TALENT TRIAGE
RAISING THE BAR FOR CPG SALES FORCE
TALENT MANAGEMENT
The Grocery Manufacturers Association (GMA) represents the world's leading food, beverage and consumer products companies. The Association promotes sound public policy, champions initiatives that increase productivity and growth and helps to protect the safety and security of the food supply through scientific excellence. The GMA board of directors is comprised of chief executive officers from the Association's member companies. The $2.1 trillion food, beverage and consumer packaged goods industry employs 14 million workers, and contributes over $1 trillion in added value to the nation's economy.

For more information, please visit the GMA at www.gmaonline.org.

The Network of Executive Women (NEW) was incorporated in May 2001. We are a 501(c)(3) not-for-profit educational organization. In our short history, NEW has grown to more than 2,000 members and is supported by more than 300 corporations and more than 50 corporate sponsors. The mission of the Network of Executive Women is to attract, retain and advance women in the retail and consumer products industry through education, leadership and business development.

Our efforts are concentrated in the following areas:
- Facilitating leadership development
- Offering networking and business opportunities
- Providing mentoring and support
- Offering educational programs
- Championing diversity
- Enhancing our industry’s image

For more information, please visit NEW at www.newonline.org.

A.T. Kearney is a global management consulting firm that uses strategic insight, tailored solutions and a collaborative working style to help clients achieve sustainable results. Since 1926, we have been trusted advisors on CEO-agenda issues to the world’s leading corporations across all major industries. A.T. Kearney’s offices are located in major business centers in 36 countries.

For more information, please visit A.T. Kearney at www.atkearney.com.
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Overview
The Grocery Manufacturers Association (GMA) and The Network of Executive Women (NEW) engaged A.T. Kearney to conduct a study of sales force talent management and diversity within the CPG industry. Drawing on surveys and interviews with executives and field employees from 34 CPG sales forces and eight retailers, as well as A.T. Kearney research and expertise, this study explores the current and future market factors that drive sales talent management, leading practices related to sales talent and diversity, and sales talent’s potential to improve business outcomes.

Audience
The study is most relevant to executives with a desire to:

• *Increase sales force effectiveness and productivity*, including chief customer officers, vice presidents of sales and customer development leaders
• *Enhance the strategic role of talent management and diversity to achieve business objectives*, including vice presidents and directors of human resources and diversity specialists
• *Leverage CPG sales talent to generate value in other CPG functions*, including CPG leaders in marketing, supply chain, logistics and operations
• *Make the most of their CPG account teams*, including retail executives in merchandising, marketing and general management

Study Findings

Why should CPG companies focus on sales force talent management?

• Changing consumer behavior and demographics, growing importance of shopper data analysis, longer planning horizons, and greater product interdependence result in a need for new skills and stronger CPG sales talent
• Retailers expect CPG manufacturers to provide high levels of merchandising innovation and strategic support
• In a struggling economy, every salesperson must contribute more to ensure business success

What are the leading CPG sales force talent management insights?

• CPG sales superstars have a general management mindset; they are “thinkers” and “doers”
• Integrated talent strategies align talent management activities with business objectives across levels, functions and geographies
• Top talent programs balance formal processes with efforts to generate personal engagement
• Incorporating a broad concept of diversity into corporate DNA drives innovation, improves market insight and increases access to top talent

How can CPG manufacturers achieve world-class sales talent management?

• *Chart a sales talent management road map*. Determine the impact sales talent has on corporate objectives, what skills and capabilities create customer value, and which specific activities will deliver desired talent management outcomes
• *Articulate, activate, sustain*. Assign accountability across executives, sales leaders and HR executives
• *Support the sales talent strategy*. Ensure executive sponsorship, incentives, tools and technology, transparent communication, and performance metrics are in place

What is the value of getting sales talent management right?

• Higher sales productivity and top-line growth
• Stronger customer relationships that provide deeper access and greater impact
• Increased recruiting success among high-caliber CPG salespeople, with lower voluntary attrition
The next time you pick up an annual report and read the obligatory, “people are our most important asset,” believe it. Corporate leaders and boards of directors are recognizing that consumer trends and industry dynamics are changing the rules of the game, for sales in particular. And nowhere is this change more evident than in the consumer packaged goods industry, where the quality of salespeople has as much to do with success as the quality of the product.

Today as never before, salespeople for consumer packaged goods (CPG) companies must act as merchandisers, strategists, marketers, branding experts, general managers, creative thinkers and collaborators. Not only are CPG sales organizations being asked to help shape their retail customers’ product strategies and purchasing decisions, they are also expected to have a direct impact on retailers’ revenue and growth. Just as consumers increasingly expect grocery retailers to provide meal solutions rather than meal ingredients, retailers are turning to CPG sales forces to deliver comprehensive product, brand and category strategies.

Why such lofty expectations for the CPG sales force? Because consumers and their shopping habits have changed. Consumers enjoy unprecedented access to information as they communicate through blogs, texts and tweets, which can be more powerful than millions of dollars spent on advertising. People with diverse backgrounds (particularly Asian and Hispanic Americans) represent a much larger portion of the U.S. population, and women—the country’s power shoppers—are spending less time pushing grocery carts and more time pushing a mouse as they search for online discounts.

To deal with these changing dynamics and market complexities, retailers need CPG manufacturers’ help in transforming consumer data into usable insights across thousands of products and categories. Unfortunately, many CPG salespeople lack these skills and cannot deliver the analytical, financial, cross-functional and strategic abilities that retailers need.

It is within this context that the Grocery Manufacturers Association, the Network of Executive Women, and A.T. Kearney joined forces to study the current state of talent management as it applies to salespeople in the CPG industry (see sidebar: About the Study on page 4). We found that talent management is among the many variables that affect company performance, and a topic of particular interest to executives. In fact, 68 percent of companies in our survey indicate that their investment in sales force talent management has increased over the past five years. This supports an earlier survey of 400 U.S.-based CEOs, in which 21 percent identified “finding qualified managerial talent” as being “of greatest concern,” making it the sixth-most pressing challenge out of 121 corporate priorities.1

Our findings demonstrate that it is time for CPG companies to perform “Talent Triage”—raising the bar for sales force talent management to build integrated, self-reinforcing talent management programs that address the needs of employees and customers. Those that fail to improve their sales force skills risk losing market share, brand strength, sales force productivity, top talent and, importantly, having their products “rationalized” right off of retail shelves.

This study points out the sales force issues that keep CPG executives awake at night, discusses three imperatives for companies to improve their sales force talent, and outlines concrete actions that CPG companies can take to elevate sales talent management to the next level.

Sales force talent management—the process of identifying, developing and retaining staff—can be a struggle for CPG manufacturers (see figure 1). In the face of constantly changing market requirements, CPG sales leaders must ensure that they have the right people in the right positions at the right time. Identifying the “right” people for sales requires being forward-looking and innovative. Who would have thought 10 years ago that a CPG salesperson would need to be a merchandiser, a long-term category strategist, a general manager and a thought partner?

Today, CPG manufacturers must pair traditional sales skills with new capabilities and working styles to meet retail customers’ evolving needs (see sidebar: Getting Educated: What a CPG Sales Force Needs to Know on page 9). The skills required for next-generation CPG-retail partnerships represent a new common denominator not only for up-and-coming customer development leaders, but also for the “old guard” sales staff. This is part of a broader industry shift in how CPG manufacturers and retail customers collaborate to achieve shared business goals. Leaders from both industries recognize the need to develop new partnering opportunities and operating practices.

Indeed, a recent study and pilot program illustrates how the CPG-retail relationship is defined by four strategic actions: focusing on consumers, connecting business information, preparing people for a new world, and sharing supply chains.2 Sales force talent management provides strategy and tools to help CPG manufacturers ensure that their people are prepared to face the challenges ahead.

Retailers are quick to recognize the value of CPG companies that have high-quality sales talent management programs. A mass retail executive interviewed for this study expressed his belief that top CPG salespeople think beyond their brand. They go beyond the standard promotions and new product introductions, toward a collaborative relationship and tailored solutions. As such, they increase both the retailer’s and the CPG company’s sales volume. “At the end of the day, we’ll move products no matter what,” he explained. “However, having the right [sales] people in place improves the results.”

Nonetheless, it’s easy to overlook the impact of talent management on CPG success, and misconceptions persist about the importance of CPG sales talent. We hear the same arguments from CPG skeptics: “Everyone knows that sales skills can’t be taught—either you’ve got it, or you don’t.” Or, “A quality product or powerful brand will sell no matter who’s selling it.” And the ever-popular, “It’s easy to manage salespeople: I hit my targets, and you show me the money.”


Top CPG salespeople think beyond their own brands, toward collaborative relationships and tailored solutions that increase retail and CPG sales volumes.
Clearly, such arguments have reached their sell-by date. We discuss this further on page 7 with the sidebar, Five Reasons Not to Focus on Managing Sales Talent— and Why You Should Do It Anyway.

We asked survey participants several questions about the effectiveness and comprehensiveness of their sales force talent management programs. On paper, CPG executives’ scores were generally high (see figure 2). However, in follow-up interviews, many also indicated a need for improvement in many aspects of managing sales force talent. While executives of large, public and food-based manufacturers rate themselves slightly higher than do executives at small, private, non-food companies, none said they were “excellent” in all aspects of managing their sales talent. In fact, only 9 percent of talent management activities were rated as “highly effective” and not a single executive said that his or her company is living up to its potential across all talent management activities. So what is keeping executives up at night? Four things:

**WHAT KEEPS YOU UP AT NIGHT?**

**ABOUT THE STUDY**

The Grocery Manufacturers Association (GMA) and the Network of Executive Women (NEW) engaged A.T. Kearney to conduct a study on sales force talent management. The objective was to develop an up-to-date perspective on changing market forces and the practices that enable CPG companies to identify, develop and retain superior people and improve business performance in a dynamic environment. Fact-based insights were gathered from the following sources:

**Surveys.** In February 2009, A.T. Kearney surveyed 164 executives and customer-facing salespeople from 34 consumer packaged goods manufacturers and sales and marketing agencies in the United States. The surveys were designed to develop a roadmap to improve business performance via better sales force talent management. Participating executives represent a broad cross section of the CPG industry—large, medium and small; public and private; food and non-food; leading names and niche brands. Participants primarily include vice presidents, directors and senior managers within the sales and human resources departments.

**Interviews.** We conducted 30 one-on-one interviews with academic experts and executives from CPG manufacturers, sales and marketing agencies, and retailers representing the mass retail, national grocery, regional grocery and drug store segments. The interviews took place from February through April 2009. To ensure objectivity and protect confidentiality, no study participant is quoted without authorization.

**External research and A.T. Kearney expertise.** This report draws on analysis of publicly reported company data and other published materials of important sales talent trends and success factors, including A.T. Kearney expertise.

**Study participants.** The following CPG manufacturers, retailers, sales and marketing agencies, and academic experts participated in the study.

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**Table: Study participants**

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<thead>
<tr>
<th>CPG and sales and marketing agencies</th>
<th>Retail</th>
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<tr>
<td>Acosta Sales &amp; Marketing Company</td>
<td>Food Lion, LLC</td>
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<td>Alberto Culver Company</td>
<td>The Katz Group</td>
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<td>Bush Brothers &amp; Company</td>
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<td>Campbell Soup Company</td>
<td>Safeway Inc.</td>
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<td>Celebration Foods</td>
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<td>Continental Mills, Inc.</td>
<td>Wal-Mart Stores, Inc.</td>
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<td>CROSSMARK</td>
<td>Academic</td>
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<td>Diamond Foods, Inc.</td>
<td>Tom Gillpatrick, The Juan Young Professor of Marketing and Food Management, Portland State University</td>
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<td>E &amp; J Gallo Winery</td>
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<td>Energizer Holdings, Inc.</td>
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<td>Flowers Foods, Inc.</td>
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<td>Hallmark Cards, Inc.</td>
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<td>Lance, Inc.</td>
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<td>Land O’Lakes, Inc.</td>
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1. Identifying sales talent. Almost 60 percent of executives say identifying sales talent is the most challenging part of the talent management lifecycle, followed by “developing” and “retaining” talent (25 and 17 percent, respectively). Survey responses and interviews confirm executives’ struggle to identify top internal and external talent as competition for high performers intensifies.

2. Aligning talent with customer needs. Over the next 10 years, talent identification will continue to be the biggest challenge, with the added need to align sales talent with retail customer needs (see figure 3). Developing talent is also high on a list of challenges that executives believe will increase in the coming years. When asked to rate the importance of “aligning the right sales talent with the right

Figure 3
Importance of talent management challenges
customer accounts to optimize service and profitable sales,” 65 percent of companies assign the highest possible rating.

3. Measuring performance. Executives think they perform some tasks well, giving themselves high marks for their ability to evaluate sales force performance, including defining skill and competency models and formal succession planning. They are also generally happy with their programs to build future leaders and conduct formal performance evaluations.

However, mentoring salespeople, setting career paths outside of sales, and recruiting more diverse people rank among the least successful activities (see figure 4). They also seem to be less successful with informal, “softer” programs, and in using new metrics and measurement tools, innovative retention tools and processes, and developing programs to differentiate talent from competition.

4. Addressing diversity. Typical CPG sales forces are significantly less diverse than national workforce averages. Although most companies in our survey are making some effort to improve diversity, the results are not yet apparent in sales force composition. CPG sales organizations have 28 percent more male employees, 57 percent more middle-aged employees (45 to 54 years old), and 13 percent more Caucasian employees than the 2008 U.S. working population. Furthermore, CPG efforts in diversity often focus on gender and race to the exclusion of age and sexual orientation, and most diversity efforts are based on standalone programs that are not integrated into the company’s larger talent management strategy. In this sense, CPG stands in sharp contrast to other industries—such as pharmaceutical manufacturing—that have stronger reputations for promoting workforce diversity.

Figure 4
Effectiveness of talent management activities

Regardless of company type, size and structure, our findings reveal leading practices that distinguish talent management leaders from the rest of the pack. The leaders build holistic talent management strategies, combine formal talent processes with more personal ones, and embed a broad view of diversity into the corporate culture. They also focus energy and resources on the processes necessary to manage sales force talent more closely.

The following pages discuss three leading talent management practices for sales organizations, followed by the supporting processes that separate leading companies from their competitors.

1. Create Holistic Talent Management Strategies

Leading companies define sales force talent management as a mosaic of activities that align closely across internal organizational boundaries and with external customers’ needs. Each element of talent management is part of a larger picture that reflects the company’s business objectives. As an executive at a beverage manufacturer explained, “The concept of an independent ‘retention strategy’ is outdated. Instead, we have to recognize that retaining good people—as well as identifying and developing them—is the result of many self-reinforcing activities, from engaging and motivating employees to improving productivity and training.”

Developing a holistic talent management program for sales seems like an obvious goal, yet only 8 percent of surveyed companies report doing so. What is

FIVE REASONS NOT TO FOCUS ON SALES TALENT—AND WHY YOU SHOULD DO IT ANYWAY

With so many corporate and sales priorities competing for valuable time, resources and managerial attention, it’s not difficult to find reasons why talent management is too expensive, too time-consuming or even unnecessary. While it may be easy to sympathize with these arguments, they tend to be shortsighted excuses. The following are five reasons why not to improve talent management programs for your sales force, and why they’re wrong.

“Rome is burning, why should we worry about sales talent?” In this economic downturn, many companies are understandably focused on saving cash and simply surviving. But economic hardship is no justification for throwing talent management under the bus. Getting more from fewer salespeople requires better sales talent. Fortunately, rising unemployment and corporate belt-tightening means there is more high-quality talent available.

“Talent management is an HR issue.” Because managing salespeople involves evaluating performance and career development—human resources’ sweet spot—some sales departments do not take responsibility for the day-to-day work that builds strong, sustainable talent pools. Although HR provides essential support for sales force talent management, sales cannot abdicate responsibility for tactical and strategic activities.

“Sales skills can’t be taught—you’ve got them or you don’t.” As the market’s expectations of sales skills evolve, so too must companies’ definitions of the skills to meet those expectations. To expect all candidates to enter the workforce with these new skills—such as merchandising and marketing knowledge, financial analysis and teamwork capabilities—is unrealistic and unproductive.

“It’s too much work.” Administrative and infrastructure demands associated with managing sales talent can appear overwhelming and even divert salespeople from selling. But when retail customers and CPG industry leaders insist that sales talent is core to success, what could be more important? Luckily, there is no shortage of tools and support to ease the burden.

“Retailers keep buying, so we must be doing fine.” In interviews with retailers, we learned that collaborative agreements between retailers and CPG companies result in more sales—and more revenues for both parties. In contrast, they state that working with poor or unresponsive sales teams could have an adverse effect even on well-known brands.
stopping them? Our study uncovered several common pitfalls. For example, several executives alluded to an overemphasis on developing the highest-potential employees to the detriment of essential people in lower-profile positions. These “bench players” may not have senior leadership potential, yet their direct contact with retail customers makes these roles crucial. Similarly, high-profile recruiting activities often get the most attention, with less attention going to developing and retaining talent.

In contrast to these and other challenges, we found that companies with holistic talent management strategies establish a broad, integrated, mutually reinforcing talent management program for their sales force. These companies share the following characteristics:

- **Establish consistency across boundaries.** Developing a holistic talent management strategy for sales requires first stepping outside traditional boundaries—not thinking in terms of individual initiatives, such as a “sales push,” an “HR project” or a “regional plan,” but rather in terms of cross-functional, multi-regional initiatives.

- In the marketplace, talent consistency on CPG account teams is essential to avoid confusing or frustrating retail customers who might not know what to expect from vendor salespeople. Within CPG companies, consistent talent management allows for apples-to-apples comparisons of employees during performance evaluations, which is necessary for talent rotation. Despite the risk of creating inefficient talent silos, only 33 percent of survey respondents rate their companies as “extremely” or “somewhat” effective at developing career paths outside of sales, and just 38 percent say their talent management activities are executed consistently across international boundaries.

- Holistic talent management requires a break with traditional sales career paths, in which promising hires might rise from in-store sales, to regional headquarters, to national headquarters, to national account management. Instead, senior sales leaders might have experience in marketing, sales analytics, or even supply chain operations, and their experience is likely to span multiple geographic regions, if not countries. Of course, not every salesperson is interested in or qualified for a cross-functional, international career, but such exposure is crucial in a redefined CPG sales function that emphasizes strategic breadth and analytical depth.

- **Make sure sales and HR work together.** Perhaps the most important cross-functional relationship in managing sales talent is the one that takes place between sales and human resources. Since certain talent management activities could fall under the purview of sales or human resources, both areas must agree on roles and responsibilities. In our survey sample, 48 percent of companies share sales force talent management responsibility across HR and sales, 42 percent hold the sales organization primarily accountable, and 10 percent delegate talent management responsibility to HR. On average, companies that share responsibility between sales and HR rate their talent management outcomes 11 percent higher than companies that rely on only one department. Clearly, different arrangements could be successful in different contexts, but at least a minimal level of partnership between HR and sales is essential.

- **Align talent management with long-term objectives.** Managing sales talent is a long-term process with long-lasting impact, so the strategy needs to reflect that, particularly during the current global economic recession. Never forget the impact sales talent can have on future success, even while tending to short-term problems. Forward-thinking CPG manufacturers are seizing the economic downturn
as an opportunity to inject new salespeople into their organizations, understanding that the increased availability of top talent is an opportunity to attract people who would normally be hard to get.

In addition, several companies are making a concerted effort to focus on employees’ work-life balance and personal development during the economic downturn, even though the economy might provide an excuse for curtailing such efforts. In the case of allowing for part-time or job-sharing arrangements, fostering a work-life balance might even reduce costs.

GETTING EDUCATED. WHAT A CPG SALES FORCE NEEDS TO KNOW.

Tectonic shifts in the CPG-sales relationship are already underway, but it is unclear whether CPG sales forces know what skills are necessary to live up to retailer demands. For example, only 17 percent of surveyed CPG executives rate their companies as “extremely effective” at defining the right competency models for specific sales roles.

In addition to core sales capabilities (such as relationship management, lead generation, forecasting and negotiation) and leadership and personal characteristics (including reliability, credibility, flexibility and persuasive), a CPG sales force will need strategic merchandising skills (see figure). The following outlines some of these requirements:

**Analytics.** To help create pull into stores and sell to sophisticated customers, CPG salespeople must be as agile with business analytics as their retail counterparts. Salespeople that are “thinkers” and “doers” provide much needed (and much appreciated) analytical advantage.

**Category management.** While traditional retail product planning strategies span weeks or months, retailers need category strategies that extend years into the future. CPG account teams can contribute to retailer category strategies by sharing emerging trends across products, categories, promotions and customer segments. Top CPG sales teams will go even further by providing innovative ideas on cross-category strategies.

**Consumer insights.** Broader choices and access to information raise customers’ expectations of quality, value, convenience and personalized shopping experiences. As consumers become more diverse, so do their expectations. The CPG sales force can help by providing information on customer segmentation, target marketing and creative merchandising—essentially becoming the voice of the end-consumer.

**Partnership.** New technical and managerial skills haven’t replaced the need for deep relationships between CPG salespeople and their customers. In fact, many retailers have expressed a desire to increase the depth and scope of the CPG-retail partnership. As one mass retailer executive explains, “We require CPG sales forces to ‘overinvest’ in relationship-building and become advocates that can navigate unique retail environments.”

**Cross-functional collaboration.** The days of lone-wolf sales tactics have passed. “CPG salespeople need to be brilliant at bringing in the resources and expertise around them,” says one executive. CPG salespeople can help retailers achieve their marketing, supply chain and cost reduction goals, by understanding how functions interrelate and then building cross-functional teams accordingly. As one CPG executive explains, “We used to hire people in account management roles, and expect them to do it all—be successful, hit their numbers, grow the account. Now the primary question for salespeople is: ‘What support do you need in order to succeed?’”
However, where hiring freezes preclude efforts to attract outside sales talent, top companies must focus on developing the skills of existing salespeople in the short-term while continuing to plan for future needs. Talent management must be flexible enough to respond to both immediate and long-term issues.

2. Balance Formal and Informal Processes

A second guiding principle that applies across the spectrum of CPG manufacturers combines rigorous, formal, standardized talent management programs with less formal, customized employee attention.

Throughout most of the 20th century, managing salespeople was informal and culture-driven, and success was defined by personal relationships and organizational fiefdoms. For decades, personal networks dominated succession planning and professional development. This attitude promotes exclusivity and inequity, and depends excessively on informal activities that often hinder more strategic and thoughtful decisions. While almost every CPG company is tearing down many of these informal processes, several CPG manufacturers still lean heavily on social networks and tenure when making talent decisions (see figure 5).

The trouble with the status quo. Intimate working environments produce definite benefits, including high levels of employee commitment and loyalty. The downside, however, is that informality makes it difficult to make tough but necessary employee-related decisions. For example, external hires may not have the same access to advancement opportunities as entrenched employees who generally get preferred positions. As one executive said, “We have a hard time incorporating new talent that might otherwise invigorate the sales force. In years when it was necessary to reduce headcount, we couldn’t identify the lowest performers because we lacked the formal processes to do so.” “If our analysis of salespeople is too subjective, we cannot make sound talent comparisons across functions, businesses or even direct reporting lines,” explained another executive. Talent management that is overly dependent on networks can smother innovation by discouraging unique perspectives.

Figure 5

Formal and informal sales talent management
The good and bad of formal programs. Wary of culture-dependent talent models, many companies launch programs and activities to increase discipline, create visibility, reduce personal bias and track progress toward talent goals. Our findings support the effectiveness of a more disciplined approach: formal activities can be measured against goals and are therefore implemented more consistently and effectively across the organization.

Again, however, there is a downside. If the talent management processes are too formal, companies risk losing the deep cultural support and personal engagement that are necessary to support organizational focus on talent. As one executive explains it, “The objective components of talent management [such as salary and bonuses] are easy. It is the emotional engagement that is harder to achieve.” Depending too much on rigid, formal talent management activities will meet the requirements, but not the spirit, of a talent management strategy.

Formal programs, but with a personal touch. Not surprisingly, companies with a blend of formal and informal talent management programs for sales are the most effective. A senior sales executive for a manufacturer of household products told us that “nothing is more important than sourcing high-quality talent,” while describing a structured interviewing process fueled by personal, employee-led recruiting efforts. Employees have leeway in recommending potential hires from within their personal networks, but they are also measured and held accountable for the quality of the outside talent they recruit. Informal mentoring and “one-on-one coffee chats” are buttressed by regular, disciplined performance evaluation sessions to minimize unfair managerial bias. Recognizing that people are a key differentiator in the marketplace, the company emphasizes the importance of managers’ ability to develop the skills of their direct reports. At a leading CPG manufacturer, 40 percent of executives’ evaluation and compensation is based on people-related metrics.

Another executive, this one at a manufacturer of personal care products, also talked about the informal processes that balance the company’s more formal talent management strategy. “We have a number of informal programs to balance our formal processes and ensure ‘high touch’ with our salespeople,” he explains. “Senior sales managers go on sales calls with reps in other sales teams. Sales executives have a list of high-potential employees they are responsible for connecting with at national sales meetings, and they meet regularly with HR.”

3. Embed Diversity into the Corporate DNA

Few topics are more prevalent in recruiting literature, executive presentations and employee initiatives than diversity. Nearly all CPG manufacturers recognize the need to promote diversity within their sales forces, but companies vary widely in the degree—and success—to which diversity becomes a true source of competitive advantage among customers and employees.

From a statistical perspective, workplace diversity refers to the proportion of women and underrepresented races within a department, account team or functional unit. For leading companies, however, this narrow view of diversity misses the point. “Diversity for its own sake is unlikely to yield benefits,” explained a vice president of merchandising at a global mass retailer. “No one wants a diverse team of unqualified individuals.” This company evaluates CPG teams based on diversity of thought, perspectives and ideas, which are often driven by diverse members of the team.

Leading companies think of diversity as a means to nurture sales force creativity, build deeper relationships, and stimulate higher-quality thinking. They use
employees’ diversity to produce dynamic work environments and marketplace solutions that better reflect customer and consumer needs.

**Diversity is not an isolated event.** The majority of study participants say they have basic diversity programs in place (see figure 6). As a group, however, CPG manufacturers are behind the curve when it comes to diversity representation (see figure 7).

Indeed, not one surveyed company conducts diversity programs across each of four main diversity constituencies—age, sex, race and ethnicity, and sexual orientation. A recent study of workplace support for gay, lesbian, bisexual and transgender employees found that food manufacturing lags other industries in this respect. As one executive from a sales agency told us, “This industry is still dominated by white males.”

Despite good intentions, diversity efforts that are not linked to business results are easily marginalized, discredited and dropped over time. One cause of

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**Figure 6**
**Targeted diversity practices**

1. Indicate the diversity characteristics for which your company conducts diversity tracking
2. Indicate the diversity characteristics for which your company conducts targeted recruiting
3. Indicate the diversity characteristics for which your company conducts targeted affinity groups

Source: 2009 GMA-NEW-A.T. Kearney Sales Force Talent Management Survey of 31 CPG sales forces

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**Figure 7**
**CPG sales force diversity representation vs. U.S. workforce average**

1. **Gender diversity**
   - Sample of 31 CPG companies
   - Female: 31%
   - Male: 69%
   - U.S. working population: 54% male

2. **Racial diversity**
   - Sample of 28 CPG companies
   - White: 80%
   - Black: 7%
   - Hispanic: 6%
   - Asian: 4%
   - Other: 2%
   - U.S. working population: 73% white

3. **Age diversity**
   - Sample of 28 CPG companies
   - 29-44: 37%
   - 45-54: 36%
   - 55-63: 15%
   - Older than 64: 3%
   - 28 and younger: 9%
   - U.S. working population: 23% in 45-54 age group


CPG = consumer packaged goods

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isolated, standalone programs is that diversity still makes some individuals and companies squeamish. Some managers believe that diversity brings inappropriate political and personal views into the workplace, while others fear legal action that might result from perceptions of discrimination or affirmative action. Leading companies, however, fight through these perceptions to focus on the strategic benefits of diversity across the talent management lifecycle.

**The advantages of diversity.** Candid discussions with CPG manufacturers revealed three types of advantages that well-run diversity programs offer:

*Gaining access to new talent.* As demographic shifts in the United States result in a more diverse talent pool, companies understand the need to promote and support diversity in their workforce (and be recognized for doing so) simply to maintain access to top-quality workers. Nonetheless, only 25 percent of executives rate themselves as “extremely effective” or “somewhat effective” at targeted diversity recruiting. Companies that get diversity recruiting right have an advantage in hiring top talent from specific populations. For example, one manufacturer made a concerted effort to support the local gay, lesbian, bisexual and transgender community as a way to reach out to talented potential recruits.

*Improving customer relationships.* Retailers interviewed for our study widely believe that mirroring the diversity of their consumer base puts them in closer touch with values, priorities and purchasing habits of specific shopper segments. CPG companies can demonstrate that they are in-touch with retail customers’ priorities by sharpening their own diversity-driven insights, marketing programs and product development. While no retail organization cites explicit diversity requirements for vendors’ sales forces, several executives expressed a strong desire to work with CPG teams that represent women, ethnic minorities and other diverse consumer groups.

*Increasing innovation and productivity.* Increasing productivity through diversity is the most difficult advantage to quantify, but it also represents the biggest potential win. Third-party research indicates that diverse workplaces promote innovation, are more resilient and dynamic, and are more appealing to potential employees—together, these factors add up to increased productivity. For example, a recent study found that companies with three or more women on their boards of directors outperformed the market averages for return on equity (5.2 percent), return on sales (5.3 percent), and return on invested capital (3.8 percent). Although correlation does not necessarily imply causation, these potential performance gains from diversity deserve CPG companies’ consideration.

Clearly, none of the companies in our study (or in the world for that matter) do everything right in building a perfect diversity program. However, many are getting better at “walking the talk” when it comes to diversity. For example, a major CPG manufacturer defines diversity as “any demographic or situation where equity might become an issue,” and appointed a director of diversity who reports directly to the CEO. Another food manufacturer forged a partnership with a grocery retailer to incorporate diversity into its marketing, packaging and merchandising strategies, demonstrating that tapping into the Hispanic market goes far beyond adding a Mexican food aisle to the supermarket. Similarly, a beverage manufacturer is offering advice to its retailer customers on how to promote and support diversity. “Diversity means more than meeting a hiring quota,” explains this executive, “it means creating collaborative, sustainable and mutually beneficial relationships.”

Establishing a clear plan to improve sales force talent offers an opportunity to increase top-line revenues, reduce turnover costs and forge better customer relationships. Based on our findings, the following are key principles to achieve world-class sales talent management.

**Chart a Talent Management Roadmap**
Developing a sales talent management strategy begins with a clear plan, or roadmap, to achieve world-class talent management:

- **Manage sales talent strategy with corporate talent strategy.** Given its direct impact on top-line performance, sales talent should be managed within the context of a corporate talent strategy and business objectives. Programs should be flexible enough to address unique sales force needs (including compensation, professional development and work-life balance) without compromising consistency with other areas of the company.

- **Develop sales skills based on what customers value.** Improving business outcomes means aligning sales force skills and capabilities with well-defined customer needs, including future requirements. Without an intimate understanding of how to serve its customers, no company can create an efficient talent management program. Keeping in mind that retail requirements may change over time, and that customers can’t always articulate their needs, CPG sales forces should ensure that their talent strategies promote diversity of thought, experience and background as a means of identifying hidden opportunities. Retailers that help their CPG partners develop sales talent will be in a better long-term position (see sidebar: Retailers: Five Ways to Improve the CPG Sales Force).

- **Design activities to achieve your unique goals.** Although all companies must perform the crucial tasks of identifying, developing and retaining sales talent, there is no magic formula for building a CPG sales talent management program. Every organization must select the specific activities it will pursue. One company might determine that external recruiting is a key element of its program, while another will focus resources on hiring from within. Regardless of which activities are pursued, all talent management programs should include: holistic integration across levels, functions and geographies; formal and informal processes; and a broad definition of diversity woven into the entire talent lifecycle.

**Articulate, Activate, Sustain**
Armed with a talent management roadmap, the next step for CPG manufacturers is to determine who will be accountable for enacting the talent strategy. The following are key responsibilities for corporate executives, sales and HR leaders (see figure 8 on page 14):

- **Articulate the talent strategy.** Corporate executives must interpret their company’s vision for talent management so that each employee understands his or her role in achieving that vision. Senior leaders who can articulate the strategy are uniquely able to marshal resources and provide organizational focus to create an environment that links talent management with business objectives.

- **Activate talent management.** Once a company’s talent strategy is clear, sales leaders must build the institutions and processes that institutionalize that strategy and deploy that sales talent to customers. Sales leaders are not only accountable for aligning sales talent with current and future customer needs, but also implementing consistent practices that support talent management goals.

- **Sustain the program.** Even the best talent management planning and
program launches will fail without excellent, ongoing execution. The support of the HR team is vital to help develop the tools, metrics and support capabilities, and cross-functional continuity that ensures talent management remains an ongoing priority. HR can also act as the company’s “talent conscience” by demanding accountability from other leaders and infusing leading practices into talent processes.

**Support the Sales Talent Strategy**

Once you’ve established guiding principles and roles for sales talent management, how do you make them work? Our findings indicate that top CPG companies

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**RETAILERS: FIVE WAYS TO IMPROVE THE CPG SALES FORCE**

The relationship between CPG manufacturers and retailers is a two-way street. Although CPG companies bear most of the responsibility for collaborating with customers, retailers can help. Following interviews with CPG and retail executives, we identified five ways retailers can help CPG companies improve their sales force results:

**Define your needs clearly.** Different relationships warrant different levels of cooperation, and retailers can’t always expect CPG manufacturers to respond to needs that aren’t articulated. Retailers that explicitly define their needs and success measures to their CPG vendors will identify the best areas for collaboration.

**Provide clear feedback.** Vendor metrics and scorecards that encompass CPG sales forces’ skills, capabilities and strategic behaviors are as useful in identifying improvement areas and tracking performance changes over time as traditional measures of inventory turns, fill rates and pricing.

**Interact with multiple functions.** Retailers that interact with CPG companies in functions outside of sales, such as marketing, can offer support, additional information and diverse perspectives; they can also make better merchandising decisions. Opening the doors to those outside of the buying organization will require cultural and procedural changes from both sides.

**Develop partnering skills.** Just as CPG companies need to develop teamwork capabilities, retailers could benefit from the same, both at the organizational and the individual level. As one executive explains, “Many retailers aren’t well prepared for joint planning with CPG companies, although they think they are.”

**Become better listeners.** Listening to what manufacturers can bring to the relationship allows both parties to identify joint improvement opportunities. Capturing consumer insights, conducting collaborative promotions and optimizing supply chains requires that retailers relinquish “command and control” vendor relationships and embrace two-way dialogue.
adopt enabling behaviors. The following actions are essential to making good on your sales talent objectives.

**Enlist an executive sponsor.** Our findings reveal that 83 percent of executives and 73 percent of field forces consistently get strong, visible support from senior leaders. This, coupled with top managers’ serving as role models, ensures that managing sales force talent is an effective, top-to-bottom effort.

**Motivate with incentives.** While it’s important not to rely exclusively on financial compensation to improve sales talent, it is naïve to think that incentives are not a good motivator. In talent management, as in other functional pursuits, people perform the tasks for which they get paid and recognized. Executives need incentives to execute “people” initiatives. Our study found that companies with strong talent management programs base up to 40 percent of managers’ annual pay increases on people-development activities.

**Provide the right tools and technology.** The volumes of data needed to support a fully functioning program can make “managing talent” a daunting task. Performance reviews, individual development plans, and employee skills and experience are traditional tools to support managing sales talent. Increasingly, leading companies are developing more innovative tools—including electronic forms, tracking tools and other web-based technology—to streamline data gathering and analysis. Yet, only one quarter of companies in our survey praise their employer’s use of electronic forms, and barely one-half rate themselves as extremely or somewhat effective at using internal tools to track employee skills and experience.

**Increase transparency.** Given the direct impact that talent management has on business outcomes, communication is essential to building organizational trust. Without faith that activities are fair, rigorous and consistent, companies have little hope of getting their employees to take talent management seriously. Just as managers must understand what is required of them to improve talent management, lower-level sales employees must understand the talent evaluation processes and development opportunities that shape their careers. However, building this level of trust is easier said than done. In our survey, field sales forces rank transparency among their companies’ least successful talent management outcomes; 10 percent say they are very well informed about the company’s talent management programs and opportunities, and one-third do not have a clear understanding of the skills that are necessary to succeed and advance.

**Measure performance.** Measuring the costs and benefits of sales talent management programs is an area with significant room for improvement, with just 21 percent of companies consistently doing so (see figure 9 on page 16). Quantifying and tracking progress can be challenging, but several study participants have created customized metrics to gauge the impact of field and executive employees’ actions. These companies measure:

- Voluntary and involuntary sales force turnover (with detailed reasons for each)
- Compliance with performance reviews and individual development plans
- Time and expense required to fill vacant positions
- Proportion of internal and external hires for top sales roles
- Recruiting conversion rates and employee involvement with the recruiting process
- Quantitative diversity representation and employee attitudes toward diversity

Also, some organizations have created outcome-focused metrics, such as “return on talent investment” and “talent pipeline strength.” Others include metrics in their executive dashboards, which can provide powerful support.
At the end of the day, performing “Talent Triage” on the CPG sales organization is all about positive business impact. The strategic approach to talent management suggested by this study holds the promise of higher volumes and revenues for retailers and for CPG manufacturers. Besides driving top-line growth, high-performing CPG sales teams increase access to customers, reduce acquisition costs and raise barriers to entry for competing vendors. Analytically minded salespeople are better able to identify cross-functional cost reduction opportunities, and well-aligned talent management programs stand to attract better employees, increase recruiting efficiency and reduce voluntary attrition.

While outstanding sales force talent management does not eliminate the need for solid product strategies, shrewd negotiations or savvy customer segmentation, it does provide a foundation for these CPG sales essentials. A well-managed, bright and capable sales force can provide innovative responses to some of the most pressing challenges that CPG companies face. And the strengths are self-reinforcing: great talent stimulates demand for business and attracts more great talent. CPG sales talent management isn’t just a nice-to-have; in an economy where corporate survival depends on making the most of every advantage, it’s time for CPG manufacturers to up the return on their most important assets.

**Figure 9**
Talent management performance

<table>
<thead>
<tr>
<th>Identify</th>
<th>Develop</th>
<th>Retain</th>
<th>Enabler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand skills and competencies necessary for success</td>
<td>Formal, constructive, effective, consistent performance evaluation process</td>
<td>Executives formally evaluate talented performers for leadership positions</td>
<td>Senior executives promote and participate in talent programs</td>
</tr>
<tr>
<td>Internal and external recruiting activities support employee diversity</td>
<td>Programs to develop employees for leadership positions</td>
<td>Talent management increases loyalty and retention relative to competitors</td>
<td>Sales emphasizes talent management as much as other functions</td>
</tr>
<tr>
<td>Talent activities have positive impact on prospective employees</td>
<td>Incentives for executives and managers to develop skills of direct reports</td>
<td>Evaluates employees using a formal system with up and down feedback</td>
<td>Talent management aligned with business objectives</td>
</tr>
<tr>
<td>Talent management is a core differentiator of our company</td>
<td>Executives and managers compensated for developing direct reports</td>
<td>Track retention methodically, with explicit retention objectives</td>
<td>Talent management is a high priority</td>
</tr>
</tbody>
</table>


**THE TOP AND BOTTOM LINES**
In a PerfectCo World

Top sales force talent management programs share three core attributes: they are based on holistic strategies, centered on a blend of formal and informal programs, and devoted to diversity. While many companies that participated in this study display some of these attributes, none possesses all of them. With this in mind, we sought to envision what sales force talent management might look like in a “PerfectCo” world...

PerfectCo, Inc.’s holistic talent strategy starts with the CEO, who is known throughout the company—and the industry—as a mentor of outstanding leaders. She counts talent management among her company’s core strategic pillars, which she never fails to mention during board meetings, investor briefings and company-wide all-hands events.

As a former sales senior vice president and international account manager for PerfectCo’s largest client, the CEO’s career path (which also spanned marketing and a three-year supply chain management role) epitomizes functional breadth and strategic depth. Years ago, as a mid-level sales manager, she was responsible for implementing performance evaluations, mentoring and individual development plans within her group. She developed collaborative relationships with HR subject matter experts who provided the tools and resources that helped to make talent development second nature, and kept her efforts consistent with those in other teams, functions and country units. By participating in regular succession planning discussions, she learned what capabilities and characteristics would be necessary to take on additional job responsibilities.

In PerfectCo’s annual strategic review process, talent management is as integral as revenue forecasting, and there is friendly competition among the CEO’s direct reports to share talent-related priorities with their departments using innovative communication vehicles. Twice each year, every manager receives a “talent toolkit” consisting of process information and talking points to share with their own reports, and when questions arise, a dedicated talent director is available for support. Managers pay close attention to that toolkit when it arrives, because they know that up to one-third of their performance bonus will be linked to the clear talent objectives and metrics it describes. Employees seeking promotion are especially eager to demonstrate progress toward people-related goals.

In addition to these formal, quantitative programs, managers learn how to identify “coaching” moments to provide feedback on day-to-day performance, and they ensure that high-potential direct reports regularly interact with other managers in different functions and at different levels. Through lunches, shadowing and training events, a personal connection is created between the company and its employees, which is vital to developing and retaining the best sales force.

PerfectCo has been recognized for innovative recruiting practices; employee demographics mirror the general working population, and affinity groups are focused on gender, ethnicity, age and sexual orientation. The company brings its affinity groups together (employees from different personal and professional backgrounds) in a series of cultural exchanges, diversity training and creative problem-solving seminars. PerfectCo moved its diversity director out of HR to report directly to the CEO. Once a year, PerfectCo convenes interested vendors and customers to discuss how to better leverage diversity as a source of new product ideas and marketing strategies.
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