they don't fall behind more progressive competitors as they adapt to this new reality. An important piece of this new go-to-market puzzle is the role of inside sales.

What we mean by “inside sales”

Some distributors refer to their customer service agents as inside sales reps. Customer service reps generally want to satisfy customers and solve problems when they reach out. They spend much of their time on the phone processing orders and returns, providing technical support, managing inventory and tracking orders.

A *proactive* inside sales rep on the other hand takes a more active, leading role in customer interactions. They manage a list of accounts, find sales opportunities and build relationships. They are similar to field sales reps in all ways except one: They work from behind a desk and use phones, email and social channels to connect with customers. A proactive inside sales rep that nurtures customer relationships can be effective at every phase of the customer lifecycle, from welcoming new customers to making mid-sized existing customers grow and feel valued.

Proactive inside sales reps are also a cost-effective resource for generating new business. Prospecting new customers takes time, and it's best to avoid the all-too-common problem of handing leads that are not qualified over to your most expensive resource — the outside sales team.

Hands down, a more productive and profitable channel

Proactive inside sales can be a highly profitable channel for distributors. According to Distribution Strategy Group research, a proactive inside sales rep has a cost of sales 30% to 50% lower than that of a field sales rep, while maintaining or even growing sales productivity.

The reason boils down to one simple thing: An inside salesperson can make 20-25 contacts a day compared with three to four contacts for a field sales rep.

Selling more while spending less sounds great, but it is easier said than done.

Unfortunately, distributors tend to have a less developed proactive inside sales function. For example, according to Distribution Strategy Group's 2021 State of Sales in Distribution research, proactive inside sales was the least used (33%) for prospecting in distributors' organizations. More than two-thirds in the survey said field sales does most

of the prospecting, despite struggling with using the phone vs. in-person contact during the pandemic. That's just one of the functions typically associated with field sales that a proactive inside sales team could support.

Because the function is typically underdeveloped, there is an opportunity to build a more profitable inside sales team that can reach more accounts and grow wallet share in existing accounts. In this white paper, we explore hiring for the right skill sets, training, scaling and the tools that a hyper-productive inside sales team needs to be successful.

What does the best inside sales rep look like?

Distributors that already had a proactive inside sales team when the pandemic hit will continue to have an advantage going forward. Compare customer service with a proactive inside sales role. Both play valuable, but different roles in a distributor's business. The people on each team have different mindsets and skills that help them succeed.

Here's a look at the differences between customer service reps and inside sales reps:

Customer service reps:

More skilled at executing regular transactions, such as order-taking and returns

Comfortable in repetitive activity environments (doing the same thing over and over again)

Well-versed on product, especially related to ordering and inventory availability

Problem-solver, but more reactive. They have good listening skills and want to help

Inside sales reps must:

Think critically to determine the root of a customer's problems, and how to solve them

Not be afraid to talk to managers and vice presidents to understand where a company is going so they can build solutions that align with those goals

Be proactive to nurture relationships with customers by reaching out and asking the right questions to understand their business and challenges

The most successful inside sales candidates are those who know that their job is more than smiling and dialing; it's about looking for long-term opportunities for a strategic partnership. If you're building a proactive inside sales team from scratch, start by hiring three to five inside sales reps that have this skillset. Then hire, tool, train and scale the team.

Training is critical

Hiring good employees and using the right tools is a must. But to truly maximize performance, reps should also be put through several rounds of training.

To start, inside sales reps must master:

- Navigating the product catalog
- Understanding your customer base
- Utilization of sales tools

After they get the basics down, they need to understand:

- Your unique value propositions
- Pricing
- Market segments
- How to approach different buyer personas

Distribution Strategy Group has found that multiple training phases are necessary to get the most out of reps.

- Combine content learning and sales role play (which is key) over a few structured sessions.
- Put reps through in-person follow-up sessions to learn about AI sales tools, effective

selling techniques and workflow management skills.

- Document training so reps and managers can review as needed and refer back for coaching purposes.

Formal training is important. It helps reps understand strengths and weaknesses, and what it takes to get better. This drives immediate benefits. And, with the right training, reps can learn how to score their own activity and coach themselves into better performance. A mix of formal and on-the-job learning will help reps drive immediate returns and long-term growth.

Empower your inside sales reps with AI

The ROI of a successful proactive inside sales team is the result of:

- More cost-effective prospecting
- Greater customer retention
- Growing sales with existing customers

To do each of these effectively, inside sales reps must be armed with tools that help them provide the best customer experience. Investing in the right tools can fuel growth as the market returns in 2021, and can continue to do so long into the future through solving common issues like:

- Customers that are unaware of your full catalog/offering
- Customer-facing employees that don't have access to easy-to-understand customer analytics to understand where opportunities exist within accounts

- Customer-facing employees that don't know know which customers warrant their attention

Equip employees with AI-powered sales tools. AI can help inside sales reps win during sales calls, between sales calls and across different sales channels. Here's how it works:

During sales calls: A proactive inside sales team can be most effective with small and mid-sized accounts, as most outside sales reps are not touching these accounts regularly if at all. These could either grow into large field sales accounts or profitable inside sales accounts. AI sales tools use data from previous customer interactions and purchase history to predict what items customers are most likely to buy and when. This means that within each call, AI-equipped inside sales reps can sell more with data-driven upsells, cross-sells and add-on recommendations.

Between sales calls: AI helps inside sales reps by optimizing employee workflows. Instead of calling accounts on fixed intervals, the AI-empowered rep will call each account when they are primed to buy, due for reordering or at risk of churn. This ensures that reps only spend time chasing sales opportunities that they can actually win. Plus, this type of automated workflow management frees reps to spend less time planning and more time selling. After all, some customers prefer to be called more or less frequently. Others, especially those that deal with perishable or expendable goods, make reorders at very specific times. Reps miss sales when they can't account for differences between accounts.

Across sales channels: AI enhances rep performance by coordinating information across channels. AI-based customer data platforms use data from multiple sales channels to make the kind of product recommendations and workflow decisions discussed above. Plus, they also coordinate activity across channels. This means that your inside sales reps can assign tasks to customer service or outside reps when the time is right, and they can personalize customer experiences based on activity that's happening on other channels.



Case Study: Incremental sales grow by \$100K+ per rep

A very large MROP distributor struggled with inside sales rep profitability. The distributor had no CRM, so reps had to plan for what to pitch and how to grow sales. When they called and got the right person on the phone, they were pitching products. But when receiving calls, they could not capitalize on opportunities because they did not have time to research the buyer and make relevant product recommendations.

This distributor implemented Proton to solve these problems. Proton's AI-powered sales platform pulls customer, product, ecommerce and sales transaction data from all the distributor's channels into one place, then uses AI to predict when and what each customer is most likely to buy. It now provides reps with high-conversion sales opportunities that are specific to each customer in an easy-to-understand web application. As a result, the reps could turn quick inbound inquiries into active selling opportunities, and they could spend more time reaching out to customers strategically with a "reason for their call".

This distributor is now generating over \$100,000 of incremental revenue per rep per year that they attribute to Proton; which equates to an extra \$10-\$15 million in revenue annually. The ROI on this AI investment was more than 15X (cost of the software compared to incremental gross margin).

Technology enables – it doesn't replace – reps

AI may be a digital technology, but its effects are profoundly human. It's a tool that helps inside sales reps know which accounts to call, when to call them and what to pitch once they're on the line. This sort of AI-enhanced rep provides personalized customer service to each account and generates tons of new revenue.

Inside sales reps should not fear that AI will replace them. Instead, they should look forward to gaining a very effective new tool — especially if they're paid on commission.

Scaling your inside sales team

Once your small inside sales team is profitably up and running, expand to drive further growth. To ensure effective scaling, focus on experimentation and process-oriented behavior.

One of the benefits to starting small is ensuring that you don't make big mistakes. Sales teams should be comfortable attempting new things and occasionally failing, so long as they learn over time. Each company will have different needs for their inside sales teams. Some will find that it's best to have inside sales grow small accounts and then pass them off to outside sales. Others will find that it's better to forge partnerships between inside and outside sales. Either way, you won't know what's best for you until you try out multiple options.

When it comes to growth, creating formal sales processes can be the difference between winning and losing. According to Jason Jordan and Robert Kelley of the *Harvard Business Review*, organizations with a formal sales process see [a 28% improvement](#) in sales revenue compared with those which do not.

Build the right foundation

McKinsey found that 76% of buyers still want to talk to a person before buying a new product in B2B. The role of the person in the distributor's sales organization is not going away. But customers want to interact seamlessly across sales channels. Historically, distributors have done a weak job of leveraging inside sales reps as part of that equation to proactively grow sales and strengthen customer relationships, especially with small and mid-sized accounts.

But it's not about just converting customer service reps to inside sales reps; distributors need a strong foundation built on the right skillsets, training and technology.



- Define your goals with a proactive inside sales team
- Hire the right reps with the right skillsets to fill that team (chances are, you'll be hiring from the outside)
- Make training an ongoing priority for inside sales
- Empower your reps with AI
- Scale your inside sales team – slowly – with a focus on formal processes and experimentation

About Proton.ai

Proton.ai was founded in 2018 by Benj Cohen, fourth-generation distributor and Harvard alumnus. Proton is an AI-powered sales enablement platform, purpose built to increase revenue for distributors by helping sales reps and customers navigate the complexities of managing lots of products through multiple channels. Proton helps distributors grow revenue by 5%-10%+ and gain market share.



About Distribution Strategy Group

Distribution Strategy Group helps clients solve tough problems, meet hard challenges and build successful businesses. Led by a team of true distribution experts, with years of experience in senior executive roles, Distribution Strategy Group offers specialized consulting services, outstanding content and rigorous data analysis.





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www.proton.ai



info@proton.ai



800.780.5901