# MASTERING SALES INTEGRATION DURING AN ENTERPRISE MERGER AND ACQUISITION

Today's sales world is highly competitive. Established companies face intense pressure from existing competitors and new industry entrants, as well as more knowledgeable consumers. As companies grow, they undergo change, see growth, and adjust their strategy.

At certain stages in growth, companies often look to acquire their competitors to grow their market share, address product gaps, or move horizontally into related markets. While M&As offer tremendous opportunity, the initial merge of companies creates confusion, especially during the integration of sales teams.

According to the FT Press book, only 50 percent of mergers are successful, and success relies heavily on a smooth integration of sales resources. However, when done well, sales integrations during a M&A can deliver up to 12 percent higher total return to shareholders (McKinsey & Company).

## WHAT MAKES INTEGRATION SO CHALLENGING?

During an M&A, your sales team faces a few potential dilemmas during integration. When two organizations merge, there is a plethora of new resources. The number of reps on the floor increases, and along with that come different sales strategies, compensation plans, and the possibility of overlapping sales territories.

In addition, your sales reps will have fear, uncertainty, and doubt (FUD) about their roles, compensation plans, and territories as well, so it's important to dissuade these feelings as quickly as possible to retain top performers from both merging organizations.

As a sales leader, you're challenged with blending two disparate sales teams with different product knowledge and training. Not to mention, now that your sales force has multiplied, you also must maintain the trust of your reps and keep them on track to hit their number. Alongside the sales operations and compensation teams, you now face the challenge of multiple compensation plans, overlapping sales territories, and integration of data sources.

Ultimately, your job is to keep the sales floor running as if there's no change happening at all— keeping top reps happy and capturing best practices from both teams to build a stronger sales strategy for everyone.

So how do you navigate sales integration during an M&A? We've put together 10 executive priorities to ensure your M&A sales integration runs as smoothly as possible.

# M&A SALES INTEGRATION CHECKLIST

☐ **REVIEW AND ALIGN SALES TERRITORIES:** Sales territories are the basis of your quota allocation and compensation plans. First and foremost, you need to identify any overlapping territories, and use sales performance data from both teams to assess the needed sales capacity and potential in each territory.

☐ **GET COMPENSATION UP TO SPEED:** At the start, sales operations will be managing multiple compensation plans. Executives should sit with sales and sales operations leaders to adjust compensation plans so they reflect the new resources and product lines.

☐ **TRAIN, REFRESH, REPEAT:** Give all sales reps an overview of all of your product and service offerings, and train them as in-depth as possible on the lines they'll be focusing on. Make sure reps can access all of your training materials easily after initial training— a refresher never hurts.

☐ **CREATE A SINGLE DATA SOURCE:** Bring all of your data sources together into one central sales performance management (SPM) solution. Integrated data makes key analytics easily accessible, aids in collaborative strategy, and improves data accuracy—all of which are necessities for a successful M&A, as well as driving the right sales behaviors and growth.

☐ **CONTINUOUSLY OPTIMIZE AND ANALYZE**: With a central source of data, you can then benchmark against live data, identify issues more easily, and implement solutions faster to drive the right sales behaviors and stay on track to achieve sales goals.

☐ **BE OPEN AND COMMUNICATE:** During an M&A, talk is not cheap. In fact, it's very valuable. The more you communicate with your sales team, the more trust they have in their management and the less likely they are to leave the company. This means they spend more time selling and and less time speculating about what's happening with the M&A.

☐ **NAIL DOWN STRATEGY FOR YOUR EXPANDED PRODUCT MIX:** Executives and VP leadership should sit down to adjust and finalize your organization's go-to-market strategy. Prioritize product offerings and determine which products are the focus for the foreseeable future (e.g., quarter, half, year, etc.). Then make sure your incentive compensation plans reflect that and drive the right sales behaviors.

**Sales territories optimized with data result in 15% increase in sales performance and revenue**

**Companies paying at the 75th percentile see 50% lower rep attrition**

☐ **TAKE CARE OF YOUR TOP PERFORMERS:** Retaining your top sales talent is extremely important during an M&A. Reduce the amount of confusion and concern with open communication. Be as efficient as possible in analyzing and adjusting territories and compensation plans, and share any new information ASAP.

☐ **BID FAREWELL TO SPREADSHEETS:** Let's face it—spreadsheets DO NOT work for growing or merging companies, and automated sales compensation is a must. Then, with automated commission calculations, you can trust that data is accurate, meaning payments are calculated correctly and reps are paid on-time.

☐ **SAY GOODBYE TO MANUAL, HOME-GROWN, AND LEGACY SYSTEMS:** Data accuracy is a must for any company, but predictive analytics are a necessary asset for M&As. Using predictive machine learning (ML) technology, companies can use data as an asset to guide strategic planning and drive growth. Spreadsheets and other automated, home-grown, and legacy systems are simply incapable of doing this.
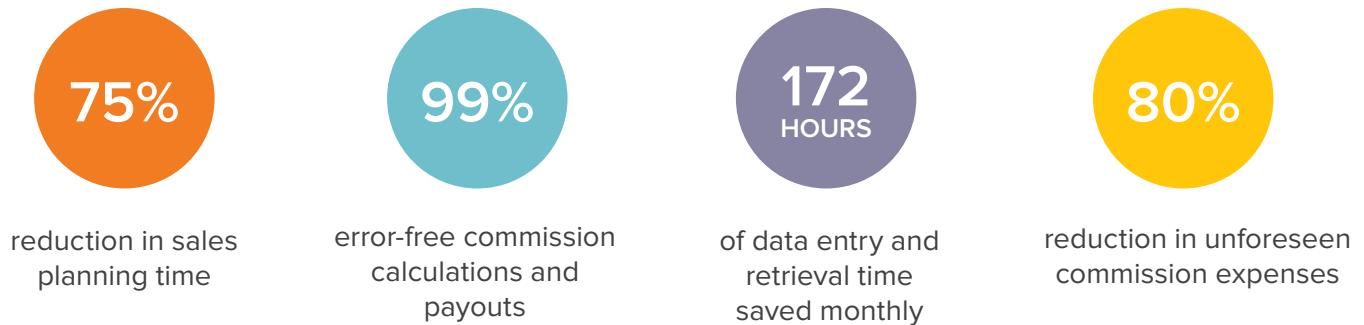
**The average cost to replace a sales rep is $115,000**

**Companies using Xactly Insights data to benchmark compensation plans saw 10% higher quota attainment**

# DATA DOES MORE THAN EASE SALES INTEGRATION

Using data as an asset, companies can drive growth and have more confidence in their strategy. An end-to-end SPM solution takes a company's data and helps utilize it in every aspect of the sales plan—territories, quota allocation, compensation, and more. With predictive machine learning, organizations can then optimize their plans to drive the right sales behaviors and increase sales objective attainment.

In fact, using data-driven end-to-end SPM solutions, businesses have seen improvements across the entire organization.

| 75% | 99% | 172 HOURS | 80% |
|:---:|:---:|:---:|:---:|
| reduction in sales planning time | error-free commission calculations and payouts | of data entry and retrieval time saved monthly | reduction in unforeseen commission expenses |

Data can and should be a key tool in any organizations sales planning. In an M&A, data can be extremely useful in sales integration. This helps ensure that the overall sales organization structure is optimized for reps to hit their number.

Your SPM solution should do the hard work for you and provide predictive insights that help you strategize better. That way, sales leaders can keep rep motivation high and the sales floor operating like normal. Sales operations can confidently design territories, set attainable, aggressive quotas, and build compensation plans that drive the right sales behaviors. Finance leaders can rest assured that data is accurate for forecasting and the company is on track to reach revenue goals.

And ultimately, with data, your sales integration should go smoothly, and the M&A should be a huge success.

# ABOUT XACTLY

Xactly delivers the industry's leading enterprise platform for planning and incenting sales organizations. Using Xactly's powerful sales performance management (SPM) portfolio, including sales quota and territory planning, incentive compensation management, and predictive analytics, and its world-class services—companies mitigate risk, increase sales performance, and gain the agility to navigate change. Together with Xactly Insights,TM, the industry's only empirical big data platform, Xactly uses industry benchmarking data to provide live compensation insights to maximize bottom line . Born in the cloud, Xactly integrates with all the major CRM, ERP and HCM applications through standards-based APIs and maintains the highest enterprise standards in security, availability and privacy.