

Marketing & Sales Practice

Sales automation: The key to boosting revenue and reducing costs

Automation tailored to sales operations is a win for companies, customers, and sales reps. Here's how to make it work.

by Manu Bangia, Gui Cruz, Isabel Huber, Philipp Landauer, and Varun Sunku



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Sales automation holds the potential to reduce the cost of sales by freeing up time spent on administration and reporting and to unlock additional revenue by automating outreach to customers in the sales funnel. But many decision makers are not aware—or have not taken advantage—of the value that sales automation can create across a growing range of use cases.

To benefit from the emerging opportunity, sales organizations must adjust their ways of working as well as their technology platforms to ensure that sales reps and automation solutions work hand in hand. Early adopters of sales automation consistently report increases in customer-facing

time, higher customer satisfaction, efficiency improvements of 10 to 15 percent, and sales uplift potential of up to 10 percent.

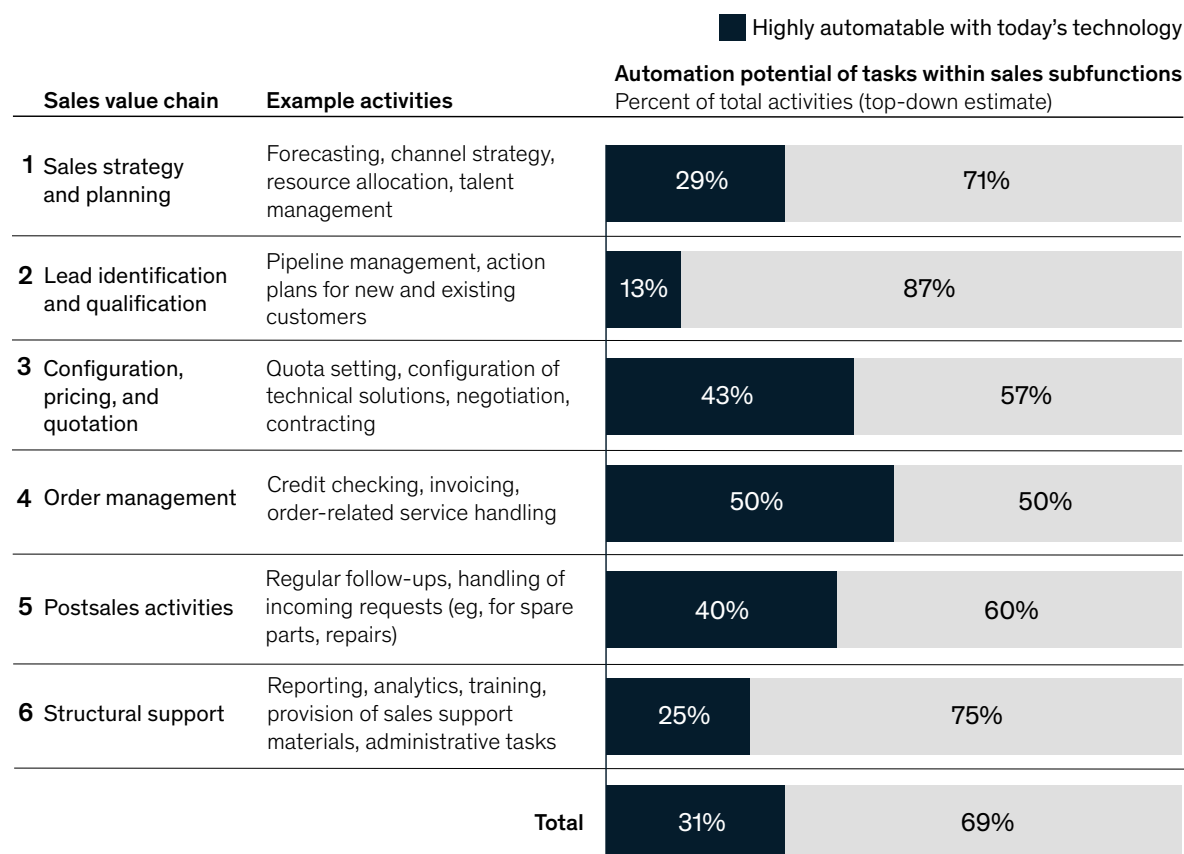
About a third of all sales tasks can be automated

Automation of standard tasks is one of the megatrends that shapes the global economy. Cross-functional research by the McKinsey Global Institute (MGI) indicates that approximately a third of sales and sales operations tasks can be easily automated with today's technology (Exhibit 1).¹ This makes sales one of the most promising functions in terms of automation potential.

¹ A directional figure based on a top-down assessment and interviews; the exact figure will depend on a company's starting point and specific sales dynamic.

Exhibit 1

More than 30% of sales-related activities can be automated.



Source: Vendor landscape review, expert interviews

Despite this considerable potential, only one in four companies has automated at least one sales process (Exhibit 2). From our conversations with top executives, we know that many sales executives are not yet aware of the breadth and depth of state-of-the-art automation applications across the entire spectrum of sales subtasks, nor of the value they can unlock.

Best-in-class companies, however, have started adopting automation as a key driver of cost efficiency and increased sales. For example, an advanced-industries company applied automation to streamlining its bid process, reducing proposal time from three weeks to two hours. Previously, all requests were handled by sales reps. “We used to do everything manually—assembling documents, looking up specifications, putting together the proposal,” a sales executive says. Now, predesigned

proposals are automatically populated with enterprise resource planning (ERP) data. A sales rep reviews the finished proposal and sends it to the customer.

This program has resulted in higher customer satisfaction and a 5 percent uplift in revenue. Other examples of the benefits of automation include an overall cost reduction of 10 to 15 percent and a reduction of order processing time—from confirmed order until confirmed delivery—from two or three days to one or two hours.

Opportunities exist all along the sales value chain

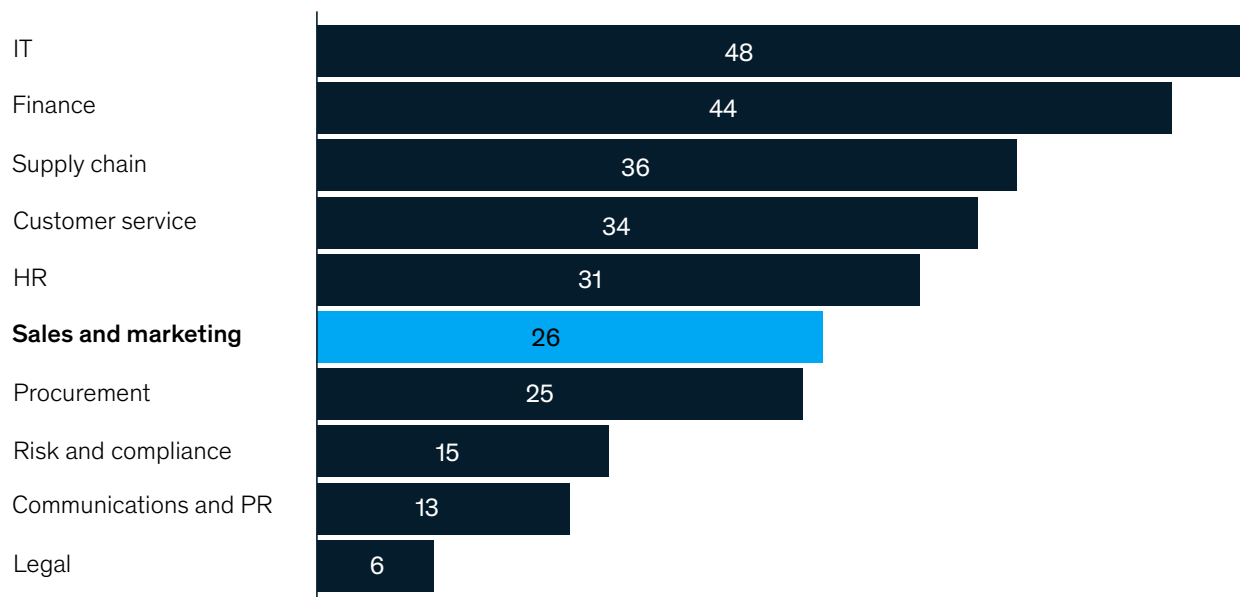
Companies seeking to drive up the automation rate of their sales function should start by sizing the total opportunity and identifying the

Exhibit 2

Automation implementation in sales is lagging.

Which of the functions within your organization have already automated at least one business process?

% of respondents, N=764



Source: “The automation imperative,” McKinsey & Company, September 2018, McKinsey.com. The online survey was circulated from January 16–26, 2018, and garnered responses from 1,303 participants representing a full range of regions, industries, company sizes, functional specialties, and tenures. Of these respondents, 764 work at organizations that have piloted the automation of business processes or have fully automated them in at least one function or business unit. To adjust for differences in response rates, the data was weighted by the contribution of each respondent’s nation to global GDP.

How we define sales automation

We define sales automation as any technology that is able to replicate human cognitive capability, such as logical reasoning, pattern recognition, and so on, thus reducing manual labor in a given sales process. While multiple technologies are available, we see five technologies as core to sales automation efforts: machine learning (ML), robotic process automation (RPA), natural-language processing/generation (NLP), smart workflows, and virtual agents.¹ Currently, machine learning and robotic process automation are the most popular technologies in sales, with adoption rates of 70 and 55 percent, respectively, among sales automation pioneers.²

¹ Federico Berruti, Graeme Nixon, Giambattista Taglioni, and Rob Whiteman, "Intelligent Process Automation," March 2017, McKinsey.com.

² Based on the comprehensive MGI definition of automation in "A future that works: Automation, employment, and productivity," January 2017, McKinsey Global Institute: "Our definition of automation includes robotics (machines that perform physical activities) and artificial intelligence (software algorithms that perform calculations and cognitive activities). Companies may adopt these technologies for reasons other than labor cost savings, such as improved quality, efficiency, or scale."

most promising use cases, based on a systematic review. Use cases exist all along the sales value chain (Exhibit 3).

Examples include:

- **Lead management.** Chatbots enable companies to re-engage prospective customers who are stuck in the purchasing funnel, thus creating new opportunities without any extra human effort. The bot independently selects customers, contacts them through text message or email, uses natural-language processing to understand the context of their response, and answers accordingly to drive conversion. This solution can increase sales reps' selling time by 15 to 20 percent, while increasing deal-flow transparency and conversion.
- **Churn prevention.** Scoring tools can create 360-degree customer profiles automatically, leveraging variables such as buying patterns, interaction preferences, and web data to identify customers with the highest propensity to churn. Compared to previous models based on simple analytics, machine learning triples the predictive power to identify churners.

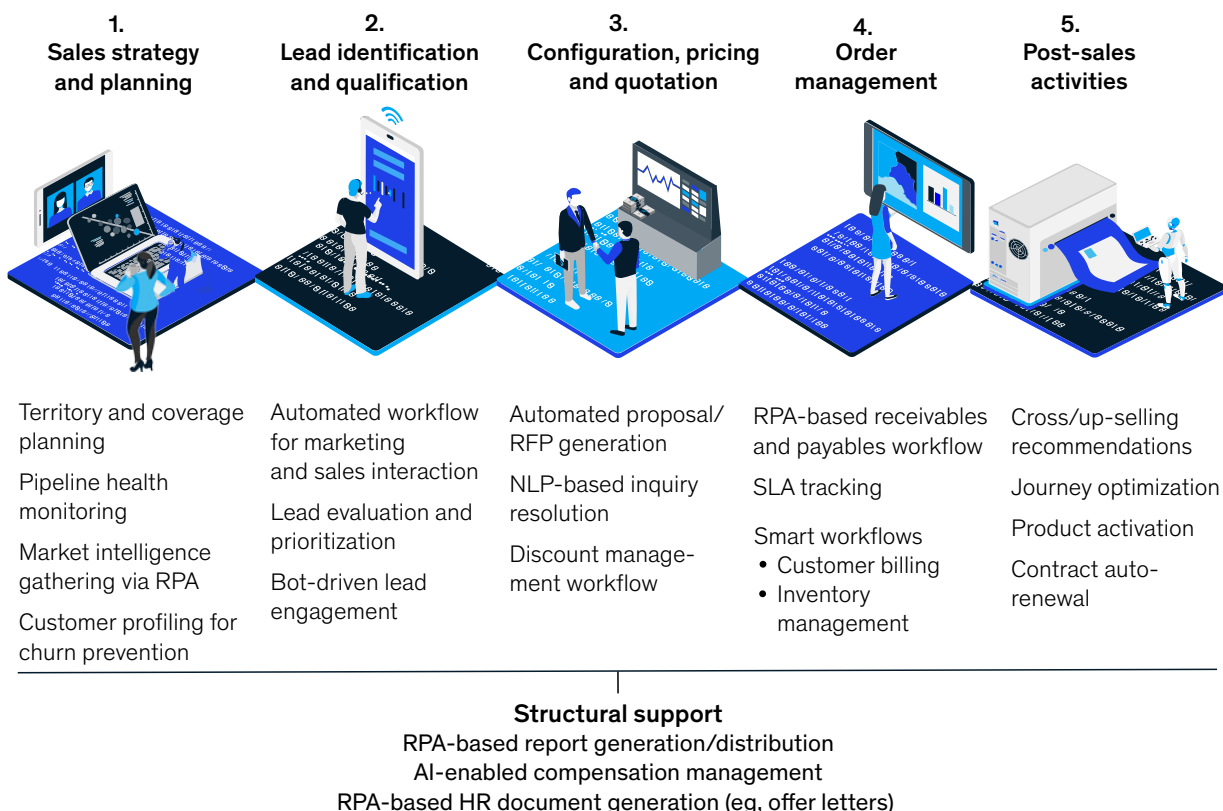
Based on the ML output, sales and marketing staff can take targeted actions to prevent churn, such as preconfigured price discounts to incentivize customers.

- **RFP generation.** Solutions based on natural-language processing/generation and robotic process automation can help reduce the time it takes to draft requests for proposals (RFPs) by up to two-thirds and eliminate human error. For example, one solution decodes the questions to be answered and proposes responses in a customized file that can be automatically sent to the prospective customer. This kind of solution has the potential to speed up RFP response time and efficiency while also improving internal version tracking and storage of relevant RFP content.
- **Post-sales customer journey optimization.** Robotic process automation and virtual agents can be used to reinvent the customer journey and create a seamless online process for ordering, tracking, and query management. For example, this approach helped a B2B supplier increase its customer-satisfaction score by 24 percentage points and improve throughput by about 20 percent.

Exhibit 3

Automation can transform the entire sales value chain.

Examples of the role of automation in sales



- **Product activation.** Bots can prepare license certificates for new customers and create emails that provide customers with license keys to activate their purchases. Bots verify that an order is valid and update internal functions, such as finance and legal, about the activation. The bot can save sales operations teams hundreds of hours per year and enable customers to activate their products much faster than before.

So will the sales function of the future be fully automated? Not likely. According to MGI research, not all jobs are fully automatable, and our experience in sales confirms this. In reality, the future of sales will be characterized by humans and

machines working together to provide optimal service to customers. Companies should think of automation not as a replacement of their sales force, but as a powerful tool that complements salespeople, rids them of low value-added tasks, and boosts their efficiency.

How to deploy sales automation successfully

To capture the benefits of sales automation, sales leaders must first recognize that, while anyone can deploy sales automation and capture its benefits, those with standardized sales processes in place and colocated/centralized

Using the time gained from automation

According to McKinsey research, there is high correlation between the time sales reps spend with customers and sales productivity. On average, high-performing sales reps spend 20 to 25 percent more time with customers than lower-performing reps. Companies that standardize and automate non-customer-facing activities, such as administrative tasks, free up time for activities that directly drive performance, such as opportunity identification, negotiation preparation, and customer interaction.

sales support functions usually capture bigger benefits from automation and see impact faster than their peers. This is because their costs for data integration, technological deployment, and change management are lower.

Similarly, an extensible customer relationship management (CRM) system² and a consolidated IT stack usually help enhance the scalability of automation solutions. The leaner, more simplified, and more digitized the internal sales processes, the faster basic automation (RPA) can be deployed and more advanced solutions, such as machine learning and cognitive agents, can be implemented.

Finally, companies should select an implementation approach that reflects their starting point, the structure of the sales value chain, the competitive landscape, and customer preferences. In our experience, a full implementation journey typically takes 12 to 18 months, with impact from prioritized use cases within six months. It comprises three phases:

- **Phase 1: Quantify automation potential and prioritize opportunities.** A team of experts quantifies the automation potential by subtask and prioritizes use cases across the entire

sales function; best-in-class solutions can help complete this task in a few weeks.

- **Phase 2: Implement prioritized use cases.** This phase involves comprehensive process review and mapping in prioritized areas. It is typically conducted in three steps:

- **Step 1:** Eliminate activities that don't add value from consideration
- **Step 2:** Standardize processes with colocated sales support and consolidated data repositories
- **Step 3:** Automate manual, time-consuming, and repetitive tasks.

- **Phase 3: Scale-up.** Companies should not seek to automate the entire sales function at once. Successful players take a wave approach, creating a pilot to test and refine new processes, starting with the most promising and least critical applications. Automation teams should work closely with sales reps and sales support staff to make sure their experience and expertise is reflected in the system, both to create buy-in and hedge against risks.

²In this context, "extensible" means "designed to allow the addition of new capabilities and functionality." For details, see Niklas Johansson and Anton Löfgren, "Designing for extensibility: An action research study of maximizing extensibility by means of design principles," May 29, 2009, University of Gothenburg Department of Applied Information Technology, gupea.ub.gu.se.

For automation programs to be effective, salespeople need to work differently. Change management involves training reps and managers; tracking impact via key performance indicators (KPIs), time saved, or the monetary value of bot-enabled customer conversion; putting in place appropriate incentives; and communicating with all relevant stakeholders. Best-in-class companies train sales reps both in workshops and in the field. As manual tasks are reduced, leaders can increase productivity targets and incentivize reps based on customer-oriented KPIs, such as revenue growth or acquisition rate. A periodic communication cadence should be established to engage and inform reps in “townhall” meetings. In our experience, change management is a crucial catalyst of success. In fact, 90 percent of companies that successfully scale automation invest more than half of their budgets in change management and capability building.³

The most effective model for delivering automation includes an automation center of excellence (COE) that provides enterprise-wide AI tools and expertise to guide the automation agenda. A sales-specific hub reporting to the head of sales or sales

operations, the COE drives the implementation of automation. It’s important to ensure that the teams driving sales automation consist of members with skills ranging from general management to technology and analytics, combined with relevant process domain and customer journey expertise.

One technology company used this approach to build a comprehensive ticketing system for assigning sales tasks automatically to either human sales reps or bots. Key central sales and sales operations functions were colocated with the automation team to improve efficiency.

The team explicitly developed a rollout program with sales reps to build their trust and capabilities as the effort proceeded, starting with noncritical processes (market intelligence gathering and pipeline monitoring enabled by RPA) and advancing to more critical processes (pricing recommendations supported by ML) in later waves. Use cases were prioritized based on ticket volume, length of the process, and potential impact.

³ Michael Coyne, John Larson, Jessica Shieh, and Hyo Yeon, “Winning in automation requires a focus on humans,” December 2019, McKinsey.com.

Sidebar

A day in the life of the sales rep of the future

In the morning, the rep receives an automatic update on priority customers. In a conversation with a given customer, the rep uses automated proposal generators to respond to an RFP, with terms and conditions approved within minutes. Returning from the customer site, the rep scans the order, and the contract is uploaded into the system. Key stakeholders, such as manufacturing, finance, and customer service, receive copies of the order. As the order is shipped, the invoice is generated automatically and sent to the customer with the sales rep in cc. The customer and sales rep can check the order status online at any time. Automatic notifications are set up to alert the customer in case of unforeseen delays.

When the sales rep starts the videoconference with the next customer, a notification on critical talking points, such as the fact that the customer’s order profit margins are falling below a preset limit, is sent to the sales rep’s tablet.

All data was then integrated into a central ticket repository that served as the single source of truth. The ERP system was augmented with custom solutions that powered the bots. “Customers are amazed by the responsiveness. The bots resolve many issues in as little as two minutes,” a CRM manager says.

With automation, everybody wins. Customers will benefit from faster turnaround. Companies will benefit from higher sales-force productivity. And sales reps will experience greater job satisfaction because automation lets them focus on what they love: delivering value to customers.

Manu Bangia is an associate partner in McKinsey’s London office, **Gui Cruz** is an associate partner in the New York office, **Isabel Huber** is a partner in the Munich office, **Philipp Landauer** is a partner in the Stuttgart office, and **Varun Sunku** is a knowledge expert in the Marketing & Sales Practice in the Amsterdam office.

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