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Diversity Drives Sales Success

The Link Between Successful Sales Teams And Diversity, Equity, And Inclusion

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Executive Summary

Diversity is no longer solely a compliance initiative. 2020 was a watershed moment in America, as consumer demand for diversity, equity, and inclusion (DEI) skyrocketed.[1] Now, US consumers are asking companies what they're doing to improve their DEI practices, and organizations that fall short are losing business.

In today's world, consumer demand is not exclusive to B2C companies — B2B companies are being judged equally. B2B companies have lost business by partnering with unethical organizations or refusing to diversify their executive suite. B2B organizations looking to increase their DEI footprint are starting to evaluate other companies based on their practices and the diversity of their workforce. Sales organizations, in particular, need to be aware of the cultural moment, as salespeople are often a customer's first point of contact with an organization.

In August 2021, LinkedIn commissioned Forrester Consulting to evaluate the benefits of having a diverse sales organization. Forrester conducted an online survey with 500 US respondents in B2B sales leadership. Respondents were asked about their sales teams, metrics, and DEI practices, and Forrester found that organizations with stronger DEI practices have better sales outcomes.

Key Findings

As the US population diversifies, so must your sales teams. You need a diverse sales team to be customer obsessed in 2021 and beyond. Respondents understand the importance of diversity, as 60% stated that diversity within their sales team has contributed to their teams' success.

Forrester developed a maturity model on DEI practices. Forrester's maturity model evaluated companies on their DEI practices and found that companies embedding DEI into their day-to-day operations, HR practices, and business decisions have more mature DEI practices.

Diverse sales teams have better sales outcomes. Firms with leading DEI practices have higher conversion rates, sales attainment, and customer satisfaction scores, compared to firms with lagging DEI practices.

You Need A Diverse Sales Team To Be Customer Obsessed

Smart sales organizations are customer obsessed — but what does it mean to be customer obsessed in today's climate? Microsoft CEO Satya Nadella addressed this topic, stating that organizations must have "a deep sense of customers' unmet and unarticulated needs [to] drive innovation."[2] Understanding your customers' unmet needs requires you to understand them on a deep level. This was simple when your customer base was perceived to be homogeneous, but the US's current population is far from uniform, as 40% of Americans identify as racially or ethnically diverse.[3] Diversity changes the lens through which people view the world. To understand customers and be customer obsessed in 2021 and beyond, you'll need a sales team that that reflects today's diverse population and the customers you engage with each day — you'll need a diverse sales team.

Sales leaders understand that the world is evolving and that they must evolve with it. Forrester's research found:

- **Customers expect brands to evolve.** According to Forrester's research, 55% of US consumers would rather buy from a brand that reflects the customer's personality.[4] Your organization must represent your diverse customer base to meet this demand.

- **Sales leaders attribute diversity with success** Sixty percent of respondents stated that diversity within their sales team has contributed to their teams' success.

- **Diversity is not a phase.** Eighty-two percent of respondents predict that the racial or ethnic diversity of their sales team will be equally or more important in the next two years.

This is not just a sales phenomenon; 72% of respondents believe that DEI will play a role in business decisions in the next two years.

Figure 1

Sales Team Diversity Contributes To Team Success

60% of respondents stated that diversity within their sales team has contributed to their teams' success.
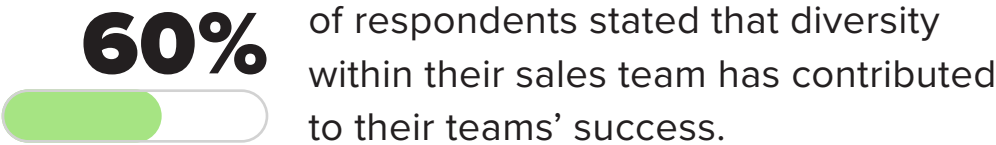
"How do you expect the importance of the following factors to shift for your organization in the next two years?"

82% predict that the racial or ethnic diversity of their sales team will be equally or more important in the next two years.

72% believe that DEI will play an equally important or more important role in business decisions in the next two years.

Base: 500 managers and above responsible for a sales team in the United States
Source: A commissioned study conducted by Forrester Consulting on behalf of LinkedIn, September 2021

Maturity Model Methodology: The Relationship Between Diversity And Sales Outcomes

LinkedIn commissioned Forrester to understand the relationship between diversity and the success of US sales organizations. Forrester surveyed 500 sales leaders, asking respondents a series of questions about their current DEI practices. The questions focused on four primary factors regarding how companies approach DEI: 1) internal programs and resources; 2) external resources; 3) employee training; and 4) company commitment to DEI. Respondents were scored based on how they answered these questions. Those who consistently showed immature DEI practices were classified as lagging; respondents with status quo DEI practices were classified as scaling; and respondents who consistently showed mature DEI practices were classified as leading. This analysis revealed the following distribution: 20% of surveyed companies have lagging DEI practices, 60% have scaling DEI practices, and 20% have leading DEI practices (see Figure 2).

This study focuses specifically on the comparison between leading and lagging organizations. Based on the above criteria, we've identified the following key differences between the two groups:

- **Leading organizations understand the business value of DEI.** Forty-four percent of leading respondents believe DEI will play a larger role in business decisions in the next two years, compared to 21% of laggers. Ninety-seven percent of leaders believe it's important to integrate their company's values into the sales process, compared to 43% of laggers.

- **Leading sales organization are more diverse.** Eighty-eight percent of leading sales organizations report that their sales teams are racially or ethnically diverse, compared to 43% of laggers.

Figure 2

Forrester's Maturity Distribution
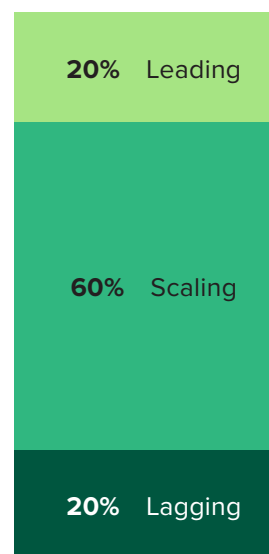
20%	Leading
60%	Scaling
20%	Lagging

Base: 500 managers and above responsible for a sales team in the United States
Source: A commissioned study conducted by Forrester Consulting on behalf of LinkedIn, September 2021

- **Leading organizations offer DEI training.** More than 90% of leading respondents have taken manager training to improve their DEI hiring practices, compared to 33% of laggers. Eighty-nine percent of leading respondents have taken manager training to increase inclusion or belonging on their team, compared to 12% of laggers.

  Ninety-three percent of leading respondents' sales teams have undergone diversity, inclusion, or belonging training, compared to 20% of laggers.

- **Leading organizations provide DEI programing and space.** Leading organizations are more likely to provide resources like employee resource groups (ERGs), anonymous channels for reporting discrimination, and career advancement programs for underrepresented groups, compared to laggers.

Diverse Sales Teams Have Better Sales Outcomes

Diversity is not a phase, and it's certainly not a buzzword. Companies with strong DEI practices have better-performing sales teams. We asked our respondents to report standard sales metrics such as conversion rates, sales attainment, and customer satisfaction scores. Forrester analyzed these metrics across DEI maturity level and found that sales teams with leading DEI practices have better sales outcomes. Specifically, leading DEI teams have:

Leaders' customer satisfaction scores have increased by

24%

in the past year.

- **Higher forecasts.** Leading sales organizations expect their team's revenue to increase 9% from fiscal year 2020 to fiscal year 2021. In comparison, lagging sales teams expect a 6% increase.

- **Higher conversion rates.** Forrester's study found that sales teams with leading DEI practices have an average lead-to-opportunity conversion rate of 54%, whereas sales teams with lagging DEI practices are at 26%. In that same vein, leaders' opportunity-to-customer conversion rate is 24%, while laggers' is 19%. Conversion rates indicate the effectiveness of a sales team: Sales teams with higher conversion rates tend to have better customer relationships and higher revenue.

- **Higher sales attainment.** Leading sales teams have reached 43% sales attainment for the 2021 calendar year; in comparison, lagging sales teams have reached 31%. Leaders are also more consistently closing deals compared to laggers. Our data found that leaders' current closed-won rate is roughly $4 million more than laggers'.

- **Higher customer satisfaction.** In the past year, sales organizations with leading DEI practices have reported a 24% increase in customer satisfaction scores. In comparison, sales organization with lagging DEI practices reported an increase of 17%.
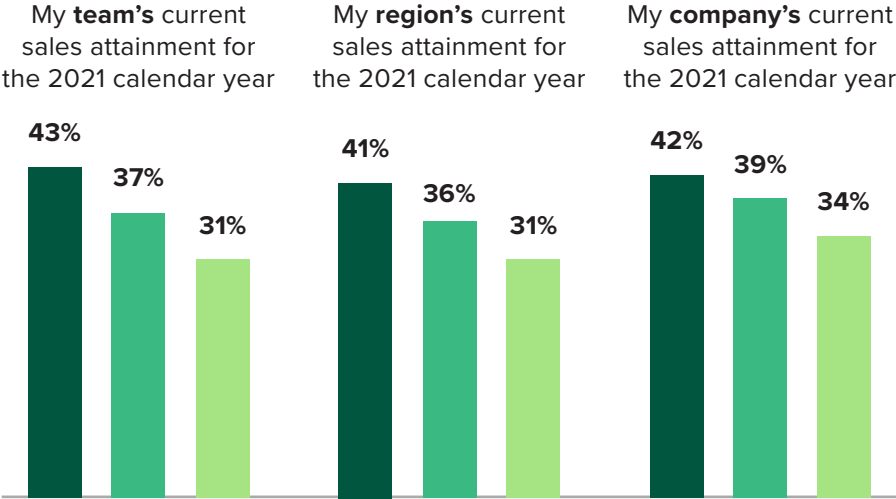
Sales organizations that mirror the US population are more successful. These organizations truly embody customer obsession by creating human connections with their customers. As the US population continues

to diversify, so must organizations. Companies that are not focused on increasing diversity are paying the price, as their sales teams are performing notably worse than companies with diverse talent.

Figure 3

Average Lead-To-Opportunity And Opportunity-To-Customer Conversion Rate

Lead-to-opportunity conversion rate
26%
42%
54%

Opportunity-to-customer conversion rate
19%
24%
24%

Leading
Scaling
Lagging
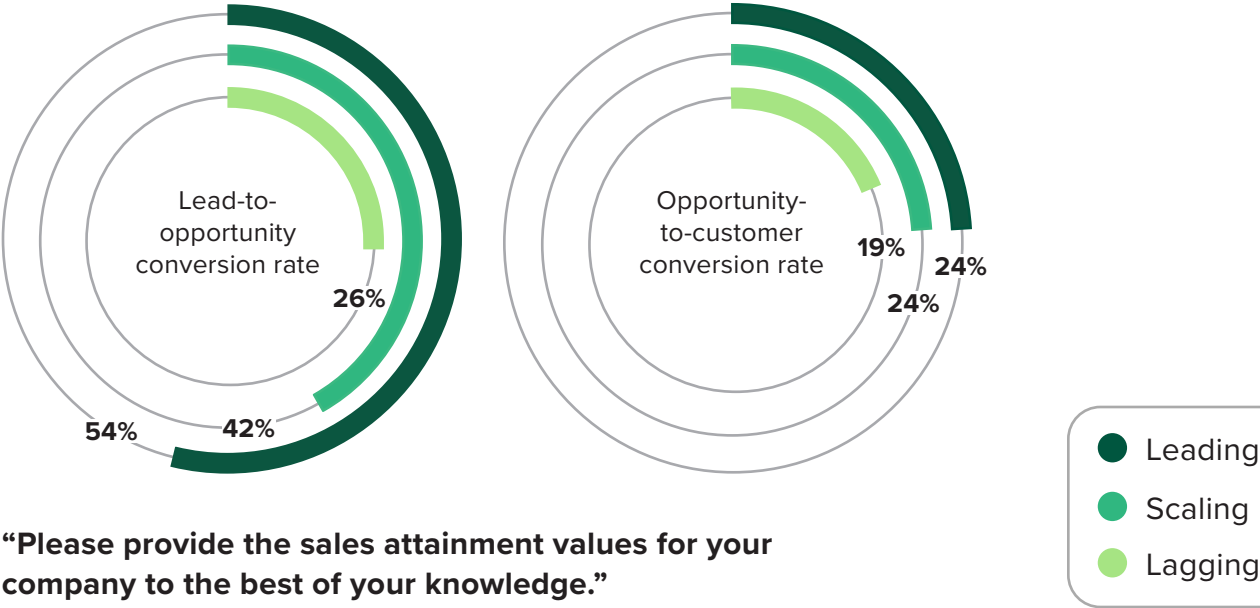
"Please provide the sales attainment values for your company to the best of your knowledge."

My **team's** current sales attainment for the 2021 calendar year

43%
37%
31%

My **region's** current sales attainment for the 2021 calendar year

41%
36%
31%

My **company's** current sales attainment for the 2021 calendar year

42%
39%
34%

Base: 500 managers and above responsible for a sales team in the United States: 100 with leading DEI practices, 300 with scaling DEI practices, 100 with lagging DEI practices
Source: A commissioned study conducted by Forrester Consulting on behalf of LinkedIn, September 2021

Key Recommendations

Companies that have invested in DEI are experiencing the benefits in the form of better sales outcomes. There are a variety of potential reasons for this. First, we know that when employees feel a sense of belonging — meaning they feel psychologically safe — and can be fully themselves in a work context, they are more likely to be engaged.[5] Organizations with a high level of engagement outperform their competitors in revenue growth.[6] Second, diverse teams are more innovative than their more homogeneous counterparts, leading to a higher percentage of revenue being generated through innovation.[7] The fact that we see these differences across KPIs in organizations that have more mature DEI practices is a clear indicator of the benefits that diversity, equity, and inclusion bring to the business.

Forrester's in-depth survey of 500 sales leaders yielded several important recommendations:

Intentionally invest in inclusive organizational practices.

Many organizations have approached diversifying their workforce as a hiring issue. But when diverse talent is hired into organizations with fundamental equity gaps or inclusion issues, organizations typically see challenges in retaining that talent. Inclusive practices such as employee networks, inclusive leadership development programs, and listening programs are key strategies to foster a psychologically safe environment where all employees feel valued for their unique perspectives.

Leverage listening programs to uncover gaps and opportunities for both customers and employees.

As organizations embark on work to strengthen their practices around diversity, equity, and inclusion, they often look to best practices for a template of where to begin and what elements to include. While external sources can provide ideas, it's essential to actively listen to the needs of your unique stakeholders, particularly customers and employees. Deeply understanding the challenges, aspirations, and friction points these individuals experience in their daily journeys will help you craft solutions grounded in the specific needs of team members and customers.

Training is a good start, but mature organizations do more.

Learning programs have a place in supporting DEI strategy, but learning alone is not sufficient to move the needle on attracting and retaining diverse talent. Systemic equity issues need to be resolved. Inclusive language and practices need to become part of organizational culture. Leaders need to model inclusive behavior, and the organization as a whole needs to value and measure progress toward DEI goals.

Continue pushing the conversation forward, even if you don't have all the answers.

Creating a work ecosystem that is psychologically safe and inclusive is not a single initiative that can be completed in a short period of time. DEI work is iterative and should be viewed as a learning process. Like a marketing or sales strategy, DEI strategy is an essential element of building a strong business that is able to attract and retain great talent and connect with a diverse customer base.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 500 sales decision-makers at organizations in the US to evaluate how diversity affects sales outcomes. Survey participants included decision-makers in account management and business development. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in August 2021 and was completed in September 2021.

Appendix B: Demographics

RESPONDENT LEVEL	
C-level executive	**5%**
Vice president	**20%**
Director	**32%**
Manager	**44%**

COMPANY SIZE	
2 to 499 employees	**9%**
500 to 999 employees	**26%**
1,000 to 4,999 employees	**34%**
5,000 to 19,999 employees	**16%**
20,000 or more employees	**14%**

POSITION/DEPARTMENT	
Sales	**100%**

REGION	
USA	**100%**

Note: Percentages may not total 100 due to rounding.

Appendix C: Endnotes

[1] Source: "The Demand For Racial Equity Is Forcing A Brand Strategy Rethink," Forrester Research, Inc., August 2, 2021.

[2] Source: "Satya Nadella email to employees: Embracing our future: Intelligent Cloud and Intelligent Edge," Microsoft News Center, March 29, 2018 (https://news.microsoft.com/2018/03/29/satya-nadella-email-to-employees-embracing-our-future-intelligent-cloud-and-intelligent-edge/).

[3] Source: "Quick Facts," United States Census Bureau, July 1, 2019 (https://www.census.gov/quickfacts/fact/table/US/PST045219).

[4] Source: "Research Overview: Corporate Values," Forrester Research, Inc., September 4, 2020.

[5] Source: Cecelia Herbert, "Belonging: The new top driver of employee engagement in 2021," Qualtrics blog, December 9, 2020 (https://www.qualtrics.com/blog/belonging-at-work/).

[6] Source: Gallup, "State of the American Workplace," 2017 (https://www.gallup.com/workplace/238085/state-american-workplace-report-2017.aspx).

[7] Source: Rocío Lorenzo, Nicole Voigt, Miki Tsusaka, Matt Krentz, and Katie Abouzahr, "How Diverse Leadership Teams Boost Innovation," January 23, 2018 (https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation).

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