REPORT COLLECTION

A Fresh Approach to B2B Sales and Service

Today, businesses are witnessing unprecedented change and are having to adapt quickly to a new set of market realities. As a result, organizations are under increasing pressure to quickly transform how they sell and service their customers to unlock opportunities that maximize value creation for themselves and their customers.

In this era of perpetual newness, sales organizations must keep pace with product innovation while catering to changing customer expectations. Adding to this challenge is the arrival of the digital natives, a demographic deeply in tune with digitally powered buying and selling experiences. This dynamic environment requires a new vision for sales that recognizes that every selling journey is different, but all aim to maximize value for buyers and sellers.

Customer service is no longer a function that is confined to a single department. Modern customer journeys are a complex web of experiences and interactions meant to maximize the value of products or services. The best-run companies can make these journeys simple, rewarding, and effortless. However, when there's a disruption to value delivery, customers look to customer service for resolution. This is a critical moment of truth, where the brand promise is delivered and loyalty is earned. Successfully delivering service resolution requires customer service to connect across the enterprise to deliver the optimal resolution to exceptions.

We've sponsored this research by Harvard Business Review Analytic Services to examine the challenges that sales and service leaders face today and to discover critical capabilities needed to transform sales and customer service from an activity to a dynamic process that delivers business outcomes.

I invite you to read this report collection and compare your organization's sales and customer service operations with those of the respondents. Furthermore, I encourage you to explore how there is a common thread across sales and service organizations and the need for a connected enterprise for a successful business transformation.

At SAP, we help companies of all sizes run their business profitably, adapt continuously, and grow sustainably. We hope the findings in this report help you in your journey to high-performance selling and value-driven servicing.

Nitin Badjatia
Head, Solution Management
SAP Customer Experience

A Fresh Approach to B2B Sales and Service
Report Collection

Introduction

Due to continuous disruptions driven by economic uncertainties, stressed supply chains, and a shift to new digitally driven business models, significant change is coming to business-to-business (B2B) sales and customer service. Research by Harvard Business Review Analytic Services in spring 2022 reveals that organizations are striving to meet the accelerated demands and expectations of customers and employees grappling with new challenges and forever changed by the rapid shift to digital-first experiences in the prior two years.

Amid growing B2B buyer demands for virtual sales interactions and seamless, more consultative customer service, this collection of Harvard Business Review Analytic Services papers examines how businesses are being asked to deliver personalized, fast, and data-driven sales and service experiences and how they are meeting those challenges.

The Newly Empowered Buyer

In "Reshaping Business-to-Business Sales for the Future," nearly 80% of the 214 executives surveyed in March 2022 by Harvard Business Review Analytic Services reported that buyers' expectations have moderately or significantly changed over the past two years. Buyers expect more from the overall sales experience: They want better post-sales support and contextual information, and they want it via the channel of their choice, whether face-to-face or by phone, videoconference, self-service, social media, or app.

However, about half (51%) of survey respondents say they are not keeping up with customers' new demands and expectations. They struggle with complex buying cycles, a lack of actionable data insights, difficulty with engaging buyers virtually, and non-automated sales processes. In their effort to adapt, B2B businesses are investing in new processes and technologies, such as artificial intelligence (AI)-guided selling processes and advanced analytics, that improve omnichannel selling and make it easier for salespeople to identify opportunities and get data-driven recommendations to customers.

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Amid growing B2B buyer demands for virtual sales interactions and seamless, more consultative customer service, this collection of Harvard Business Review Analytic Services papers examines how businesses are being asked to deliver personalized, fast, and data-driven sales and service experiences and how they are meeting those challenges.

In "Future-Proofing B2B Sales," executives from B2B organizations, as well as customer experience and sales strategy experts, discuss the new B2B sales paradigm, which is leading businesses to give buyers more control and flexibility throughout a sales journey that increasingly takes place through digital channels. To offer a more easily navigable omnichannel sales journey, businesses are arming salespeople with cross-enterprise data, examining how customers want to engage, and enabling multiple departments within the organization to work more effectively together.

A New Role for Customer Service

In "Changes Ahead for B2B Customer Service in a Digitally Driven World," more than 90% of the 253 executives surveyed in May 2022 by Harvard Business Review Analytic Services agreed that customer service is critical to driving business success, but only 58% said their organization is satisfied with the level of customer service it provides. To meet the new expectations of both customers and service agents, B2B organizations will need to expand their focus from cost of service to more strategic endeavors and enable more collaboration and data usage across the enterprise.

In "Strategically Aligning Customer Service with B2B Business Goals," senior leaders, business consultants, and industry analysts discuss the rise of customer service to a strategic function, especially as enterprises move to new business models based on proactive service and subscription-based pricing. In addition to fast and efficient issue resolution, customer service is increasingly accountable for metrics like revenue, brand reputation, customer loyalty, and account health. Businesses are working to deliver frictionless, data-driven, proactive, and consultative support that maximizes the value customers receive from both the products they buy and the business itself.

What's Ahead

Omnichannel sales, coupled with value-added support, is the future of B2B sales and customer service and the basis of the expected customer experience. Making this transformation will require organizations to enable their sales and service teams to collaborate across the enterprise in order to truly understand the customer and deliver value at every touchpoint.

Equally important is arming sales and service employees with effective technologies and easy access to data-driven insights, particularly with digital natives entering the workforce and expecting these capabilities.

Increasingly, the B2B brand will be defined by the experience it offers to both customers and employees, and organizations that successfully transform and adapt will ensure continued success in an increasingly digital and constantly changing world.

PULSE SURVEY

Reshaping Business-to-Business Sales for the Future

Customers of brewer and adult beverages company Lion want the organization to know everything about their businesses, most of which are bars, restaurants, and liquor retailers located in Australia. When they are getting ready to order beer kegs or supplies, they'd like their sales representative to help them decide which items and how much of each stock-keeping unit they should order and how they can best merchandise what they're getting. They expect Lion will know not only what their business model is but also what their unique history and channel challenges are.

"The expectations from our customers have shifted significantly," says Michelle Lucas, customer product and strategy director at Lion. Customers want to work with suppliers that are easy to do business with, she asserts.

And it's not enough to be easy to work with, either. Those same buyers, like millions of other business-to-business (B2B) buyers, expect their vendors to do all of this via their preferred channel—and at top speed, a significant challenge given the extensive supply chain issues plaguing the globe.

Lion is part of a larger trend that B2B organizations are seeing, with customers demanding more—more control, more flexibility, and more channels. Indeed, a March 2022 survey by Harvard Business Review Analytic Services of 214 respondents from the *Harvard Business Review* user database shows that organizations' sales strategies have changed in response to shifting customer priorities. Nearly four out of five respondents report that their buyers' expectations have undergone a moderate or significant change over the past two years. Specifically, B2B buyers now have greater expectations for the overall buyer experience, according to more than half (52%) of respondents.

HIGHLIGHTS

79% of survey respondents report that over the past two years, their **buyers' expectations have undergone moderate or significant change.**

72% report that their **business-to-business sales strategies have undergone moderate or significant change** over the past two years.

51% agree with the statement "My organization is **having difficulty keeping pace with the changing demands** and expectations of buyers."
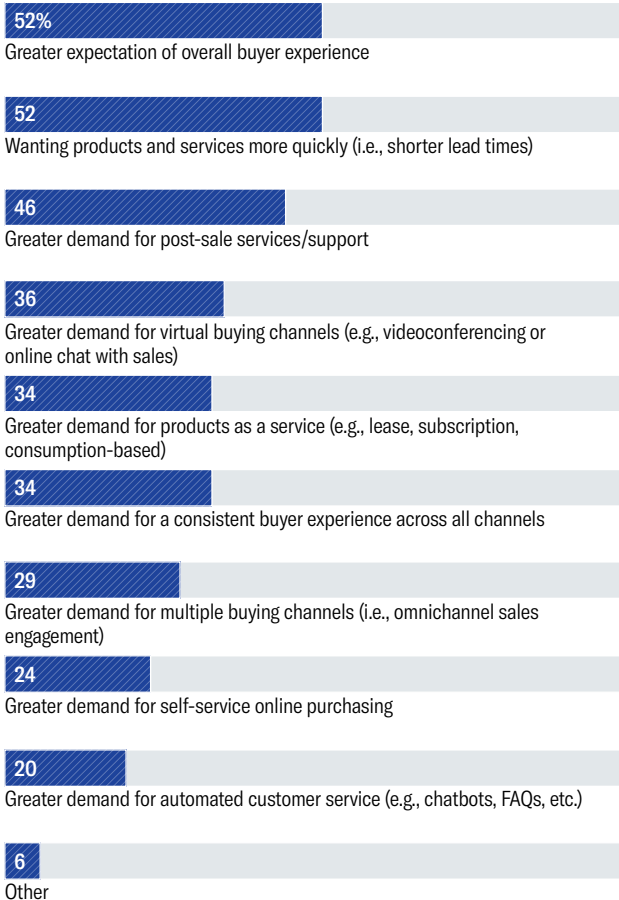
Due to rounding, some figures in this report may not add up to 100%.

FIGURE 1

Demands Are Altering Sales Organizations

Organizations are struggling to keep up with changing buyer demands

In which of the following ways have your buyers' expectations changed over the past two years? [SELECT ALL THAT APPLY]

52%
Greater expectation of overall buyer experience

52
Wanting products and services more quickly (i.e., shorter lead times)

46
Greater demand for post-sale services/support

36
Greater demand for virtual buying channels (e.g., videoconferencing or online chat with sales)

34
Greater demand for products as a service (e.g., lease, subscription, consumption-based)

34
Greater demand for a consistent buyer experience across all channels

29
Greater demand for multiple buying channels (i.e., omnichannel sales engagement)

24
Greater demand for self-service online purchasing

20
Greater demand for automated customer service (e.g., chatbots, FAQs, etc.)

6
Other

Source: Harvard Business Review Analytic Services survey, March 2022

FIGURE 1 They also want shorter lead times (52%), and they are demanding post-sale services/support (46%).

Yet despite the general understanding of changing customer expectations, about half of respondents are having trouble keeping up; 51% of respondents agree with the statement "My organization is having difficulty keeping pace with the changing demands and expectations of buyers."

This sea change requires significant work by B2B organizations, which must be able and willing to guide buyers along the sales journey while making it easy to navigate regardless of the complexity of what's being purchased. Many organizations, however, are trapped in the past. As Frank

V. Cespedes, a senior lecturer at Harvard Business School, explained in a March/April 2021 *Harvard Business Review* article, "Despite technology advances, most sales models are the ad hoc accumulation of years of reactive decisions made by multiple managers pursuing different goals."

"Businesses and sales leaders need to make it easy for buyers," agrees Mary Flaherty, vice president of research and thought leadership with RAIN Group, a Boston-based global sales training and consulting firm. "Buyers will not have the patience or desire to wait. If leaders don't pivot, buyers will look elsewhere." Adding to the complexity are the changing demographics of buyers. A growing population of digital natives has moved into decision-making roles in the buying process. Sixty percent of all B2B tech buyers today are Millennials aged 25 to 39, according to a TrustRadius study.[1] The same study found that more than half (57%) of buyers are making purchasing decisions without ever talking to a sales representative.

With these changes in mind, it's become clear that B2B organizations must improve omnichannel selling. They can do this by providing better, faster buying experiences with plenty of post-sale support. At the same time, organizations should incorporate more technology, such as analytics, artificial intelligence (AI), and machine learning (ML), in these increasingly collaborative processes. On the back end, these same organizations should make it easier for salespeople to identify the right buyers and opportunities and get data-driven recommendations to customers.

This report explores how evolving buying journeys are driving significant changes in B2B sales processes. It examines what sales organizations are seeing in their current interactions with customers—especially in relation to their expectations and needs. The report also explores capability gaps and provides insights into where companies are investing for the future of sales.

Facing the Challenges of the Future

The roadblocks to successful sales vary, but experts and survey respondents identify several common issues. These issues include new and rapidly changing buyer demands and expectations, increasingly complex sales cycles, and a lack of actionable sales data insights and recommendations, among other elements.

B2B buyers expect faster, more efficient delivery of products and services. They also want post-sale service and support more frequently. Companies must adapt and change, or they may face short- and long-term customer and revenue losses.

The survey shows that B2B organizations recognize this change in expectations. Nearly three-quarters (72%) report that their B2B sales strategies have undergone moderate or significant changes over the past two years. When asked

FIGURE 2

Sales Obstacles

New buyer demands and increasingly complex sales cycles top the list of challenges

Which of the following challenges does your organization face in its sales efforts? [SELECT ALL THAT APPLY]

43%	New/changing buyer demands and expectations
40	Increasingly complex sales cycles
36	Lack of actionable data insights/recommendations provided to sales
34	Difficulty engaging buyers virtually (e.g., presenting complex offerings via videoconference, fewer in-person meetings, etc.)
33	Lack of automation in sales processes (i.e., highly manual)
32	Lack of integration between technology/tools used by sales
29	Lack of qualified leads
26	Current sales strategy is misaligned with new industry trends/dynamics
22	Outdated/ineffective sales tools/technologies
19	Inefficient/rigid sales processes
14	Low morale/motivation/engagement within sales team

Source: Harvard Business Review Analytic Services survey, March 2022

about the specific challenges they face, 43% of respondents report new or changing buyer demands and expectations are a challenge. **FIGURE 2** Increasingly complex sales cycles—chosen by 40% of respondents—and a lack of actionable data insights/recommendations provided to sales—cited by more than a third (36%)—also were high on the list.

The lack of actionable insights may be due to a dearth of analytics and tools, says Kevin McTigue, clinical associate
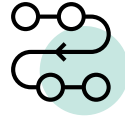
"We can make our sales efforts a lot smarter by identifying where a potential buyer is in their journey and then connecting with them in the right ways," says Kevin McTigue, professor at Northwestern University's Kellogg School of Management.

professor of marketing and faculty director at Evanston, Ill.-based Northwestern University's Kellogg School of Management.

"We can make our sales efforts a lot smarter by identifying where a potential buyer is in their journey and then connecting with them in the right ways," he says. Organizations should consider embracing sales automation platforms so that when somebody goes to a company's site to do product research, that potential customer gets follow-up touches. Just as important: the salesperson should get notification of their digital behaviors, he says. "The salesperson gets the message that now it might be a good time to touch that customer."

Data, he says, is a currency that helps organizations reap big benefits. And yet customer data largely hasn't been adopted for customizing the buyer journey. While the survey shows that some respondents already are able to use customer data for sales intelligence and strategy, some B2B teams could be doing more with data when it comes to using it for more complex applications.

Lion is doing just that. Data is so important to the company that it recently created an advanced analytics team that advises its sales team about what, where, and how to sell to its current and future customers, according to Lion's Lucas. "The advanced analytics team is all about looking at how do we take data and use that data—effectively, data science—to be able to say, Where do we effectively need to sell? How do we need to sell? So we know that based on the insights, we're able to analyze where the gaps in that market [are]," she says.

B2B organizations must also attract and motivate the right people and empower them with the right tools. Training, too, is important so employees can learn to work with the entire spectrum of buyers.

Unlike Lion, though, many organizations still lack the appropriate tools and automation to make sales go smoothly. Capabilities such as frictionless and effective sales processes,

efficient and easy-to-use technology and tools, and the ability to identify the right buyers and opportunities are some of the most critical areas that show gaps when it comes to execution.

"Buyers are inundated with information. By the time they speak with sales reps, they've done their research, read up on your product, attended demos, read reviews, and so on," RAIN Group's Flaherty explains. "What they need is help making the best decisions for their businesses. This [advice and help] offers a great opportunity for sellers who can go beyond selling benefits and who can work with buyers to help them make better decisions."

It's extremely important to have the right data, especially if an organization is floundering when selling remotely or in a hybrid manner, something that isn't uncommon.

"Omnichannel buying requires a multichannel response," says Harvard's Cespedes. "Most companies need more data about the very important interactions between what goes on online and off-line through their own salespeople, distributors, or other intermediary channels." Analytics can help organizations find commonalities in the sales process so they can be replicated and taught to other salespeople, he says. For instance, more than a third (34%) of respondents say they have difficulty engaging buyers virtually, which could mean problems with presenting complex offerings via videoconference. Data can help salespeople get past these types of roadblocks and understand who the best prospects are and the sales techniques that will help them close the sale.

Minding the Gaps

Indeed, Patrick Schwarz, vice president of customer relationship management (CRM) and commercial excellence at GEA Group, a German industrial manufacturer, says his company's salespeople can help customers make better decisions when they have access to the right data and tools. Flaherty says salespeople should know exactly what to say to customers, because most customers do plenty of background research before they ever contact a salesperson. Research from Gartner Inc. bears out this claim. B2B buyers spend 18% of their time researching independently off-line and 27% of their time researching independently online.[2]

GEA tracks a large volume of pre- and post-sale data to give its salespeople a better view of current customers, as well as a template to uncover prospects who are most likely to convert.

Finding the right buyer at the right time is something that nearly all B2B organizations see as critical today, according to the Harvard Business Review Analytic Services survey. When presented with a list of different key aspects of sales, more than nine out of 10 (92%) respondents say that an ability to identify the right buyers and opportunities is very or extremely important to having successful sales efforts. **FIGURE 3** Only an
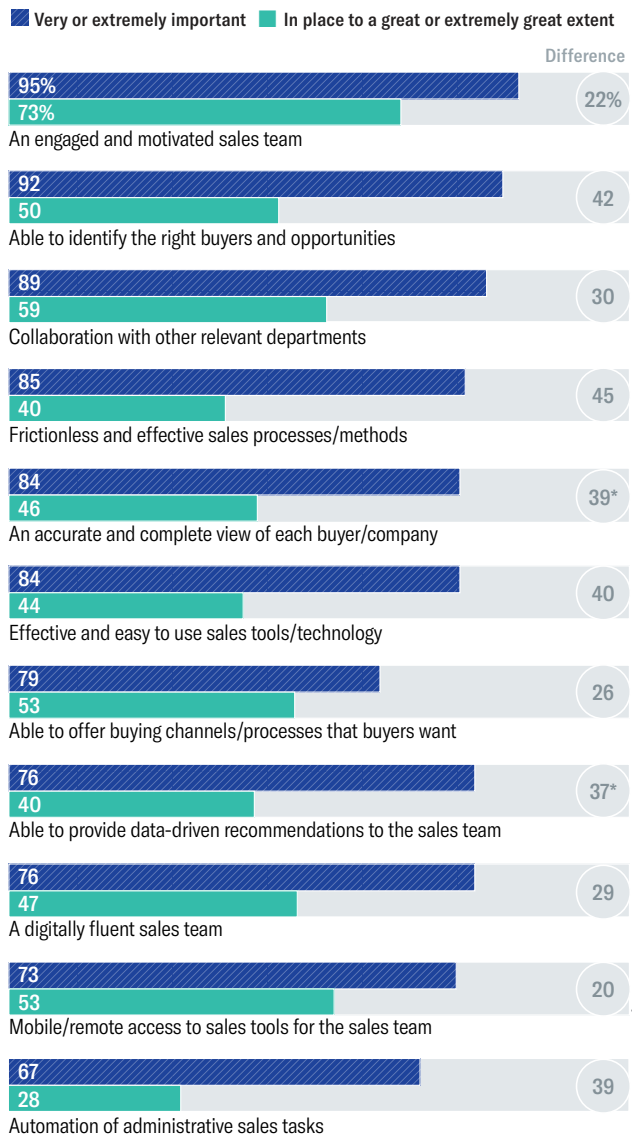
Top Aspects of Successful Sales

Many factors are important to successful sales, but there are gaps between importance and implementation

Rate how important each of the following is to having successful sales efforts.

Rate the extent to which your organization has each of the following in place today.

■ Very or extremely important   ■ In place to a great or extremely great extent

Aspect	Very or extremely important	In place to a great or extremely great extent	Difference
An engaged and motivated sales team	95%	73%	22%
Able to identify the right buyers and opportunities	92	50	42
Collaboration with other relevant departments	89	59	30
Frictionless and effective sales processes/methods	85	40	45
An accurate and complete view of each buyer/company	84	46	39*
Effective and easy to use sales tools/technology	84	44	40
Able to offer buying channels/processes that buyers want	79	53	26
Able to provide data-driven recommendations to the sales team	76	40	37*
A digitally fluent sales team	76	47	29
Mobile/remote access to sales tools for the sales team	73	53	20
Automation of administrative sales tasks	67	28	39

*Difference based on unrounded percentages

Source: Harvard Business Review Analytic Services survey, March 2022

> "Sellers can no longer exclusively rely on intuition-based selling to push a deal over the finish line. Tomorrow's sellers must learn to use data today to effectively manage their sales cycles, as the use of information will become more critical to their success over time," says Steve Rietberg, senior director analyst in the Gartner sales practice.

engaged and motivated sales team is cited as highly important more frequently, at 95%.

Across the board, there are gaps between the areas respondents cite as highly critical to sales success and how many say they have these capabilities firmly in place today. Respondents say the following key aspects of sales are "very important" or "extremely important" to success: an engaged and motivated sales team (95%), an ability to identify the right buyers and opportunities (92%), collaboration with other relevant departments (89%), frictionless and effective sales processes/methods (85%), an accurate and complete view of each buyer/company (84%), and effective and easy-to-use sales tools/tech (84%).

But even though respondents know what they need in place in order to succeed, they aren't necessarily able to execute. The gap between respondents saying they have each of these capabilities to a great or extremely great extent and those saying they're highly important is at least 20 percentage points. For instance, frictionless and effective sales processes/methods have a 45-point gap between their importance to successful sales and their implementation. Although 85% say this capability is highly important, only 40% say it is in place to a great extent. And although 92% of respondents say the ability to identify the right buyers and opportunities is highly important, only half say it's in place to a great extent. Likewise, 84% say having effective and easy-to-use sales tools/tech is highly important, but only 44% say the tools/tech are in place to a great extent.

The right use of technology solutions could help resolve the disparity that organizations report in these critical areas. For its part, GEA created what it calls a "tool universe," which provides technology for salespeople as well as customers. On the customer side, GEA built a customer portal that gives GEA pre- and post-sale information to help customers make buying decisions in conjunction with salespeople. The organization is supporting salespeople with various CRM offerings and online interactive sales tools such as configure, price, quote (CPQ).

"With tools like CPQ, the same way that you would go to a car manufacturer's website and configure the latest car, our salespeople can configure our products that we sell to our customers. The tool has helped us to get much, much more efficient," Schwarz says.

With results like the ones GEA is seeing, it's not surprising that many survey respondents say they expect increased investment in each capability, especially given how organizations seem largely behind where they want to be in each. Every one of the key capabilities that the survey asked about had at least 50% of respondents saying they expect their organization to increase how much it is investing (time, budget, resources) in it over the next two years, reiterating just how critical each capability is. No single area of investment is the clear favorite—though the ability to identify the right buyers and opportunities and effective and easy-to-use sales tools/tech land in the top two spots (67% and 66%, respectively). In fact, the average respondent says they expect their organization to increase investment in six different areas.

Taking Sales to the Next Level

There are many strategies that can help transform sales organizations and lead to higher sales, more repeat customers, and happier salespeople.

For instance, organizations need to put in more work—and add technologies—to help salespeople find the right buyers and opportunities. This work may take the form of intelligent sales powered by AI. It's important because B2B buyers are becoming frustrated with suppliers and service providers that aren't leveraging data to make the sales process more seamless, explains Jeff Fromm, an author and consultant at LaneTerralever, a customer experience marketing firm.

"Most high-performing B2B companies aggregate their data in some kind of a customer service system so that if I called and spoke to one salesperson today and called back the next day, the next person I spoke to would know my preferences, know what I spoke to the first salesperson about, and use that information to treat me accordingly," he says.
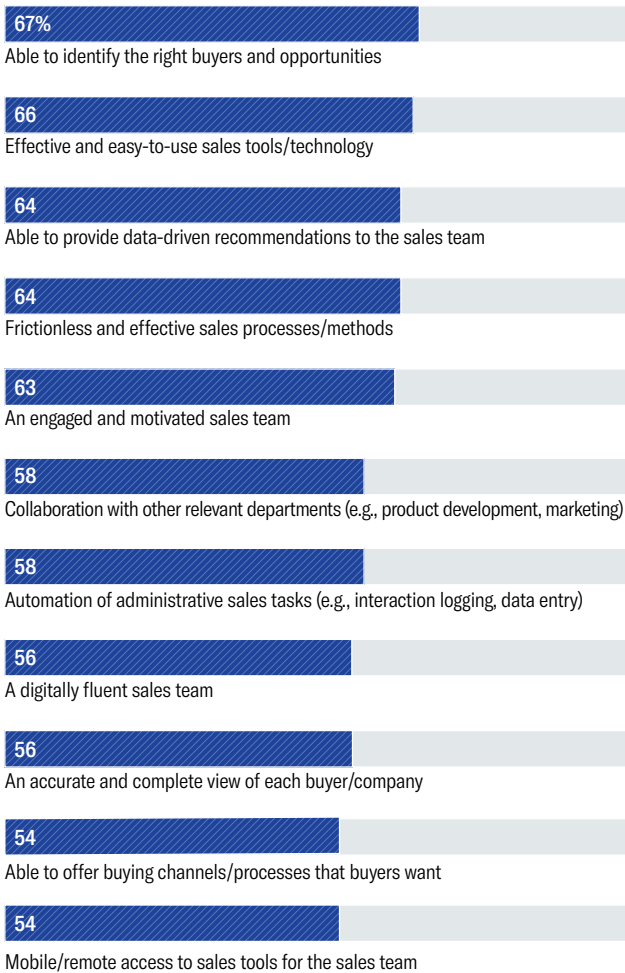
Artificial intelligence and machine learning can help salespeople find the right buyers and opportunities and provide data-driven recommendations to the sales team as

FIGURE 4

Increasing Investments to Improve Sales

Many plan to increase investment in a variety of important sales areas

To what extent is your organization changing how much it's investing (time, budget, resources) to improve these areas over the next two years?
[SELECTED "INCREASING INVESTMENT]

67%
Able to identify the right buyers and opportunities

66
Effective and easy-to-use sales tools/technology

64
Able to provide data-driven recommendations to the sales team

64
Frictionless and effective sales processes/methods

63
An engaged and motivated sales team

58
Collaboration with other relevant departments (e.g., product development, marketing)

58
Automation of administrative sales tasks (e.g., interaction logging, data entry)

56
A digitally fluent sales team

56
An accurate and complete view of each buyer/company

54
Able to offer buying channels/processes that buyers want

54
Mobile/remote access to sales tools for the sales team

Source: Harvard Business Review Analytic Services survey, March 2022

a whole, according to Gartner's "Predicts 2022: The Digital Evolution of B2B Sales" report. "Advancements in sales technology, particularly in the areas of AI and ML, are forcing sales enablement leaders to rethink seller skills they will need to teach and enable," writes Steve Rietberg, senior director analyst in the Gartner sales practice. "Sellers can no longer exclusively rely on intuition-based selling to push a deal over the finish line. Tomorrow's sellers must learn to

use data today to effectively manage their sales cycles, as the use of information will become more critical to their success over time."

Gartner's research points to an AI-guided selling process as something that can uncover what content is most appealing to prospects. This process helps salespeople give customers the information they are looking for, which improves the overall customer experience.

The challenge, LaneTerralever's Fromm explains, is making sure that everyone in the organization, from operations to customer service to accounting, has access to that information, that data, and those customer preferences, as well as the suggestions that come out of AI and ML. Effective and wide access to data is something that all B2B organizations should be thinking about, especially since research shows that the sales process is increasingly becoming a team sport. It's a crucial addition, too. B2B customers are asking for more omnichannel and digital engagement options, but they expect that when they do ask a salesperson a question, their inquiry will be handled at the speed of online—no matter whom they are speaking to at an organization.

Harvard Business Review Analytic Services survey respondents understand the importance of collaboration, too. When asked which departments or roles were involved in the selling process, the average respondent cited four individual departments, with 70% of respondents saying that the sales team works with the marketing department and 63% saying they are working with the product team. Just over half say operations is involved.

Overall, team collaboration is believed to be very important to successful sales, with 58% of respondents saying their organization will increase investments to improve collaboration with other relevant departments over the next two years. **FIGURE 4** The survey also found that 54% of respondents will increase investment in mobile/remote access to sales tools for the sales team, and 58% will spend more on automation of administrative sales tasks, such as interaction logging and data entry, which will theoretically leave more time for customer-facing interactions.

Sharing information is only the start, though. True collaboration within organizations is natural, and every department should be connected to the sales process, says GEA's Schwarz. "Of course, the core work is done by sales, marketing, and customer service. Those three were always the center of it, but you have R&D, you have legal, you have HR—every part of the organization that one can think of is in one way or the other connected to the sales organization."

Having multiple departments involved in the selling process can help with tailoring the journey to the buyer, too. This customization isn't happening at the level it should be, though, according to the survey. When asked to what extent their organization is using collected customer data to

customize the buyer's journey, nearly a third (32%) say they are not doing so at all or only to a slight extent, and 36% say they are doing so to a moderate extent.

Every person within the organization should be focused on yet another trend shaping the sales process: digital natives moving into positions of power on the buying and selling sides. While decision makers and those in charge of budgets may still be Boomers or members of Generation X, Millennials and Gen Z are increasingly taking influencer roles. Gartner's "The Future of Sales: Transformational Strategies for B2B Sales Organizations" study found that by 2025, four out of five B2B sales interactions will occur in digital channels. The firm says this preference for digital is due in part to a third of all buyers and 44% of Millennials saying they want a hands-off B2B buying experience.

"B2B buyers increasingly want to engage with suppliers through digital and self-service channels. To support this shift to multi-experience buying and the associated growth in the number of touchpoints and interactions between buyers and suppliers, sellers will need additional skills and technology capabilities," according to the Gartner report.

The continued integration of digital natives will only amplify existing trends that are pushing sales organizations to transform. Today, over half (55%) of respondents to the Harvard Business Review Analytic Services survey somewhat or strongly agree that the buyers' increased hiring from the generation of digitally native workers is impacting their way of selling. At the same time, 51% somewhat or strongly agree that their organization's hiring from the generation of digital workers is impacting their sales team's way of working. This trend is one for B2B sales organizations to watch carefully and plan for accordingly.

Northwestern University's McTigue says that organizations should make changes now to support these upcoming generations. They should equate their business with a physical location and provide multiple entry points.

"The front door, the phone—you're not going to shut those down, but there are people who want to interact completely on chat or WhatsApp. You could say, 'That's crazy. We're not going to do it.' But those are all doors to your business now," he says.

B2B organizations must also attract and motivate the right people and empower them with the right tools. Training, too, is important so employees can learn to work with the entire spectrum of buyers.

To better support its Millennial and Gen Z customer base, Lion rolled out a content management system and established a specialized sales team that only works with digital customers, Lucas explains. And to get its products into customers' online catalogs or online promotions, the company established a specialized team of people who are experts in that field to help it put customer needs first.

"To support this shift to multi-experience buying and the associated growth in the number of touchpoints and interactions between buyers and suppliers, sellers will need additional skills and technology capabilities," according to the Gartner report.

A New Opportunity for Sales

The speed and scope of change might be alarming to some organizations and sales executives. If B2B customers want more autonomy and control, where does that leave the entire sales organization? Forward-thinking B2B organizations, however, view this moment as an opportunity. GEA, for example, is capitalizing on two changes in B2B buyer expectations: greater demand for post-sale service and support, and products as a service—lease, subscription, or consumption-based services. This demand reflects what almost half (46%) and more than a third (34%) of survey respondents, respectively, indicate as ways their buyers' expectations have changed over the past two years.

"We are offering our customers what we call smart digital services, like condition monitoring, in addition to our core machinery products. That helps us move into the as-a-service business model in the future," Schwarz says. "It helps us extend our legacy product catalog."

As part of its transformation to an as-a-service business, GEA is offering customers the ability to increase the efficiency, availability, and sustainability of the equipment they are purchasing. It's designed to reduce downtime and proactively ferret out potential problems, as well. Today the majority of GEA's customers are interested in this add-on service option, he says. "They needed their data, they needed to have access to their data, and they wanted to have tools like platforms to be able to see and monitor the machines. They were demanding that from us," Schwarz adds.

Fromm says this move has been a long time coming, comparing the B2B selling journey to a consumer car purchase. In the beginning, automobile manufacturers were content to sell a big-ticket item, stepping out of the equation until the consumer needed another car. They evolved, however, to capture more revenue by offering car buyers products and services such as oil changes.

> "The best salespeople are like good doctors. They will sit down with you, listen to you, and analyze your problem first," says Patrick Schwarz, vice president of customer relationship management and commercial excellence at GEA Group.

"There's a tremendous, frequent disconnect between what the company's view of the journey is and the buyer's view of the journey," he says. "The companies that are going to win tomorrow are the ones that can successfully make the transition from just selling products to selling services and support as well as understanding that consumers have brand interactions before they physically arrive at your business."

Flaherty says this is something every organization will need to emulate in order to succeed. "A sales innovator comes with new ideas and perspectives. They educate buyers. They work to deeply understand buyers' companies, their industries, and their issues. They work with the buyers to solve complex challenges. Innovators are proactive and drive change. They help their buyers think differently," she says. "Laggards sell product features and benefits."

Moving to an Omnichannel, Data-Driven Future

When it comes to selling in the B2B world, differentiation happens with intangibles, explains McTigue. "What most people are selling in a B2B situation is just like what someone else is selling," he says. "You're in basically a price competition, so you've got to start looking at the whole process beyond just the sale—from when the customer starts looking and starts talking to you and starts creating their criteria, and as they move through the process … there's a whole [variety] of interactions we've got with the customer. And if we simply focus on the one moment in time when they complete the sale, we're missing a lot of opportunities," he adds.

Going forward, organizations should focus on making every interaction with the customer count and giving customers what they need when they need it. Meeting these goals requires that organizations have the ability to tap into AI, ML, data, and analytics so the entire sales team truly understands the customer and can deliver value at every touchpoint. This understanding allows the creation of personalized sales journeys based on actual needs. Whether this happens in person, via a hybrid sales process, or through digitally enabled sales, salespeople must have the tools and the ability to offer personalization if they hope to succeed.

GEA is already doing this in every sector it sells into, says Schwarz, offering its milking machine as an example. Some of GEA's farmer customers have small herds of 30 to 40 cows, while others may have thousands. The company is tailoring its offerings—as well as how it sells to each customer—by taking multiple criteria into account. As a result, it has found that some of the smallest farms need technology services to support their machines, while larger farms may need other types of support. In the end, it comes down to GEA's ability to use every tool it has to hear what its customers want and need.

"The best salespeople are like good doctors. They will sit down with you, listen to you, and analyze your problem first. We are an engineering company, and it is crucial to understand the customer needs first before offering the right solution. The salesperson needs to sit down with the customer, listen to them, and analyze the root cause of the problem [or] the need, and only after that is understood [can] they offer the right solution," Schwarz says.

Future-Proofing B2B Sales

Years before the Covid-19 pandemic occurred, respondents to Gartner's 2018 report, "The B2B Buying Journey," cited their skepticism of sales representatives, with 44% of Millennials saying they preferred having no interactions with salespeople during business-to-business (B2B) purchases. Once the pandemic hit and removed opportunities for in-person selling, B2B sales were executed digitally via virtual engagement channels such as phone or video chat. By April 2020, when McKinsey & Co. surveyed B2B leaders about what was more important to customers—digitally enabled sales interactions or traditional interactions—66% chose the former, while only 34% chose traditional interactions. On the selling side, organizations struggled with providing the right tools to make online sales happen, especially with salespeople working from home. When asked about the effectiveness of digital sales, 46% of all respondents reported it was less effective overall.

The combination of these factors has changed the B2B sales process. Today, organizations around the globe are embracing omnichannel selling strategies, a move experts say will be the key to improving sales, boosting revenue, and ensuring customer and employee satisfaction. Getting there will require a rethinking of the salesperson's role, an examination of how customers want to engage with organizations, a better grasp and use of data, and a willingness

HIGHLIGHTS

Today, organizations around the globe are **embracing omnichannel selling strategies**, a move experts say will be the key to improving sales, boosting revenue, and ensuring customer and employee satisfaction.

When sales and marketing work together along with other departments within an organization, they can **improve customer retention, raise adoption rates, make it easier to cross- or upsell, and increase customer lifetime value**.

Companies are **seeking new services to sell in a recurring revenue model** alongside traditional products or to bundle with existing products, with good results.

Omnichannel sales strategies allow buyers to interact and transact with an organization across multiple platforms and methodologies, including face-to-face, telephone, videoconferencing, self-service online options, social media, and apps.

to embrace other service and sales models. It also will take a proverbial village, with multiple departments working together to make it happen. Those organizations that can't or won't evolve will be left behind.

"One of the things we're seeing in B2B sales—really in all sales—is people are getting much better at using lots of different ways to communicate with their clients and do what we call at the Kellogg Sales Institute 'go above and beyond to the point of surprise and delight,'" explains Craig Wortmann, the CEO and founder of the Kellogg Sales Institute at Evanston, Ill.-based Northwestern University's Kellogg School of Management. "Those who don't embrace and utilize these various methods will find themselves in the process of losing deals over and over again."

The definition of omnichannel sales differs depending on the source. However, at its most basic, omnichannel sales strategies allow buyers to interact and transact with an organization across multiple platforms and methodologies, including face-to-face, telephone, videoconferencing, self-service online options, social media, and apps. It changes the B2B sales paradigm, putting more power in the hands of the buyer. And it's a strategy that's not going away.

FIGURE 1

Buyers Demand More

More than 90% of business-to-business organizations are reporting customer expectation changes

42% Significant change

37 Moderate change

16 A little change

5 No change

Source: Harvard Business Review Analytic Services survey, March 2022

According to McKinsey,[3] "Omnichannel is not simply a trend, nor a pandemic workaround—rather, it is a critically important fixture for B2B sales globally." According to the same research, two out of three buyers prefer remote human interactions or digital self-service to in-person sales. At the same time, the pool of buyers is continuing to widen as Millennials and Generation Z (Gen Z) take on a larger role in business. Today, 60% of all B2B tech buyers are Millennials (ages 25 to 39), and 2% fall into Gen Z (24 and younger), a TrustRadius study found. The same study, called "The 2021 B2B Buying Disconnect," found 97% of B2B buyers want self-service options for part or all of their buying journeys.

But having omnichannel options doesn't mean salespeople are obsolete. In fact, they may be even more important in an omnichannel world. B2B customers—even those who complete sales online or seek out digitally enabled sales—expect high levels of sales support at all times. A March 2022 survey by Harvard Business Review Analytic Services of 214 respondents from the *Harvard Business Review* user database showed that nearly 80% of respondents report a moderate or significant change in their customers' expectations. **FIGURE 1** More than half (51%) said that their organization is having difficulty keeping pace with the changing demands and expectations of buyers.

With so much upheaval and change, it's not surprising that organizations are looking for ways to improve the sales process and overcome the myriad challenges they are facing today. According to the Harvard Business Review Analytic Services survey, these challenges include increasingly complex buying cycles, lack of actionable data insights and recommendations for sales, difficulty engaging buyers virtually, and a lack of automation in sales processes, among others.

This report explores how the evolving buying journey and the inclusion of digital-native buyers and sellers across industries are driving change in B2B sales processes, and what organizations must do to succeed and accelerate sales, including creating new selling models, using data to identify the right buyers, and improving sales tools and processes.
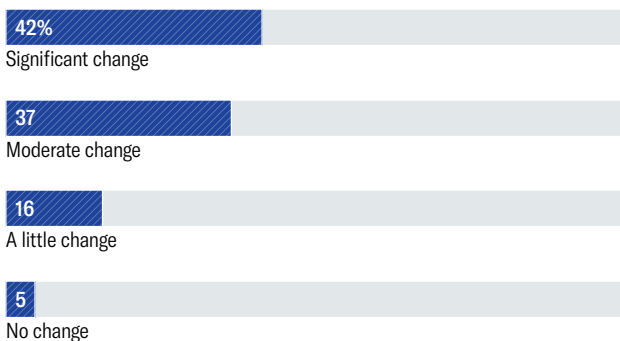
The Changing Role of the Salesperson

At the beginning of the pandemic, Lion, a brewer and adult beverages company headquartered in Sydney, watched as its

customers closed their doors to the public. Beer kegs, which have a six-week shelf life, sat untapped in pubs and clubs around Australia, says Michelle Lucas, customer product and strategy director at Lion.

To ease the financial burden its customers faced, Lion offered to pick up all the untapped kegs and credited customers for the beer they couldn't sell. This initiative totaled more than $40 million and took a huge amount of effort to execute behind the scenes. It also changed the way the company interacts with its customers, explains Lucas.

The move to online interactions also made the company reconsider what it could do to make buying as easy as possible for its customers. Lion quickly shifted to digitally enabled sales, with videoconferences, as well as phone calls, replacing face-to-face visits. Buyers have developed a preference for shorter, sharper interactions and making smaller, more frequent purchases in light of unpredictable trading patterns and forecasts.

Lion used to try to influence buyers with its brand story and supporting assets, but understandably, buyers' time is precious, and they need to focus more on running their business, Lucas explains.

Lion has a stable workforce, most of whom have been with the company for years, says Lucas, so the move to online interactions, coupled with an increased number of smaller purchases, was a big change for many of Lion's team members. The organization is supporting these salespeople by providing tools and services, such as a new content management system, demonstrating a growing awareness that the role of the salesperson has evolved from what it was even two years ago.

Frank V. Cespedes, a senior lecturer at Harvard Business School, says organizations must acknowledge changes in the salesperson's role, as well as the shift in buying overall. "For over 60 years, buying and therefore sales models have been conceptualized in terms of what academics call a 'hierarchy of effects' model. And what they mean by that is that the job is to move the prospect along a linear funnel or pipeline from awareness to interest to desire to action, but that's just not the way buying happens today," he says.

In most categories, especially in the B2B space, buyers move between online and off-line at multiple times throughout their buying journeys, explains Cespedes, who is also the author of *Sales Management That Works: How to Sell in a World That Never Stops Changing*. Buyers aren't just going to company websites, either. The typical B2B customer spends time interacting with other prospects or customers on buyer forums, looking at social media influencer posts, and checking out external reviews and user groups. "The big change in the B2B sales process is that many sales models, including deployment and compensation processes, are just out of date. They're out of touch with the way buying actually occurs in the market," Cespedes adds.
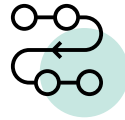
"The big change in the B2B sales process is that many sales models, including deployment and compensation processes, are just out of date. They're out of touch with the way buying actually occurs in the market," says Frank V. Cespedes, senior lecturer at Harvard Business School.

Today, when a buyer makes contact with a salesperson, the buyer likely already has comparative product and pricing information in hand. This reality means the bar is raised quite significantly for B2B salespeople, since they must find new ways to add value to an increasingly digitally enabled sales process with far less time to interact. Personal brands come into play, too, since they matter more today in the age of online selling, says Jeff Fromm, an author and consultant at LaneTerralever, a customer experience marketing firm.

"There's going to be increasing importance in establishing gravitas through public relations, content marketing, personal branding, and nontraditional forms of communication to ensure you're putting yourself in a place where your better prospects will discover you," he says.

Challenges in Courting New Customers

When Patrick Schwarz looks at the ways his sales team currently interacts with customers, a lot has changed since March 2020. Schwarz, vice president of customer relationship management and commercial excellence at GEA Group, a German industrial manufacturer, says digitally enabled interactions with customers grew by triple digits over the past few years. Meanwhile, the actual time spent speaking with those customers declined.

"We had [many] more online meetings during the Covid-19 lockdowns, but the meetings were shorter compared to a physical meeting," he says. "And when you look at the results, we see that both the customers and us as suppliers are happy. Everyone was satisfied and saw benefits."

But there is a problem with this paradigm, Schwarz says. "[Reaching people successfully] only counts for existing

> The first step to gaining better access to customers is removing the silos that constrain data and keep salespeople from getting a full view of existing clients.

customers. Finding and developing new customers shows to be more difficult. The data shows that building a relationship becomes difficult in an online-only scenario," he says.

Indeed, B2B buyers may be more inclined to simply stick with what and whom they know, especially if those suppliers have provided adequate service and support. A January 2021 *Harvard Business Review* article argues that B2B salespeople are challenged with understanding a buyer's needs, winning trust, demonstrating differentiated value, and understanding buyer decision making.[4]

Organizations can find new customers by focusing on awareness, the toughest part of the sales funnel, says the Kellogg Sales Institute's Wortmann. There's research to back up this claim. The March 2022 Harvard Business Review Analytic Services survey found that 36% of B2B organizations have the most difficulty with awareness, the period when a prospect is made aware of a product or solution. Consideration, when buyers consider multiple businesses' offerings and sales addresses any barriers, was second on the list of difficulties, cited by 32% of respondents.

Organizations can improve awareness by making sure sales and marketing work together smoothly, says Fromm. "The challenge is, in a B2B world, there are many different people engaging with that customer: sales, operations, customer service, accounting. How can you make sure the entire team has access to information and understands the customer's preferences? Because if you don't, you're set up to anger the customer or disappoint them."

When sales and marketing work together along with other departments within an organization, they can improve customer retention, raise adoption rates, make it easier to cross- or upsell, and increase customer lifetime value.

Taking a Dive into Data

Both the awareness and consideration stages of the sales funnel can be addressed in the omnichannel world using data.

Data and analytics can help sales organizations figure out where they need to be so they can be discovered by customers, both on- and off-line. Data can also help salespeople uncover customer objections or problems during the consideration process. Companies that can use data to help salespeople understand where a customer is in the buying journey will have an easier conversion process—and happier customers and employees.

The first step to gaining better access to customers is removing the silos that constrain data and keep salespeople from getting a full view of existing clients. Data silos can stem from technological architectures as well as people and process factors. On the technology side, silos occur when different departments store and process data in a bubble— and on separate servers or cloud instances—due to budget or disparate business goals.

The American home appliance company Whirlpool recently rolled out its sales force automation and data analytics in a program to support its sales fusion project. Prior to implementation, the organization struggled with many challenges, says Alfredo Ciarrocchi, EMEA GIS [Europe, Middle East, and Africa geographic information system] sales strategy, operations, markets, and business integration senior manager at Whirlpool.

Planning and execution capabilities and data visibility were missing, so salespeople had to work much harder to get a full view of the customer. In addition, the sales organization isn't a single team, he says. "We have 35 markets we manage in EMEA, with subsidiaries, sales, marketing teams, and logistics. There have been big changes on those sales teams, but we saw it as a big opportunity."

The fusion project, called Archer, which Ciarrocchi defines as a strong process review and tool to support the sales teams, was rolled out in phases using a template model. The company rolled the tool out to one country or cluster at a time, duplicating successful strategies and elements as they moved on to the next one.

Today, the related processes and tools are rolled out across Europe and are fully integrated with enterprise resource management tools, merchandising, and other sales back-office functions. "Our sales rep can see in real time what's happening in the company and in our end-to-end supply chain," he says. This visibility helps the sales organization avoid making promises it can't keep. The project also brought customer data that was once "in the pocket of the sales rep" into company systems so everyone who touches the customer knows everything about them.

Whirlpool's organizational structure is like that of many B2B organizations—siloed departments that act as their own tiny companies. It's no wonder, then, that data resides in silos for many organizations or that customer insights—including needs, wants, and interactions—are locked away from other

"It's imperative everyone in the organization has instant access to every discussion with every B2B client. There are companies that do this right and deliver an incredible customer experience, and there are others that don't integrate technology well," says Jeff Fromm, a consultant at LaneTerralever.

departments. B2B sales teams know this is a problem and that eliminating silos is a solution. When the Harvard Business Review Analytic Services survey asked executives to rate how important different variables are to having successful sales, 76% cited an ability to provide data-driven recommendations to the sales team as very or extremely important. **FIGURE 2** Being able to identify the right buyers and opportunities was cited as a top choice (extremely important) when it comes to investing time, budget, and resources over the next two years. This need for better data may be why nearly a third (32%) of respondents, when asked to what extent their organizations use collected customer data to customize the buyer's journey, reported not at all or to a slight extent.

Removing data silos will not only help organizations better target new customers, but it also will help keep the ones they have, says LaneTerralever's Fromm. "It's imperative everyone in the organization has instant access to every discussion with every B2B client. There are companies that do this right and deliver an incredible customer experience, and there are others that don't integrate technology well," he explains.

Tapping the Recurring Revenue Model
While data analysis and use can help organizations boost conversion rates and make customers and employees happier, it's not the only way to increase revenue and meet customer needs. Companies are seeking new services to sell in a recurring revenue model alongside traditional products or to bundle with existing products, with good results.
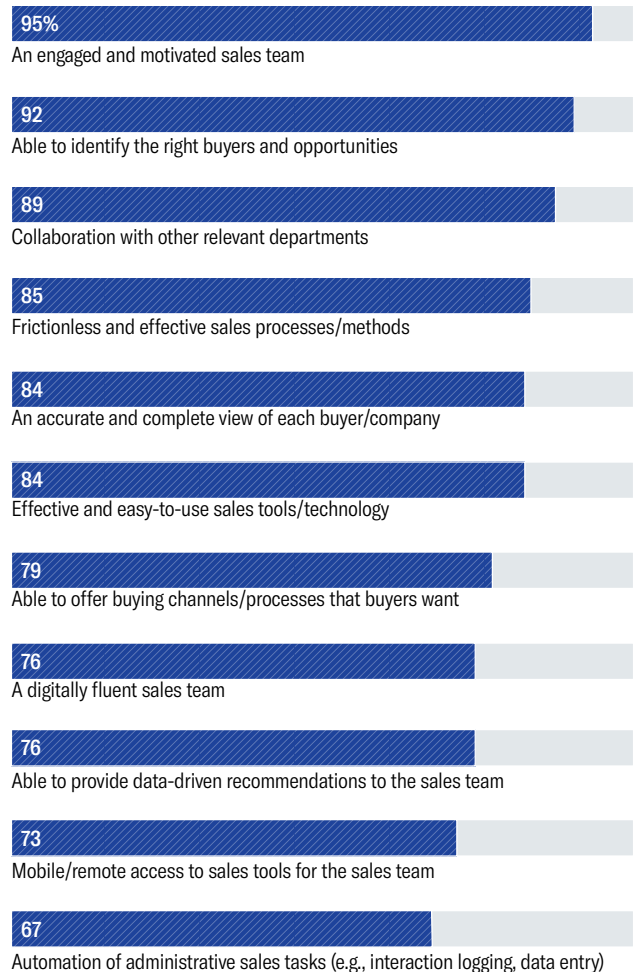
GEA, for example, is capitalizing on two changes in B2B buyer expectations: greater demand for post-sales service and support and product as a service—lease, subscription, or consumption-based services. "We are offering our customers what we call smart digital services like condition monitoring in addition to our core machinery products. That helps us move into the as-a-service business model in the future," Schwarz says. "It helps us extend our legacy product catalog."

As part of its transition to an as-a-service business, GEA is offering customers the ability to increase the efficiency, availability, and sustainability of the equipment they are purchasing. The new service is designed to reduce equipment

FIGURE 2

The Key Elements of Successful Sales

Organizations choose what they say is very or extremely important to having successful sales

95% An engaged and motivated sales team

92 Able to identify the right buyers and opportunities

89 Collaboration with other relevant departments

85 Frictionless and effective sales processes/methods

84 An accurate and complete view of each buyer/company

84 Effective and easy-to-use sales tools/technology

79 Able to offer buying channels/processes that buyers want

76 A digitally fluent sales team

76 Able to provide data-driven recommendations to the sales team

73 Mobile/remote access to sales tools for the sales team

67 Automation of administrative sales tasks (e.g., interaction logging, data entry)

Source: Harvard Business Review Analytic Services survey, March 2022

"Omnichannel buying requires a multichannel response, and that's not easy to manage in a sales process. There are perennial issues of potential channel conflict but also training, skills, and compensation issues."

Frank V. Cespedes, senior lecturer at Harvard Business School

downtime by anticipating potential problems before they happen. It also helps the customer improve their own business processes, boost their customer satisfaction, and reduce costs, as well. Today, the majority of GEA's customers are interested in this add-on service option.

"[Our customers] needed their data, they needed to have access to their data, and they wanted to have tools like platforms to be able to see and monitor the machines. They were demanding that from us," he adds.

Fromm says this move has been a long time coming, comparing the B2B selling journey to a consumer car purchase. In the beginning, automobile manufacturers were content to sell a big-ticket item, stepping out of the equation until the consumer needed another car. They evolved, however, to capture more revenue by offering products and services such as oil changes.

"There's a tremendous, frequent disconnect between what the company's view of the journey is and the buyer's view of the journey," he says. "The companies that are going to win tomorrow are closing the gap between the physical and digital journeys, as well as understanding that consumers have brand interactions before they physically arrive at your business."

Meet the Evolving Customer

The focus on digital services is happening in part thanks to the generation of digital natives who grew up with data at their fingertips. But digital tools are easier to use and increasingly embedded in products and services, making buying into an omnichannel process more common and therefore challenging salespeople who aren't keeping up, no matter what generation they fall into, says Harvard Business School's Cespedes. And this reticence and disconnect are more common than many may think.

"Omnichannel buying requires a multichannel response, and that's not easy to manage in a sales process. There are perennial issues of potential channel conflict but also training, skills, and compensation issues," Cespedes says. "When a salesperson has channel responsibilities—as they usually do—as well as selling responsibilities, the individual contributor who took the job because they value autonomy must also become a de facto manager, and that's a tough transition for anybody in an organization at any age. But it's now required for effective business development in most markets."

Organizations can mitigate this disconnect by providing tools and resources, as well as training, to salespeople, since omnichannel selling is something that wasn't taught in business school until recently. GEA's Schwarz says his organization does this by providing a full spectrum of selling tools and entries into the selling process, including a "web shop, interactions via social media and the website, and interactions via telephone."

It's also important for organizations to make sure that the digital customer-engagement options they provide are actually ones that customers want and can use in order to maximize their competitive advantage.

GEA also reorganized its selling organization, bringing in new hires who were specifically focused on the digital arm of the business, he says. "We had to adapt our whole organization to be able to cope with that. And to be honest, we're still constantly doing so. We [do] not do one sales training to the whole world, and [then] we're done with that. No. [We constantly] have to adapt and train our people and give them the right support to be able to handle all of these channels."

It's also important for organizations to make sure that the digital customer-engagement options they provide are actually ones that customers want and can use in order to maximize their competitive advantage. Lion is a good example of tailoring digital options to the customer. The company recently implemented an industry-first ordering app and linked web portal so that customers easily can go and scan barcodes on their shelves and place orders instantaneously from their phone. The move was an extension of its post-pandemic focus on creating an omnichannel selling environment.

Lucas says Lion is working on encouraging its customers to embrace the app. It can take some time to change behaviors that are embedded, and customers are generally more comfortable using the web portal than the app, she explains. Once Lion dug into the data and asked its sales team to seek feedback from customers about what would make the app more appealing, Lion discovered that customers are still adjusting to the functionality of the app.

"It really comes back to our customers' purchasing systems. Customers in store have their own point-of-sale purchasing systems, which effectively create an order," Lucas says. Lion's customer systems still align better with the web portal. "But it's really interesting that the research told us that an app would be really valued by customers," Lucas adds. The company expects app adoption rates will increase over time, so she considers the app an investment in the future and a way of getting ahead of the curve.

> The addition of omnichannel tools, coupled with the ability to extend the selling cycle with the introduction of value-added services and product as a service, is the future of sales.

Lion's other omnichannel changes designed to meet evolving customer needs have been met with enthusiasm. For example, the organization made internal changes to make its sales team more self-sufficient. Team members can look up invoices for customers instead of having to send them to accounts payable. The salesperson is no longer just the person who comes in, tells the customer what's on special, and hands out free hats for promotions, Lucas explains. Lion also saw strong interest from customers related to its new digital sales team helping them create their own digital catalogs.

"Our customers are more sophisticated and have far more information themselves on hand because they're able to access that online," she says. "They're more invested in having a discussion around insights and information. What is going to drive foot traffic to my venue? How can you help support me [to] make my venue successful? It becomes a relationship discussion around how do I [become] a successful business owner rather than how do I pour more beer?"

Lion is also embracing analytics for the customer journey. Its new advanced analytics team is helping the organization figure out where they need to sell and how by looking for gaps in the marketplace. But they don't stop there, says Lucas. Lion's sales team can use that data to help customers discover successful products and offerings.

Conclusion

As Harvard Business School professor Linda Hill and her colleagues point out, "While data and digital technologies were once enablers of efficiency and cost-cutting, today they're the engines of innovation and revenue growth, offering organizations unprecedented opportunities to develop new products and services and even reimagine their businesses."[5]

Hill points to six qualities that digitally mature organizations adopt and embrace, including an intimate and dynamic understanding of the customer and having a culture that's data-informed, not data-driven, among other qualities. Whirlpool's Ciarrocchi says his organization has achieved these capabilities by embracing an omnichannel, customer-centric selling methodology that puts necessary data into the hands of salespeople wherever they are—including in front of the customer.

"We brought to salespeople when they were in front of the customer a dashboard with information so they [could be] fast and quick. We provide to our people the best connection with the company and also with all the information they need," he says. "We have a strong new tool that has the capability to manage the remote connection."

The addition of omnichannel tools, coupled with the ability to extend the selling cycle with the introduction of value-added services and product as a service, is the future of sales. Those organizations that embrace this work and accept the transition are poised for success, says Wortmann.

"If I'm selling a service in addition to a physical product, it changes the nature of the relationship between the seller and the buyer. It extends and deepens the relationship into customer success," he explains. "The sales team has to maintain a prolonged relationship with [the buyer] so they retain that customer month over month, depending on how contracts are structured." Those sales teams that don't will be eaten, Wortmann warns. "A nimbler, more digitally native, magnetic, and unstoppable organization is going to beat you."

Changes Ahead for B2B Customer Service in a Digitally Driven World

The game is changing for business-to-business (B2B) customer service organizations. Not only are B2B companies increasingly looking to customer service for growing revenue and brand value, but business customers themselves are also becoming more demanding and their issues are becoming more complex—especially following the recent and ongoing global supply chain disruptions and the emergence of more intelligent product and service offerings.

Then there's the influx of digital-native customers and employees into the workforce, greater numbers of customer service agents working remotely, the rapid shift to digital-first experiences in the past two years, more intelligent B2B offerings that are sold as a service, and businesses everywhere expecting—and needing—fast resolutions to often urgent issues. These urgent issues could range from sudden and elongated component shortages to software or equipment outages that impact business continuity. With all these changes, the expectations for B2B customer service are much higher than they were just a short time ago.

"Traditionally, great B2B customer service was about meeting service-level agreements, but that isn't enough to create delighted customers," says Maureen Burns, a senior partner at global consulting firm Bain & Co. "There's more competition, and a lot of B2B companies' path to growth is about getting more value out of existing customers. You can't do that when they're having a poor client experience."

Most B2B customer service organizations, however, seem to be in the middle or early stages of making a pivot. In a May 2022 survey by Harvard Business Review Analytic Services of 253 respondents from the *Harvard Business Review*

HIGHLIGHTS

94% of survey respondents say **customer service** is a critical aspect of **driving brand value**.

78% say **customer expectations have changed moderately or significantly** over the past two years.

58% say their organization is **satisfied** with the **customer service it provides**.

Due to rounding, some figures in this report may not add up to 100%.

> "There's more competition, and a lot of B2B companies' path to growth is about getting more value out of existing customers. You can't do that when they're having a poor client experience," says Maureen Burns, a senior partner at Bain & Co.

audience, the vast majority (more than 90%) agree that B2B customer service is critical to driving business success when it comes to enabling revenue growth, brand value, and a strong customer experience.

However, far fewer respondents—not even three out of five—say their organization is satisfied with the level of customer service they provide, and within that group, only 10% strongly agree they're satisfied. In fact, in the very areas of service they name as very important—such as cross-department collaboration and easy access to relevant and contextual customer data—there is a gap in organizations' abilities to actually deliver in those areas.

B2B customer service organizations know change is needed to meet both their own service standards and new customer expectations. "The biggest pressure is keeping up with the digital transformation that's shifting B2B into a far more digital-first posture as opposed to the traditional selling-buying-owning posture," says Liz Miller, vice president and principal analyst at technology research and advisory firm Constellation Research Inc. in Silicon Valley. "Especially when you talk about anything that comes as a service or subscription, you're likely engaging with the organization in a far more digital manner than you were before as a B2B customer."

This report focuses on the increased demands being placed on B2B customer service organizations and the top pain points for customer service agents. It also identifies the key investments B2B customer service organizations plan to make into technologies and process change as well as the challenges they face in implementing these changes, particularly with growing expectations of digital-native employees and customers for a more seamless experience and emerging subscription-based business model products.

High Value, Mediocre Performance

There is little doubt among B2B organizations that good customer service is good business. The link between customer service and business goals is especially important for B2B companies moving to subscription-based business models that enable recurring revenue for anything from software to heavy manufacturing equipment. Because these models rely on customer renewals, "we're starting to see more companies doing data correlations to really understand the impact of support and customer service on long-term account health," says John Ragsdale, distinguished researcher and vice president of technology ecosystems at the San Diego, Calif.-based research and advisory firm Technology & Services Industry Association (TSIA). "And now, the data is showing that the higher customer satisfaction is, the higher the renewal rate is. That's putting more visibility on how strategic support really is."

Even for those that haven't made this business model shift, "customers are expecting a lot more omnichannel and innovative options for support, so executives now understand—often for the very first time—the critical revenue implications of not funding that experience," Ragsdale says.

Nearly all survey respondents agree that customer service is critical to delivering a strong customer experience (95%) and driving both brand value (94%) and revenue (92%), and more than 70% of respondents strongly agree with these assertions.

Clearly, though, there's a gap between the stated strategic importance of B2B customer service and companies' ability to deliver it. Only 58% of respondents say their organization is satisfied with the customer service it provides, and of that group, only 10% strongly agree with this assertion.

One reason for this gap could be the relatively low levels of investment and innovation B2B customer service has seen historically. "If you were to look at the cycle of sales, marketing, and service, the service organization in most businesses generally, and absolutely in B2B organizations, doesn't get a lot of investment," says Donna Fluss, founder and president of DMG Consulting LLC in West Orange, N.J. "It's ripe for some innovation, both operationally as well as technically. They really are the shoemakers' kids without shoes."

Customer Expectations on the Rise

With customer expectations on the rise, the pressure for change is growing. Business customers accustomed to the fast action and seamless experience of their consumer apps and smartphones are increasingly critical of delays and clunky experiences in their business encounters and transactions. And just as customer expectations are growing for a more digitally oriented B2B sales experience, the same is true for B2B customer service.

According to the survey, 78% of respondents say customer expectations have changed to a notable extent over the past two years, and of that group, 42% note significant change. Businesses' own responses to those changes, however, have been less urgent, with just 66% saying their approach to customer service has changed to a notable extent (33% significantly) in the same time frame.

The biggest customer demands cited by respondents include higher expectations of their overall service experience (58%), faster issue resolution (58%), and more personalization in two areas: having agents know their customer details during an interaction (41%) and receiving personalized product/service recommendations from agents (40%). **FIGURE 1**

And it's not just customers who expect the organization to know exactly who they are and the part of the business they represent; "it's also the agents themselves who are

FIGURE 1

Growing Customer Demands

Top customer demands include faster issue resolution and a more personalized experience

In which of the following ways have your customers' expectations of customer service changed over the past two years? [SELECT ALL THAT APPLY]

58%	Wanting their issues to be resolved more quickly/with fewer handoffs
58	Higher expectations of overall service experience
41	Greater demand for a personalized experience in which agents know their customer details
40	Increasingly expect personalized product or service recommendations
38	Expecting agents to proactively address their issues
35	Higher expectations that any customer need or request is accommodated
30	Greater demand for resolving issues via self-service options (e.g., chatbots, social media, FAQs)
29	Stronger preferences for accessing customer service in a particular way (e.g., chat, text, email, phone)

Source: Harvard Business Review Analytic Services survey, May 2022

Seventy-eight percent of respondents say customer expectations have changed to a notable extent over the past two years, and of that group, 42% note significant change.

thinking, 'I can answer this question if I can only get through these seven different screens,'" Constellation Research Inc.'s Miller says. "It's about the customer service agent having just as robust, personalized, and digital capabilities as the customer expects."

Obtaining a full view of the customer, DMG Consulting's Fluss says, has been the holy grail of customer relationship management for decades, but it's difficult to achieve because information is often filed away in different and unconnected systems. At some companies, including many manufacturers, customer service agents may only have access to the billing system. "They may know what the customer is being billed for, but then they have to run around and put together the rest of the story," she says.

"We're continuing to see data completely siloed," Ragsdale agrees. "Even within support, we've got a chat conversation in one system, an email conversation in another, and a phone conversation in another—even these aren't pulled together in one place." While the technology exists to integrate this data, the siloed mentality at many companies makes it difficult to do. "Integration is required to tie together all the different systems, but everyone wants to protect their own data," he says.

Hitting Agent Pain Points

These customer demands are hitting right where respondents say their biggest customer service pain points are. For instance, while customers want faster and more personalized service, the top frustration in their customer service efforts, according to survey respondents, is having to dig for relevant customer data in multiple systems (47%) or hunt it down by asking colleagues in other business functions (43%). **FIGURE 2**
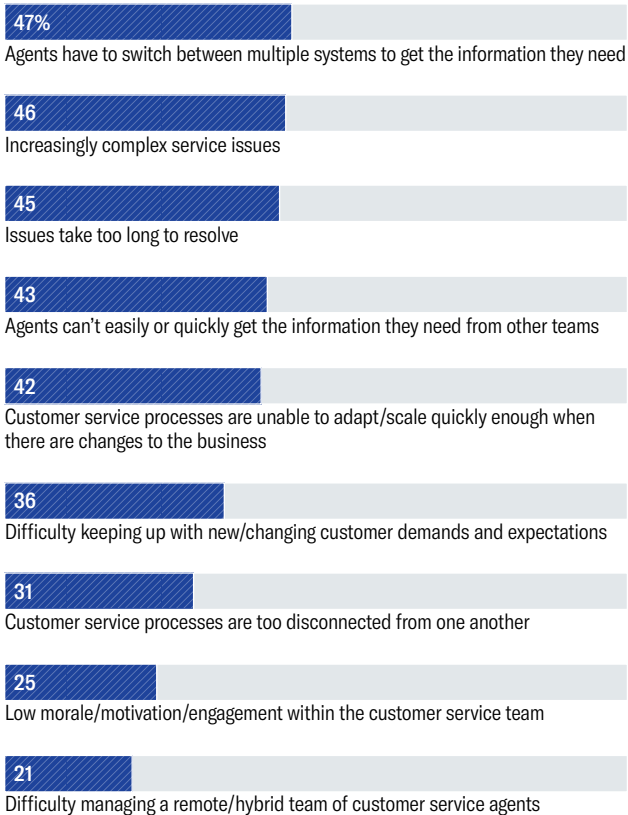
These disconnects between data systems also explain a top pain point for both customers and service agents: long issue resolution times. Fifty-eight percent of respondents say customers increasingly want faster resolution times, and 45% say a difficulty their customer service function has is that issues take too long to resolve.

FIGURE 2

Top Frustrations for Customer Service Agents

Disconnected systems, long resolution times, and difficulty accessing information top the list

Which of the following difficulties does your organization currently experience in its customer service efforts? [SELECT ALL THAT APPLY]

47%
Agents have to switch between multiple systems to get the information they need

46
Increasingly complex service issues

45
Issues take too long to resolve

43
Agents can't easily or quickly get the information they need from other teams

42
Customer service processes are unable to adapt/scale quickly enough when there are changes to the business

36
Difficulty keeping up with new/changing customer demands and expectations

31
Customer service processes are too disconnected from one another

25
Low morale/motivation/engagement within the customer service team

21
Difficulty managing a remote/hybrid team of customer service agents

Source: Harvard Business Review Analytic Services survey, May 2022

While the technology exists to integrate this data, the siloed mentality at many companies makes it difficult to do. "Integration is required to tie together all the different systems, but everyone wants to protect their own data," says John Ragsdale, distinguished researcher and vice president of technology ecosystems at Technology & Services Industry Association.

"There's pressure to be as agile as a fast-moving, low-cost business even when you're selling a long lead time, long sales cycle, complex product," Miller says.

Issue resolution times could grow even longer with increased issue complexity—another top pain point for agents named by 46% of respondents. Not only are B2B products themselves becoming more complex as they incorporate more intelligent features to operate more efficiently and effectively, but the supply chain issues exacerbated by the pandemic are also increasing issue complexity.

To address these challenges, service agents are often called upon to coordinate with and obtain input from many other business functions, including manufacturing, finance, shipping, logistics, and software developers, as well as to check inventory status. But the connections between these functions are not always seamless.

"Someone might call and say they ordered 10 items but only received two. The service person is literally sitting in the middle and ultimately might find out it's because a particular part is on a ship sitting in Newark and not even scheduled to dock for another two months," Fluss says.

The good news is a majority of respondents believe their current customer service efforts help reduce churn (77%) and increase customer lifetime value (78%). Further, 69% agree that agents always resolve customer inquiries to the customer's satisfaction (although a notably smaller group, 20%, strongly agree).

The question, once again, is how long it takes to achieve that satisfaction. In the survey, 57% say resolution is done quickly, within a single interaction most of the time, and a smaller percentage, 19%, strongly agree. Complex customer issues seem to contribute to the problem, as nearly half of respondents (47%) disagree with the statement "Agents resolve unique or rare customer inquiries with ease."

The need to shrink resolution times makes front-to-back office connection imperative, as that connection would bring cross-departmental processes and data together in a service context. "The angriest calls are when it's something to do with delays in the supply chain," Miller says. "Wouldn't it be great if customer service knew earlier on about these delays and could proactively reach out to the customer? That's where the B2B large enterprise dynamic doesn't get attention."

More often than not, the agent who receives the call has few tools at their disposal other than to escalate the issue or

"The angriest calls are when it's something to do with delays in the supply chain. Wouldn't it be great if customer service knew earlier on about these delays and could proactively reach out to the customer? That's where the B2B large enterprise dynamic doesn't get attention," says Liz Miller, vice president and principal analyst at Constellation Research Inc.

reach out to someone they happen to know in the supply chain function. "That's not how a modern digital-first enterprise should look," Miller says.

The Gap between Importance and Implementation

The need for process and technology change is becoming increasingly clear, particularly to customer service managers and agents who experience the frustration of legacy tools directly. Both agents and managers know how vital it is to quickly access needed information and take fast action, as well as the repercussions of failing to do so. However, many organizations have yet to implement the very capabilities that are most important to delivering a strong customer experience.

In the survey, respondents were asked to rate a list of capabilities in terms of their importance to having successful customer service as well as their ability to deliver on them. The most important areas they listed are collaboration with other departments (86%), seamless support for customers across all channels (81%), effective and easy-to-use customer service tools/tech (81%), and customer service agents having easy access to all relevant and contextual customer data (80%). **FIGURE 3**

And yet, when it comes to delivering on these very important areas, implementation is behind on every one of the top areas, sometimes by as many as 46 percentage points. In fact, the gaps between stated importance and implementation are greatest for the second and third highest priorities—seamless omnichannel support and effective service tools/tech—where the gaps are 44 percentage points and 46 percentage points, respectively.

"Delivering an outstanding customer experience is absolutely the goal," Fluss says. "But on the B2B side, the emphasis has been more on sales and revenue generation than the quality of experience. So it's good that these organizations are taking a step back and saying, 'Hmm, maybe we need to do something here.'"

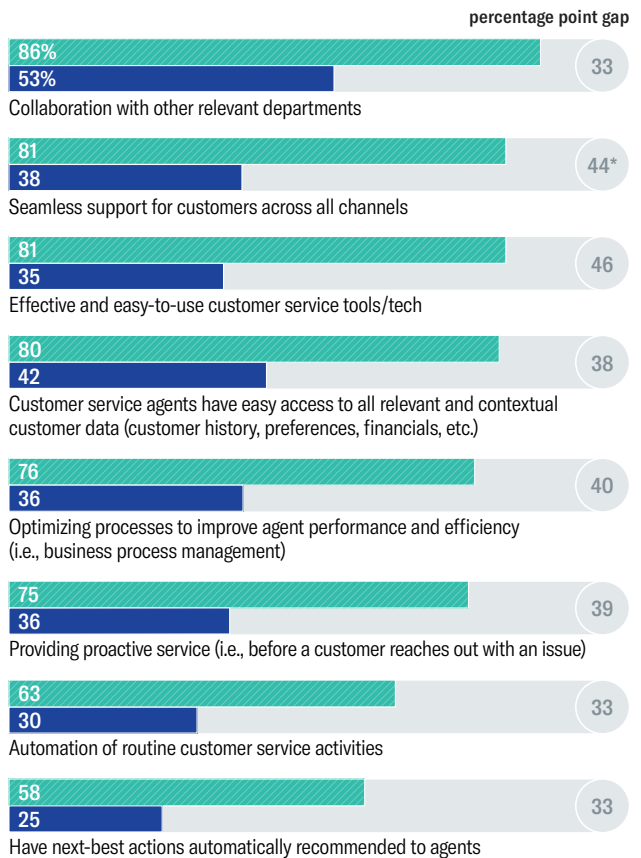Investment plans, however, point the way forward. Respondents were shown the same list of capabilities and

FIGURE 3

Gaps in Key Customer Service Capabilities

Respondents report gaps between the importance of customer service capabilities and their ability to deliver on them

Rate how important each of the following capabilities is to having successful customer service, and the extent to which your organization has each of the following in place today.

▨ This capability is very or extremely important to having successful customer service.

▪ My organization has this capability in place to a great or extremely great extent.

percentage point gap

86%
53%
33
Collaboration with other relevant departments

81
38
44*
Seamless support for customers across all channels

81
35
46
Effective and easy-to-use customer service tools/tech

80
42
38
Customer service agents have easy access to all relevant and contextual customer data (customer history, preferences, financials, etc.)

76
36
40
Optimizing processes to improve agent performance and efficiency (i.e., business process management)

75
36
39
Providing proactive service (i.e., before a customer reaches out with an issue)

63
30
33
Automation of routine customer service activities

58
25
33
Have next-best actions automatically recommended to agents

*Difference based on unrounded percentages.

Source: Harvard Business Review Analytic Services survey, May 2022

"On the B2B side, the emphasis has been more on sales and revenue generation than the quality of experience. So it's good that these organizations are taking a step back and saying, 'Hmm, maybe we need to do something here,'" says Donna Fluss, founder and president of DMG Consulting LLC in West Orange, N.J.

asked whether their organization planned to increase or decrease investment in each area over the next two years. For each of the top capabilities named (cross-department collaboration, seamless omnichannel support, easy-to-use customer service tools, and easy access to customer data), more than half of respondents say their organization will increase investment. **FIGURE 4**

Of particular note, 68% are increasing their investment in effective and easy-to-use customer service tools, and 62% are investing in easy access to relevant/contextual customer data, both of which are among the top four areas named as important to delivering successful customer service. An area seeing increased investment that was not listed among respondents' four most important capabilities is process optimization, including the use of business process management (BPM), which was named by 66% of respondents.

With BPM, organizations can identify the best practices of high-performing agents and then model those behaviors, processes, and workflows through automated processes so other agents can engage in them. BPM can also help customer service organizations identify critical gaps to ensure service agents have the right information and toolsets available to them to resolve complex issues. "It's no longer about scripting. It's about understanding what good looks like so we can help coach and guide agents who then, in turn, guide customers so that the customers start to model what good looks [like] for the organization," Miller says.
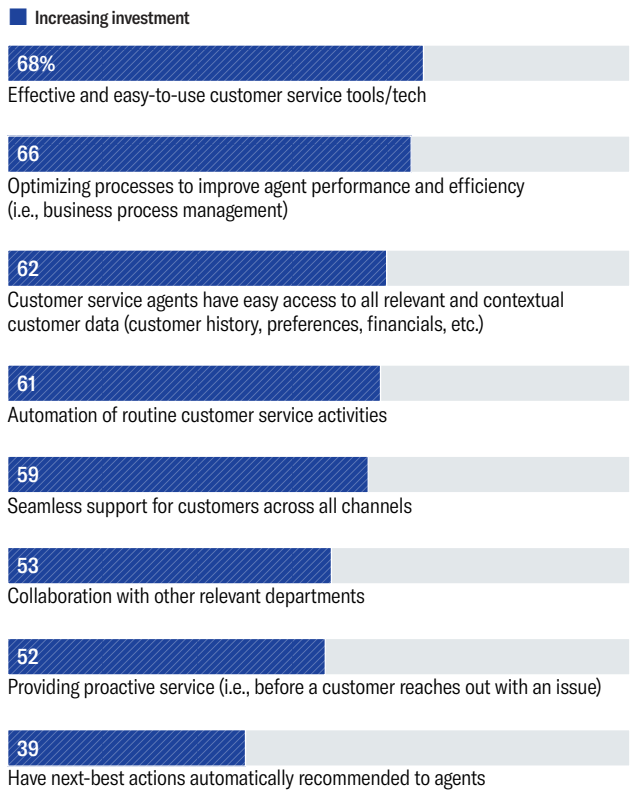
Automation—often driven by artificial intelligence (AI)—is also on the list, named by 61% of respondents. The term "automation" can refer to a range of technologies, from basic "bot" capabilities, such as pre-populating forms and resetting

FIGURE 4

Areas of Business-to-Business Customer Service Investment

Easy-to-use tools, process optimization, data access, and automation are top investment areas

To what extent is your organization changing how much it's investing (time, budget, resources) to improve each of these areas over the next two years?

■ Increasing investment

68%
Effective and easy-to-use customer service tools/tech

66
Optimizing processes to improve agent performance and efficiency (i.e., business process management)

62
Customer service agents have easy access to all relevant and contextual customer data (customer history, preferences, financials, etc.)

61
Automation of routine customer service activities

59
Seamless support for customers across all channels

53
Collaboration with other relevant departments

52
Providing proactive service (i.e., before a customer reaches out with an issue)

39
Have next-best actions automatically recommended to agents

Source: Harvard Business Review Analytic Services survey, May 2022

passwords, to more sophisticated systems, such as intelligent virtual assistants and natural language processing systems.

According to Fluss, all the customer service solutions she follows at DMG are now AI-enabled and/or built on an AI framework. The increased use of AI poses "a huge opportunity to rethink and revamp many functions in the organization, including B2B service areas," Fluss says. She estimates that 20% to 30% of B2B customer service activities could be automated, particularly low-value ones.

Cross-departmental collaboration—also named in the top four most important capabilities—is a bit lower on the list of investment priorities but is still named by more than half (53%) of respondents. It will be particularly essential to bring cross-departmental processes and data together to streamline issue resolution, tying together front- and back-office functionalities.

When asked which departments should be more involved in customer service processes, the departments named by more than half of respondents include customer experience/customer success teams (62%), sales (55%), operations (54%), data/analytics teams (51%), and product teams (50%).

An area getting increased attention among technology vendors is what Ragsdale calls "swarming," also called "single tier" or "collaborative support." With this approach, one agent owns the issue from cradle to grave. Intelligent call routing ensures a customer issue goes to an agent who has successfully resolved a similar issue, and AI-driven tools prompt the agent with recommended solutions. The agent is also provided a list of experts who can help, including the developer who wrote the code, the quality assurance person who tested it, and—if the type of issue tends to get escalated—the customer success representative assigned to the customer.

Currently, 30% of B2B technology companies are using this approach, up from 20% in 2016, according to TSIA. "It ultimately lowers resolution time, boosts first-time resolution rate, and improves employee satisfaction because they're able to solve any problem," Ragsdale says. "And when employee satisfaction goes up, so does customer satisfaction."

Investments in Action

Investments in technology and process change are taking hold in customer service and consumer care at both B2B and business-to-consumer organizations. An example of the latter is Philips Domestic Appliances, a former business of Dutch multinational conglomerate Royal Philips.

Especially with the fast shift to e-commerce during the pandemic, the role of consumer care at Philips Domestic Appliances has become focused on engagement throughout the entire consumer life cycle and adding value. Therefore, consumer service representatives ideally have a great understanding of the consumer, from the types of products they've researched, purchased, exchanged, or had serviced to their demographics and any social media activity they've engaged in, such as raising an issue on Twitter.

"The key challenge for every company is to engage with consumers throughout the consumer journey in a meaningful way," explains Tandogan Akbıyıkoğulları, global director of consumer engagement at Philips Domestic Appliances. "As a digital-first company, we rely on technology to recognize, select, and capture relevant information, to the extent approved by our consumers, which we then use to provide better and more personal support across our touchpoints."

By collecting data and linking it to other business systems, such as e-commerce and logistics, consumer service representatives will not just receive consumer information but will also see relevant business data that helps optimize their services for the consumer, such as the available stock of

"Now that consumer service representatives are scattered and they work in a more isolated way, we need to provide them with the right information in a timely manner," says Tandogan Akbıyıkoğulları, global director of consumer engagement at Philips Domestic Appliances.

their preferred product, its estimated delivery time, and any personal discount offerings. "We don't want consumers to wait because the consumer service representative is rotating between different systems," Akbıyıkoğulları says. "Now, thanks to new technologies, our support teams feel more empowered to serve consumers effectively."

Connected systems and integrated consumer data will especially be useful now that more employees continue to work remotely post-pandemic. "Now that consumer service representatives are scattered and they work in a more isolated way, we need to provide them with the right information in a timely manner," he explains.

Especially for colleagues working remotely, AI-driven guidance to troubleshoot consumer issues is a great solution, according to Akbıyıkoğulları. Rather than relying on FAQs and other search-based approaches, the system guides them in the right direction by asking questions. "Instead of looking for answers in the back end, AI will support consumer care representatives in a more targeted and constructive way, which is a must in an era when consumer relationships are key for companies to be successful," Akbıyıkoğulları says.

Such investments "open up very different strategies for customer engagement," Miller says. "It's not about call deflections or bringing down costs. It's about elevating agents to be experts by giving them all the tools—intelligence, content, engagement solutions, and collaboration—they need so they can always be in lockstep with the context of the customer."

While many respondents also believe more advanced capabilities such as providing proactive service and next-best actions are important for delivering good customer service (75% and 58%, respectively), these capabilities are at the bottom of the list when it comes to the percentage

> "We're seeing the same behaviors that started on the personal side begin to transfer to what takes place from a business perspective. Businesses have to use the formats and channels that their customers and prospects are starting to use," says Brent Leary, cofounder and partner of CRM Essentials Inc.

of respondents planning to invest in them (52% and 39%, respectively).

These capabilities will likely become more important, however, as expectations continue to rise among digital-native customers for an excellent service experience (cited by 84% of respondents) and digital-native customer service employees, who increasingly expect automated and digitized work processes (85%).

As Miller points out, customers will increasingly expect high-touch, white-glove service without ever needing to initiate the session. For example, AI-driven analysis could determine the reason for a sudden influx of negative-sentiment calls and could trigger customer service agents to proactively alert customers to the problem, as well as steps to rectify it. Agents could also notify other relevant business functions—such as marketing or even product engineering—so they can remedy the situation on their end.

Digital-native customers and agents will also expect a more omnichannel experience. TSIA's annual channel preference study reveals a growing preference for digital channels of service, Ragsdale says. In some South American countries, he says, 90% of people surveyed say they prefer or occasionally use WhatsApp for product support—more than for any other channel. "We're seeing a lot more focus on digital channels as younger people move higher into executive ranks," he says. "They're forcing some of this cultural change within companies that really should have happened a decade ago."

"We're seeing the same behaviors that started on the personal side begin to transfer to what takes place from a business perspective," agrees Brent Leary, cofounder and partner of Atlanta-based consulting and advisory firm CRM Essentials Inc. Such behaviors include turning to social networks, such as YouTube and TikTok, for service information before initiating a call or email to customer service. "Businesses have to use the formats and channels that their customers and prospects are starting to use."

Additionally, digital-native agents have also come to expect easy-to-use tools that empower them with knowledge, especially those who work remotely. Leary points to AI-driven virtual assistants that pore through interaction data to recommend next-best actions. "These allow agents to get the best information available at that particular moment," he says. "It's like a two-person team that allows the agent to stay focused on the customer and have more empathy while the bot does the heavy lifting of finding the best answer."

Moving Forward into a Strategic Role

To meet the new expectations of customers and service agents—and shift into a more strategic role in the business by driving revenue and brand value—B2B customer service organizations will need to overcome legacy mindsets, such as focusing only on cost of service versus more strategic endeavors and being wary of sharing data among business functions.

Even if there was a better spirit of cooperation, unifying data is a complex endeavor. "It's about creating data strategies and having those hard conversations with IT, data science, service, [and] sales, getting everyone around the table to say 'Yes, these are the places where the customer experience could be markedly improved, and if we had these connections, it would be amazing,'" Miller says.

In the end, B2B customer service organizations "need to understand it's not business as usual," Fluss says. "They have to look at what they're doing through the eyes of customers and totally transform … to where they should be going in an AI-enabled world."

CRM Essentials Inc.'s Leary agrees. "Companies have less of an option to operate how they used to," he says. "If you really want to have customers with long-lasting relationships and create a better experience for them, you're going to have to do things differently and create more engagement with customers beyond them paying you for the products or services you have."

WHITE PAPER

Strategically Aligning Customer Service with B2B Business Goals

For business-to-business (B2B) companies to remain competitive, it's no longer enough to sell great products. They also need to deliver new levels of customer service that reflect the digital expectations of customers today and deliver on the more personalized, fast, and effortless experiences that digital tools and data-driven capabilities can offer.

Taking customer service to higher levels is especially important as markets include increasingly intelligent products and technologically savvy customers ready to consume them. B2B customers are now also accustomed to digitally driven service experiences when they interact with business-to-consumer (B2C) companies in their personal lives. These experiences are setting new expectations for B2B customer service, which is increasingly becoming the marker of a high-quality brand and a driver of corporate revenue when delivered well. In other words, delivering B2B customer service has taken on renewed strategic importance for many organizations.

In this environment, resolving issues is now just the starting point. Forward-thinking businesses are building the foundation to offer entirely new types of customer support that put the service organization in a more strategic position in the company. Support offerings are becoming more frictionless, data-driven, proactive, consultative, and focused on maximizing the experience customers have—and the value they obtain—from both the products they buy and the business itself.

"The primary relationship between service and the customer used to be 'Something went wrong, so we need to support you,'" says Thomas Lah, executive director and executive vice president of San Diego, Calif.-based research and advisory firm Technology & Services Industry Association (TSIA).

HIGHLIGHTS

Businesses need to **elevate the role of customer service** to a strategic function that **boosts revenue**, **brand reputation**, and **customer loyalty**.

The new business models based on **proactive service and subscription-based pricing** are changing the role of customer service and laying the foundation for critical innovations.

In addition to focusing on **efficiency and speed**, the service function will increasingly be accountable for outcomes that are much more closely tied with **revenue**, **customer satisfaction**, and **account health**.

"The world is getting more digital, and so are our products and customers. In the end, that brings more attention to service," says Patrick Schwarz, vice president of customer relationship management and commercial excellence at GEA Group.

"Now it's pivoting toward becoming a success relationship—'Are you being successful with what I sold you?'"

To shift customer service into this new role, B2B organizations need to move beyond a tactical approach. It's not about just adding a self-service channel or chatbot or applying automation tools to deliver service more efficiently. Instead, businesses need to plan for a strategic shift that impacts the entire way the service function operates, both in the service organization itself and across the enterprise.

"The world is getting more digital, and so are our products and customers. In the end, that brings more attention to service," says Patrick Schwarz, vice president of customer relationship management (CRM) and commercial excellence at Düsseldorf, Germany-based GEA Group, one of the world's largest suppliers of systems and components to the food, beverage, and pharmaceuticals industries. "Before, service was about contacting someone for spare parts or fixing breakdowns; now we can run predictive maintenance processes to prolong uptime not just on a single machine, but across the whole process line in the factory."

In this scenario, service agents take on a consultative role, intervening before a problem occurs. "There's a lot more focus now on sitting together with the customer and seeing how to make them more successful using our product, and not just being a provider of that product," Schwarz says. Making this pivot, Schwarz and others say, requires a fundamental change. "Technology is a part of it, but the whole organization has to change," Schwarz says.

B2B businesses need to rethink how they deliver customer service, from the processes and technologies they use to how they equip and empower customer service representatives to engage with customers. Businesses need to elevate the role of customer service to a strategic function that boosts revenue, brand reputation, and customer loyalty.

This report will explore how B2B businesses are strategically preparing their customer service organizations for the challenges ahead, as well as the new technologies, processes, and capabilities they're focused on to better align customer service with business goals. It will reveal the best practices these businesses are following and the challenges they face, as well as how they're overcoming them.

Increased Pressure on B2B Customer Service

Expectations for B2B customer service are growing among both customers and businesses themselves. "Businesses are increasingly thinking about customer service as less of a cost center that they have to have and more as a strategic capability that they want to have," says Richard Crofton, a consulting partner at PricewaterhouseCoopers (PwC) in the United Kingdom. "This means they're moving away from issue resolution to proactively finding ways for customers to get better value from the products and services they buy."

But so far, the changes in customer expectations for B2B customer service are running ahead of the efforts that organizations are making to change their approach to it. According to a May 2022 survey by Harvard Business Review Analytic Services of 253 business executives, over three-quarters of respondents (78%) said customer expectations had changed either moderately or significantly in the past two years; however, just two-thirds said they've made like changes to their approach to customer service in that time frame. **FIGURE 1**

One reason for this gap between B2B customers' expectations and B2B organizations' response is the accelerated move to digital ways of transacting and interacting during the

FIGURE 1

Changing Customer Expectations for Service

Organizations haven't shifted their customer service approach commensurately with those demands

To what extent have your organization's approach and your customers' expectations for customer service changed over the past two years?

■ **Significant change**　　■ **Moderate change**

42%	
36%	

Customer expectations

33	
33	

Approach to customer service
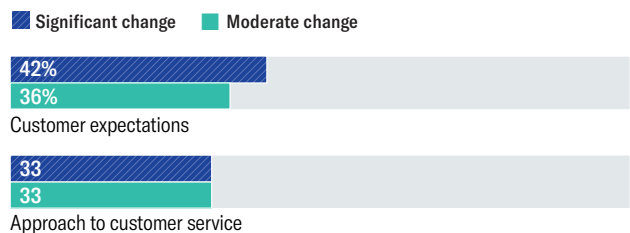
Source: Harvard Business Review Analytic Services survey, May 2022

"It's becoming more and more apparent that customer service is not just about fulfilling our contractual duties but also about providing real added value for customers," says Daniel Meerkamp, director of sales and service solutions at Knorr-Bremse Group.

pandemic. In their personal lives, B2B customers quickly became accustomed to the online platforms and experiences made available for B2C customer service in that time frame, as well as the fast response times promised by these capabilities. They also quickly adopted any e-commerce functions that B2B businesses enabled during the global lockdowns, including for B2B sales. In parallel, expectations also rose for B2B customer service to become more digital as well—more quickly, in most cases, than B2B businesses could keep up with.

"We're seeing our [B2B] customers wanting a similar experience to what they get in the consumer market," says Ahmad Alhmmady, digital business solutions manager at Alfanar Group, a manufacturer of electrical construction products and solutions for B2B customers, based in Riyadh, Saudi Arabia. Just as it would in the B2C world, an outdated service experience in the B2B market would reflect poorly on the brand.

"What makes our brand competitive in the market is quality," he says. "As the world starts to change to digitization, we need to enhance our customers' experience with the right IT solutions, along with the products they own from Alfanar."

Right before the pandemic, in 2019, Alfanar launched its e-commerce site to enable online sales. Uptake was quick, especially once lockdowns took hold. Customer expectations for even more seamless, simple, and digital customer service capabilities followed. "We're continuing to enhance these channels to meet customer needs. It's become a key essential," Alhmmady says.

Alfanar has moved from a primarily manual approach to customer service to a cloud-based system that gives service engineers, account owners, support agents, and B2B customers themselves complete visibility into service requests, including who's working on their issue and when it will be resolved. Customers themselves also can submit requests through the website, email, mobile app, or live chat, and all this information is stored in one easily accessible place for the entire support team to see.

The Value of Sharing Data

As customer interactions become more digital, businesses also are realizing that the customer service function is where they can gather key customer and service-related data that is relevant and valuable to different departments across the organization.

"Customer service teams are gathering insights from every customer transaction that happens," PwC's Crofton says. With this data, "they can answer questions like 'Are customers getting the value they hoped for? Will they renew? What product enhancements can be made? What additional products and services could help? Are processes working well?' By seeing customer service in a strategic way, organizations can get a huge amount of insight that they can monetize."

Such is the case at Knorr-Bremse Group, a global manufacturer of braking systems and other subsystems for rail and commercial vehicles, based in Munich. "It's becoming more and more apparent that customer service is not just about fulfilling our contractual duties but also about providing real added value for customers," says Daniel Meerkamp, director of sales and service solutions at the company. In addition to service being a competitive differentiator, "the inside information we gather is one of the key pillars in our rail division."

Knorr-Bremse has this information because it equipped its field engineers with mobile devices that are connected to its back-end enterprise resource planning system. The field engineers can now enter their observations, diagnoses, and work performed, including photos they take with their smartphones, while at the customer site. By analyzing the data, the company can gain far more accurate insights into equipment run times, maintenance cycles, structural weaknesses, lifetime costs, and more, based on how the equipment operates in an array of environmental conditions. "Our braking systems are used everywhere from the desert to the Arctic and throughout Europe, China, and the U.S., so there are many differences," Meerkamp says.

That information can then be used for R&D, business planning, sales forecasting, opportunity management, and service itself, Meerkamp adds. For instance, with accurate quantification of equipment run times and life cycle and maintenance costs, the company can enhance its service levels, improve product quality, negotiate more effectively on new contracts, offer more competitive deals, and prove the value of its equipment when selling to both new and existing customers.

Field engineers also collect data on the condition of other equipment they find on-site, which can help them create

> "By seeing customer service in a strategic way, organizations can get a huge amount of insight that they can monetize," says Richard Crofton, a consulting partner at PricewaterhouseCoopers.

bundled offers for parts and equipment that might be due for replacement or maintenance, which bolsters revenue.

Meerkamp says customers have taken notice of the more digital approach. "It creates a more positive perception of the quality of our service, and, of course, our technicians can better focus on the work they're doing." While the company doesn't have benchmark metrics to make a before-and-after comparison, Meerkamp believes the system helps get trains back on the track more quickly, which is yet another added value for customers.

By applying machine learning-driven analytics to this customer data, businesses also could get early warnings of customer issues that they can then work to resolve. "Customer data can provide the raw material for developing better metrics and KPIs that lead to better value for customers," says Denis Pombriant, managing principal of CRM analyst firm Beagle Research Group LLC in Stoughton, Massachusetts. "If your sensors can be more finely tuned to a particular customer issue, then the next thing you ought to be doing is making a metric out of it and managing toward it."

For example, a machine learning-driven system could detect subtle signals of a component shortage for a subassembly unit, he says. The automated alert could give the subassembly maker a chance to offset late delivery metrics. For instance, it could arrange to have the component shipped directly to the next-in-line producer, which could insert the component on the shop floor, improving production capacity and shortening wait times. "In that scenario, your service people really need to understand the customer production process so they can act as trusted advisers to come up with the best workaround," Pombriant says.

Moving into New Business Models

The ability to collect and analyze equipment information, combined with more connected products embedded with

internet of things sensors, lays the groundwork for a shift into new business models based on proactive service and subscription-based pricing.

"It would allow us to move from servicing customers when something breaks to selling equipment based on mileage," Meerkamp says. "This [transition] would provide the customer with new value and deepen our relationship with the customer."

While moving toward a subscription-based model will take time because of the highly regulated transportation industry, as well as data ownership and data-sharing issues among the rail operators, the original equipment manufacturers, and Knorr-Bremse itself, "it's an example of where we want to go," Meerkamp says.

The new business models based on proactive service and subscription-based pricing are changing the role of customer service and laying the foundation for critical innovations.

With subscription- and consumption-based revenue models, "you're completely living and dying on customers renewing and expanding the subscription," TSIA's Lah says. "You can't just wait for the customer to call and ask you to fix something—you need to actively monitor how the customer is actually using your product."

Active monitoring is done through telemetry data generated by the equipment or products themselves. With this information, service teams can see whether customers are getting optimal utilization of the product. "Now you can have adoption conversations, advising customers to use the right features so they can be more effective," Lah says. "Those value propositions are being unlocked."

This business model changes the role of customer service agents, who may now have expansion targets and quotas they need to meet. "The service organization might own a renewal number that's bigger than what sales has in terms of net new sales," Lah says. "It's a complete pivot with how you view service—it's much more actively involved with adoption, helping the customer grow, and taking on commercial responsibilities." In the Harvard Business Review Analytic Services survey, 81% of respondents agreed that subscription-based business models would require a new approach to customer service that is different from one-time-purchase approaches.

GEA, meanwhile, has implemented a new business model, based on equipment telemetry data and proactive customer service, in several of its business units. "Service is now one of the strategic growth areas within GEA," says Armin Tietjen, executive vice president of global service/product engineering and development.

While service at GEA has traditionally focused only on repairs and maintenance, the company now offers a new type of service level agreement that offers proactive versus reactive service. Using online performance monitoring and

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Thomas Lah, executive director and executive vice president of Technology & Services Industry Association
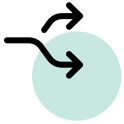
> **Eighty-one percent of respondents agreed that subscription-based business models would require a new approach to customer service that is different from one-time-purchase approaches.**

predictive maintenance processes, customer service teams can advise customers on actions and interventions needed to avoid breakdowns before they happen, prolong uptime, and optimize performance while the equipment is in use.

"We want to offer customers a higher-value service experience. That requires a major change and shift for all our businesses," Tietjen says.

GEA is not alone in making the move to proactive service. In the survey, three-quarters of respondents said proactive service was important to delivering successful customer service, yet just over one-third (36%) currently have these capabilities in place. At the same time, just over half of respondents (52%) said they would invest in proactive service capabilities in the next two years. **FIGURE 2**

At GEA, the service team will soon have a full view of the customer journey through a centralized CRM system that includes previous claims, complaints, customer satisfaction scores, and the installed base of equipment. If the service representative is unable to resolve an issue that arises, he or she can immediately connect with an expert for additional help. The system also connects sales, service, marketing, e-commerce, and field service all on one platform. "All of that is digital, and if someone needs to go to the customer site, field service is also connected to that," Tietjen says.

FIGURE 1

Changing Customer Expectations for Service

Organizations haven't shifted their customer service approach commensurately with those demands

To what extent have your organization's approach and your customers' expectations for customer service changed over the past two years?

▨ **Significant change**   ▨ **Moderate change**

42%	Significant change
36%	Moderate change

Customer expectations

33	Significant change
33	Moderate change

Approach to customer service

Source: Harvard Business Review Analytic Services survey, May 2022

For customers that have signed up for proactive support, the service team also can view telemetry data on how equipment has been performing. Based on all this information, the service team can ask questions and make suggestions for changing settings, specifications, or processes to optimize performance based on actual data generated by the equipment itself.

Taking on this more consultative role doesn't happen overnight. "The same person with the same skill set can't do the job on day one," Tietjen says. "We have to support them to get to this point." Many areas of the business need to be involved with this shift as well. For instance, a centralized digital solutions group needs to work with the operations team, marketing, customer service, and even customers themselves to determine which specifications should be included on the customer and service dashboards and which thresholds should trigger alerts.

This whole process requires a mindset shift, Tietjen says. "Our own people sometimes don't really see what the customer needs because they're still thinking in terms of repairing the machines versus keeping them in operation," he explains. "It's a new perspective on what your job is about."

The company also plans to use artificial intelligence (AI) to improve its service processes and thus offer customers even more value from the service experience. For instance, by applying AI analytics to machine inspections and maintenance data, the company could get automated recommendations, such as which spare parts are most likely to be needed for a given customer issue or the types of skills the field service technician should have, which would improve the company's first-time fix rate. Using AI, GEA is also developing an internal knowledge base to help local support teams provide better guidance and backing, based on what has worked—and not worked—in the past.

Both of these capabilities would help speed issue resolution, which is a key factor driving customer expectations today. "In the past, you could take a week's time to answer an inquiry. Now it needs to be answered tomorrow," GEA's Schwarz says. In the U.S., expected response times are even faster—no longer than four hours for emergency calls. "It might feel like there's higher customer demand," he notes, "But the demand is the same—it's the response time that has adapted due to [what B2B customers have become accustomed to in] the digital B2C world."
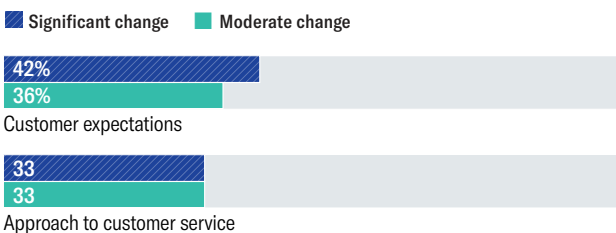
The use of AI and machine learning also would meet the expectations of digital-native employees and customers.

"Whether it's customers or employees, the people coming into the workforce already have experience with AI and machine learning," Beagle Research's Pombriant says, and they will want to know why it's not being used.

AI and machine learning functionalities are increasingly in use at B2C consumer support organizations—a bellwether in many ways for B2B customer service. For instance, De'Longhi Group, a home appliance maker in Treviso, Italy, is using AI for chatbot-driven self-service for consumers and is developing an AI capability to support agents on answering questions and providing next-best actions.

"Having some experience from other interactions and tickets to give a fast solution gives the consumer the impression that you're really well-prepared and competent and increases their trust toward you," says Matteo Bedin, technical service manager at De'Longhi.

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The Foundation for Strategic Service

To shift customer service into a more strategic stance, B2B businesses need three capabilities in place, according to Crofton: a strategy for delivering customer service strategically, the technology to deliver on it, and "fantastic operational management," he says.

Great operational management starts, he says, by opening the data and process flows among enterprise-wide business functions—commonly known as breaking down business silos. Achieving this dismantling requires top-management support, according to Crofton.

"It's definitely a transformation effort," he says. "Those that are winning at this have strong executive sponsorship for the breaking of silos to allow customer service to play an active role across the organization and organize themselves across the end-to-end customer journey," he explains. "This [approach] requires strong leadership to deliver on the broad set of capabilities that's required for customer service, but in a way that influences and has an impact across functions."

The role of chief customer officer is not new, but its importance to the organization is. "Historically, customer service has recruited good operational leaders; now they need operational leaders who can solve for some of these new issues. How do you design processes that allow for a great customer experience across silos? How can you use automation technologies to remove unnecessary effort? How can you provide the value-add to customers and provide insight back to the business? Operational management has got to be the heart of executing on it," Crofton says.

By breaking down silos, more business functions can contribute to—and participate in—delivering customer service. "Our research shows that a key marker of companies that are winning with enterprise-wide transformation are those that have connected the service function to the supply chain, finance, sales, and marketing rather than service being a siloed function within the organization," says Luke Robinson, senior manager of customer-led transformation at PwC.
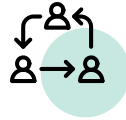
The CRM system at De'Longhi, for example, connects service agents with information on e-commerce orders, repairs, billing, shipping, and even third-party logistics. If a consumer is having trouble with a coffee machine, for instance, the service agent can arrange for the machine to be picked up by a specific carrier, and all the information about the machine—including the consumer's name, the serial number of the equipment, and what needs to be fixed—is sent to the repair center.

"The customer service agent is able to report to the user on how the repair is going and when [the coffee machine] will be shipped back," says Bedin, the technical service manager. "The ability to have one single tool to interact with as many people as possible and give the best service was the biggest deal in this project. This [process] is really helping operators focus on the service they're giving the consumer and not [on] the procedure itself."

Designing More Meaningful Metrics

When making customer service a strategic piece of the business, organizations also need to start looking at new ways of measuring outcomes. In addition to focusing on efficiency and speed, the service function will increasingly be accountable for outcomes that are much more closely tied to revenue, customer satisfaction, and account health.

GEA, for instance, measures customer satisfaction via surveys following every customer interaction, as well as Net Promoter Score, where customers rate the degree to which they would recommend the company to their colleagues. This information is readily available to service representatives and field service technicians in the CRM system.

"Everyone wants to get to trusted adviser status because that's what creates customer loyalty and makes the business more profitable. It glues your customer to you," says Denis Pombriant, managing principal of CRM analyst firm Beagle Research Group LLC.

The company combines this information with internal metrics that monitor how long each issue takes to resolve at each step of the process, both to ensure service level agreements are met and to gain insight into where processes need to be improved. But these speed metrics are most valuable when combined with the customer satisfaction score. "The customer doesn't care if it took 24 hours to reach second-level support—he just wants to keep his production line up and running," Tietjen says.

GEA also measures "share of wallet," or the potential revenue each customer could yield, based on their installed base of equipment and what can be anticipated in terms of maintenance, modernization, upgrades, and proactive service offerings. Each time new services are developed, the share of wallet increases because it expands the potential for additional service opportunities. For GEA, it is important that these new levels of service are proactively offered to customers with high share-of-wallet forecasts.

Recurring revenue is another metric that will likely gain a foothold in strategic service organizations. PwC has worked with clients on increasing recurring revenue through customer service transformations. In one case, a client increased its recurring revenue by 4% by making behavioral changes related to "great operational management," Crofton says.

When the client's customer support team noted a higher-than-average churn rate, it spurred a company-wide effort to reduce churn. "Everybody became engaged with this—anyone who interacted with the customer would note in the CRM system if something seemed amiss, and someone would proactively reach out to the customer," Crofton says.

Account health is another metric designed to get a holistic view of customer satisfaction, as well as the drivers that could either detract from or bolster customer loyalty. To measure account health, businesses need to understand the customer's desired outcomes and apply mechanisms that track whether those outcomes are achieved and where there might be deficiencies.

Improvements can be made by providing guidance on equipment configuration, adoption of relevant features and functionalities, or training and onboarding support. "What's important with any metric is it gives you insight into actions you can take to improve on it," PwC's Robinson says.

What's key, Pombriant says, is moving metrics closer to what the customer wants to achieve. The classic example, he says, is a company that traditionally sold earth-moving equipment but now lets customers subscribe to a service based on how many cubic yards of material they want to move per day. "A drone would fly over the construction site at the end of the day, take pictures, and feed that into a system that analyzes how much dirt was removed," he says. "All of a sudden, the metric isn't the uptime of the bulldozer but whether we moved enough earth."

In this case, service outcomes are much closer to customer outcomes. "The customer doesn't care about equipment uptime, and they don't want a bulldozer. They want to dig a hole in the ground and build a building," Pombriant says.

From Transactions to Trust

What's clear is that B2B customer service is moving from a transaction-oriented to a value-based relationship that builds and fortifies loyalty and trust among not just customers but also service employees. Businesses need to prepare for the elements required for the overhaul.

"From a customer perspective, they want to work with organizations they trust," Crofton says. "And from an employee experience perspective, they want to work at purpose-led organizations that they trust. That means not being measured purely on how fast you work or how much you sell to the customer but doing the best thing for the customer and helping the customer get the value they're looking for."

Pombriant agrees. "It's becoming mandatory for vendors to be a trusted partner to solve problems that ultimately affect both organizations," he says. "Everyone wants to get to trusted adviser status because that's what creates customer loyalty and makes the business more profitable. It glues your customer to you." And when companies succeed in building that trust, they are delivering on their brand promise, increasing customer retention, and driving revenue growth.

Endnotes

1   TrustRadius, "The 2021 B2B Buying Disconnect," November 10, 2020.

2   Gartner Inc., "5 Ways the Future of B2B Buying Will Rewrite the Rules of Effective Selling," August 4, 2020.

3   McKinsey & Co., "Omnichannel in B2B sales: The new normal in a year that has been anything but," March 15, 2021.

4   Andris A. Zoltners, PK Sinha, and Sally E. Lorimer, "How to Reach New Customers When You Can't Meet Them in Person," *Harvard Business Review*, January 13, 2021.

5   Harvard Business School Working Knowledge, "Where Can Digital Transformation Take You? Insights from 1,700 Leaders," January 2022.

Reshaping Business-to-Business Sales for the Future

A total of 214 respondents drawn from the HBR audience of readers (magazine/enewsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sectors	Job Function	Regions
28% 10,000 or more employees	**36%** Executive management/ board members	**17%** Technology	**24%** General/executive management	**45%** North America
27% 1,000–9,999 employees	**36%** Senior management	**14%** Manufacturing	**21%** Sales/business development/ customer service	**27%** Europe
11% 500–999 employees	**24%** Middle management	**11%** Financial services	**8%** Marketing/PR/ communications	**20%** Asia Pacific
35% 50–499 employees	**5%** Other	All other sectors 8% or less each.	All other functions 7% or less each.	**5%** Middle East/Africa
0% Fewer than 50 employees				**3%** Latin America

Changes Ahead for B2B Customer Service in a Digitally Driven World

A total of 253 respondents drawn from the HBR audience of readers (magazine/e-newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sector	Job Function	Region
24% 10,000 or more employees	**30%** Executive management/ board members	**19%** Technology	**23%** General/executive management	**39%** North America
28% 1,000–9,999 employees	**43%** Senior management	**16%** Manufacturing	**20%** Sales/business development/ customer service	**27%** Europe
9% 500–999 employees	**18%** Middle management	**9%** Consulting services	All other functions less than 8% each.	**18%** Asia Pacific
39% 50–499 employees	**9%** Other grades	**9%** Financial services		**10%** Middle East/Africa
0% Fewer than 50		All other sectors less than 8% each.		**5%** Latin America
				1% Other

Figures may not add up to 100% due to rounding.