The Anatomy of a World-Class Sales Organization

September 15, 2009
Since 1988, helping the world’s leading corporations drive measurable and sustainable revenue growth by transforming their revenue engines to market and sell high value solutions

- Over 350 global clients in industries such as technology, professional services, telecommunications, healthcare, manufacturing, and financial services
- Owners of the Solution Selling® Suite and related marketing and sales improvement methodologies to help companies compete
- Providing services in over 50 countries and 14 languages
- More than 700,000 Solution Selling® Alumni
- Headquartered in Charlotte, North Carolina, USA, with marketing and sales experts from a variety of disciplines and industries and a global network of over 100 business partners

“Clearly SPI is one of the thought leaders in this (Sales 2.0) arena.”
ES Research, 2007
Definitions

**ANATOMY**

- The science dealing with the structure and interrelationship of how things are organized into working parts

**WORLD-CLASS**

- Ranking among the world's best: “blowing away the competition”
The Sales Executive Challenge – “Do More with Less”

[Bar chart showing Sales Revenue Growth and Headcount Growth with percentages 10% and 5% respectively]
Sustained Revenue Growth Remains Elusive

“*We're big fans of companies that generate economic profits, but we're skeptical of the ability for many firms to do so for very long.*

*After all, success attracts competition as surely as night follows day, which is why barely 10% of our 1,400-plus stock-coverage universe earns a wide economic-moat designation.*”

– Morningstar
# 5 Barriers to an Improved Revenue Engine

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Key Symptoms</th>
<th>Operational Impact</th>
<th>Economic Impact</th>
</tr>
</thead>
</table>
| 1) Ineffective Differentiation | - Perceived as commodity  
- Failure to form consultative relationships with prospects  
- Ineffective at attaining executive sponsorship  
- Frequent price concessions to win deals  
- Target market ambiguity                                                                                                                                 | - Fewer qualified leads  
- Lower close rates  
- Steeper discounts to win deals  
- Lower field productivity and more “deal chasing”                                                                                         | - Lower gross revenues  
- Decreased margins  
- Higher cost of sales  
- Lower marketing yields                                                                                                                       |
| 2) Sales and Marketing “Disconnects” | - Marketing “leads” typically discarded by the field  
- Typically late into deals  
- Low conversion rates for leads  
- Most marketing materials not used by field  
- Ad hoc market “research” done by field                                                                                                                                 | - Lower lead conversion rates  
- Higher cost per lead  
- Lower sales productivity and “face time” for field                                                                                         | - Lower gross revenues  
- Lower margins  
- Higher marketing costs  
- Lower return on marketing (yield)                                                                                                              |
| 3) Fundamental Sales Skill Gaps | - Difficulty attaining quota  
- Low closure rates on key deals - losing competitive deals that should be wins  
- Frequent no decisions - chasing “parked cars”  
- Inability to get to buying power                                                                                                                                 | - Significant percentage of reps below quota attainment  
- Lower close rates  
- Lower productivity and less time applied to legitimate deals  
- Steeper discounts to win deals                                                                                                                | - Lower gross revenues  
- Decreased margins  
- Higher cost of sales                                                                                                                          |
| 4) Operational “Blindness”    | - Lack of well defined sales (and understood) process  
- Wide swings in revenue and low forecast predictability  
- Difficult to tell which deals are qualified - getting to the “truth”  
- Lack of “cause/effect” information                                                                                                                                 | - Difficult to understand actual state of the sales pipeline  
- Inability to provide reliable revenue forecasts – ripple effect to operations  
- Difficult for sales managers to provide effective coaching  
- Difficult to make informed management decisions                                                                                           | - Lower gross revenues  
- Increased cost of operations  
- Ineffective capital utilization  
- Decreased valuation                                                                                                                          |
| 5) Continuity and Reinforcement Breakdowns | - Lack of executive understanding and commitment to solution-centric methods  
- Quick fall-off following sales training  
- Ineffective coaching and mentoring  
- Low morale and high turnover rates  
- Technology does not reinforce methodology                                                                                                                                 | - Improvement programs have limited impact  
- Turnover and ramp-up disruption  
- Limited return on technology investment                                                                                                         | - Lack of sustained revenue growth  
- Higher operational costs  
- Ineffective capital utilization                                                                                                                |
When Revenues Decline …

“It’s the sales team’s problem”

“We need to sell solutions – not products”

“Need to train the sales force”

“Let’s replace the sales leader”
Brutal Facts I

More than $5 Billion per year spent on sales performance improvement

- 1 in 10 position value and use messages correctly and consistently
- 70% - 80% of marketing materials are unused
- Less than 50% of sales people make quota
- Half-life of typical sales training is one month

- Companies remain inept at differentiating and positioning value with customers
- Marketing and sales remain disconnected and misaligned
- Gaps in fundamental selling skills and process discipline continue to be widespread
- Systemic reinforcement is not understood and practiced

More than $5 Billion per year spent on sales performance improvement
Before Embarking on the Sales Performance Improvement Journey, Executives Must Ask Themselves:

- Is the return worth the investment for this effort?
  - Is the pain worth the gain?

- What do executives have to do differently?
  - What changes do we need to make?

- How does the executive team start the journey?
  - Where do we begin?”
Impact of Adoption on Sales Improvement Results

- This is still a good return on investment for the sales improvement initiative
- HOWEVER, with regular reinforcement, project and change management, the potential return can be 6 to 10 times higher!
- THEREFORE, the key to sales performance improvement is not only provisioning best practices to the sales team, but also increasing the adoption rate of those practices
Levels of Organizational Alignment & Process Adoption

**Level 1: Ad Hoc**
1. No sales process
2. Periodic sales training events

**Level 2: Informal**
1. Sales process defined
2. Sales training using structured methodology

**Level 3: Structured**
1. Sales process defined
2. Sales management reinforcement
3. Process integration with CRM
4. Limited marketing alignment

**Level 4: Optimized**
1. Dynamic sales process
2. Executive and Sales management reinforcement
3. Marketing alignment
4. Methodology integrated with CRM
5. Structured measurement process

<table>
<thead>
<tr>
<th>Level</th>
<th>Potential</th>
<th>Adoption</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>22%</td>
<td>80%</td>
<td>17.6%</td>
</tr>
<tr>
<td>3</td>
<td>22%</td>
<td>48%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2</td>
<td>22%</td>
<td>16%</td>
<td>3.5%</td>
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<tr>
<td>1</td>
<td>N/A</td>
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Source: CSO Insights
Brutal Facts II

- Solutions are in vogue
  - Started in B2B – today the term *solution* is everywhere

- Quota attainment remains below pre-2000 levels for most industries
- 50% of forecasted deals fail to close
- 90% of sales people struggle to effectively position value and sell solutions
- 73% of CMO’s lack confidence that value messages are reaching customers
- 70% - 80% of marketing materials go unused
- Over $5 Billion spent annually to improve top line sales performance
Key Drivers to This Solutions Movement

- The Shift From Demand-Rich to Demand-Poor
- The Daunting Challenge of Sustained Growth
- The Potential Upside for Revenue and Profitability
- Commoditization and Globalization
The Path To Commoditization

Stage 1
Product or service is introduced to address a clearly defined problem

Stage 2
Success inspires imitation and competition enters the marketplace

Stage 3
Feature / function race drives increased complexity

Stage 4
Differentiation becomes increasingly “blurred”

Stage 5
Revenues decrease and margins erode

TIME
REVENUE / MARGIN
Pseudo-Solution Maneuvers

- Calling products solutions or simply bundling services doesn’t work

## Four “types” of pseudo-solutions

- **Products**
- **“Pseudo-Solutions”**
- **Solutions**

*Consistent ability to diagnose and solve real customer problems*

*Marginal Improvement*
This Misalignment Creates “Pseudo Solutions”

- Substitute the term “solution” for product or service
- Offer products with associated services as a “total solution”
- Alter a product/service for a specific constituency and declare it a “tailored solution”
- Confuse an operation or function with a problem (e.g., telecom management “solution”)

None of these actually comprise a solution for the customer!
To Transform from Product to Solution-Centric, Companies Must…

<table>
<thead>
<tr>
<th>THINK DIFFERENTLY</th>
<th>Define yourself by the <em>problems</em> you solve versus the products you make</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMUNICATE DIFFERENTLY</td>
<td>Align all aspects of marketing execution with the <em>problems</em> you solve</td>
</tr>
<tr>
<td>ENGAGE DIFFERENTLY</td>
<td>Apply solution selling disciplines across all sales channels</td>
</tr>
<tr>
<td>REINFORCE DIFFERENTLY</td>
<td>Provide comprehensive support for solution-centric disciplines</td>
</tr>
</tbody>
</table>
Lesson Learned

When the CEO has a earnings call every 90 days and average tenure for a Chief Sales Officer is 22 months, “systemic” is a frightening word…

Without a legitimate “framework” to reduce the complexity of systemic transformation, many companies continue to take simple forms of isolated and quick action that compounds the sales problems.
Typical Sales Problem Areas

☐ We are perceived as a commodity
☐ Our competitive win rates are too low
☐ Wide variations in quota attainment
☐ Our salespeople aren’t consultative enough
☐ We struggle to position value and differentiate
☐ We struggle to access buying power
☐ We are being forced to compete more on price
☐ We are encountering frequent “no decisions”
☐ We spend too much time on the wrong opportunities
☐ We aren’t realizing potential in major accounts
☐ Our sales practices are highly varied and inconsistent
☐ We have high levels of variance in forecasting
Systemic Sales Performance Drivers

### Marketing Alignment Drivers
- Value Framework & Messaging
  - Problem / Solution Mapping
  - Solution Messaging Platform
  - Defensible Differentiators
- Go-to-Market Approach
  - Market & Customer Segmentation
  - Channel & Alliance Strategy
  - Financial Expectations
- Communications Alignment
  - Product Marketing
  - Marketing Communication
  - Lead Generation
  - Sales Linkage (Sales Tools)
- Management & Support Systems
  - Sales Management
  - Recruiting & Organizational Design
  - Compensation & Performance Management
  - Enabling Technologies
  - Culture & Leadership
- Sales Process & Methodology
  - Sales Process
  - Territory Planning
  - Account Planning and Management
  - Opportunity Management
  - Sales Execution

### Sales Execution Drivers
- Individual Skills & Knowledge
  - People Skills
  - Selling Skills
  - Situational Knowledge
  - Capabilities Knowledge

### THINK
- Communicate
- Reinforce
- Engage
Perception versus Reality*

Over 85% of the CEO’s state their company has a good image

Only 8% of their customers confirm…

Over 80% of the CEO’s state they have a good CSR & ERM policy

Only 15% of risk managers confirm…

*: Bain & Company
Conventional Wisdom for Bears*

First reaction: Hibernation

Based on four assumptions

- The crisis is short
- Adequate resources are stockpiled
- Few opportunities missed while hidden in a cave
- There will be a return to the prior state

Reduce metabolism and wait until normalcy returns

*: The Boston Consulting Group
Don’t Waste a Good Crisis … *

The current economic crisis may turn out to be a great catalyst of the twenty first century to action

* Rahm Emanuel, White House Chief of Staff
Riders on the Storm – The Plan

Solidify Vision and Commitment
- Design Blueprint
  - Organization
  - Process
  - People

Build and Sustain
- Environment
- Capability
- Performance

Yesterday
Today
Tomorrow
THE ANATOMY OF A WORLD CLASS SALES ORGANIZATION – THE BLUEPRINT
Key Dimensions of World Class Sales Organizations

Technology Enablement

Solution Marketing
Training and Continual Learning
Management Systems and Disciplines
Sales Knowledge Management

Buyer-Aligned Process and Methodologies

Blueprint for World Class Solution Selling
The Value of Attaining World-Class

- **Technology Enablement**
  - 11% higher quota attainment
  - 11% higher win rate of forecasted deals
  - 2X improvement in CRM ROI

- **Solution Marketing**
  - 25% higher quota attainment
  - 20% higher win rates
  - 5X reduction in excessive discounting

- **Training and Continual Learning**
  - 9% higher quota attainment
  - 7% higher win rates of forecasted deals
  - 5% less turnover

- **Management Systems and Disciplines**
  - 12% higher quota attainment
  - 6% higher win rates of forecasted deals
  - 9% less turnover

- **Sales Knowledge Management**
  - 17% higher quota attainment
  - 10% higher win rates
  - 18% less turnover

- **Buyer-Aligned Process and Methodologies**
  - 7% higher quota attainment
  - 6% higher win rates
  - 10% less turnover
Buyer Aligned Sales Process and Methodologies

CUSTOMER BUYING PROCESS

SALES PROCESS STEPS

ACTIVITIES/MILESTONES

VERIFIABLE OUTCOMES

ROLES

METHODOLOGY-BASED SKILLS, SALES AIDS & TOOLS

MANAGEMENT SYSTEM
88% of respondents indicated that a sales process either improves or significantly improves their sales performance

Source - 2008 Sales Performance Optimization Report
Process Pays Off

<table>
<thead>
<tr>
<th>Level of Sales Process Adoption</th>
<th>Level of Sales &amp; Business Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 Ad Hoc</td>
<td></td>
</tr>
<tr>
<td>Level 2 Informal</td>
<td></td>
</tr>
<tr>
<td>Level 3 Structured</td>
<td></td>
</tr>
<tr>
<td>Level 4 Dynamic</td>
<td></td>
</tr>
</tbody>
</table>

- Sales process exists, but not reinforced
- Not measured or monitored
- Represents nearly 50% of surveyed organizations
- Method-based training

- Sales process that is adjusted based on real-time metrics
- Fully integrated with other organizations (HR, IT, Marketing, Care) and enabling technologies (CRM)
- Tightly linked to business objectives

58% Quota Attainment → 65%
49% Win Rates → 55%
39% Turnover → 29%
Essential Process/Methodology Integration

End-to-End, Buyer-Aligned Sales Process

Internal → Supporting Methodologies → Customer

Planning → Execution → Management

Territory Planning → Account Planning and Management → Opportunity Planning

Sales Execution → Selling to Executives → Channel Sales → Sales Management

Sales Closure → Territory Definition
The Sales and Marketing Alignment Gap

“This Marketing / Sales divide in B-to-B firms leads to a tremendous waste of marketing and sales effort and expenditures, inconsistent customer messaging, poor or delayed sales readiness, fewer sales calls as a result of protracted sales preparation time, and less effective selling dialogues.

The bottom line: higher costs, lower revenues, and shrinking margins in an economy where these problems can put a firm out of business.”

Source: Aberdeen Group

“Under 30% of CMO’s were confident that their sales teams were on message with the platforms established by the corporate marketing organization”

Source: CMO Council

“80% of respondents indicated that they have no formalized vision or plan for achieving sales and marketing alignment”

Source: Sirius Decisions

“80% of marketing materials go unused by the sales organization”

Source: AMA
Messaging and Sales Tool Alignment

Step 1: Develop Problem/Solution Mapping
Step 2: Document Defensible Differentiators
Step 3: Build Critical Business Issues Menu
Step 4: Develop Solution Messaging Cards
Step 5: Build Sales Tools (and other Marketing tools)

Segment A

Proprietary
Comparative
Holistic

Sample Customers
Sales
Overlay
Indirect
MarCom
Product Marketing

Website
Collateral
White Papers
MarCom
Website
Linkage to Key Sales Tools

Solution Messaging Cards

<table>
<thead>
<tr>
<th>Door Openers</th>
<th>Business Outcomes</th>
<th>Required Capabilities</th>
<th>Metrics</th>
<th>How We Do It</th>
<th>Differentiators</th>
<th>Case Studies</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Success Brief</th>
<th>Value Analysis</th>
<th>Pain Sheet™: Sit. Fluency Prompter®</th>
</tr>
</thead>
</table>

Pain Chain™

Initial Value Proposition

Key Players List

OTHER JOB AIDS
- Success Criteria
- Business Development Letter
- Draft Go-Forward Plan
- Ideal Client Profile
The Value of Marketing Alignment

- Outdistance their peers in quota attainment by 25%
- Have 20% higher win rates than their competitors
- Have significantly higher forecast accuracy
- Three times more successful in the highest proposal win category
- Correlate to much higher up-sell and cross-sell success
- Avoid excessive discounting by a factor of 5

Companies who rate themselves as “World Class” at Customer Message Management (CMM) – CSO Insights
The Training “Event” Dilemma

On average, 50% of the content of a sales training event is lost in 5.1 weeks.

On average, 84% of sales training content is lost after 90 days.

Source: Equation Research
The **Application** Measurement Gap

**Source:** ES Research/SPI
## Five Levels of Learning Measurement

<table>
<thead>
<tr>
<th>Tier</th>
<th>Type</th>
<th>Item Measured</th>
<th>Examples</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| 1    | Reaction   | Opinions of participants about the training event                             | “Smile sheets”- post session evaluations                                                      | • Easiest to measure  
• Quickest feedback  
• Lowest cost  
• Least long-term insight |
| 2    | Understanding | Skills and knowledge learned by participants                                | Pre-class and post-class test  
Demonstration in case studies                                                           | • Easy to administer and moderate  
• Can be part of the instructional design  
• More predictive value |
| 3    | Application | On-the-job behavior changes                                                  | Observation and interviews on the job                                                          | • Difficult to observe and quantify  
• Measurement process may affect outcome of sales interactions  
• Requires managers’ participation  
• Many dependencies |
| 4    | Pipeline Impact | Measurement of pipeline metrics                                              | Improvements in:  
• Sales cycles  
• Win ratios  
• Average deal size | • Easy to measure, due to information available in CRM systems  
• Difficult to link business impacts to behavior changes |
| 5    | Business results | Measurement of financial metrics                                             | Improvements in:  
• Revenue  
• Cost of sales  
• Profitability  
• ROI analysis | • Easy to observe or calculate from typical business reports  
• Difficult to trace correlation of improved results to training  
• Many dependencies |
This survey will explore your current selling abilities, with a focus on your reaction to certain selling situations.

This survey normally takes 20-25 minutes to complete. Please be candid in your responses and spend the appropriate time necessary to respond to all questions.

Thank you in advance for your cooperation!

For the following section, please select the optimal sales tactic given the situation.

1. You have been speaking with a sponsor level individual in a company. He has told you that his boss has significant influence in making a decision but your sponsor has been unwilling to set up a meeting between yourself and his boss. What should you do?

   - Continue meeting with your sponsor until he agrees to give you access to his boss
   - Tell the sponsor you will not meet with him again until he gives you access to his boss
   - Find someone else in the organization who can give you access to his boss
   - Offer to have the sponsor talk with a reference account in return for a meeting with his boss.
   - Offer to take the sponsor and his boss to play golf and have dinner.
Managing Process Behavior and the Numbers

- Identify Skill Issue
- Analyze Opportunity
- Coach Skill Issue
- Coach Opportunity
- Follow-up
- Analyze Pipeline
- Update Database

Management by exception
Cadence of the Business

Sales Performance Review(s)

Executives

Region Head

Territory

Level of Review

Sales Performance Review

Sales Managers

Sales People

Individual

Sales Performance Review

Territory

Time

Level of Review

Sales People

Sales Managers

Executives

Region Head

Sales Performance Review(s)

P&L

ROI / ROA

Analysts & Investor Relations

Process disciplines (SARBOX) for sales

Top-line Growth

Channels & Segmentation Strategy

Resource Allocation & Investments

Reporting (Sales, Mkting, HR)

Sales Performance Review

Territory

Sales People

Sales Managers

Executives

Region Head

Sales Performance Review(s)

P&L

ROI / ROA

Analysts & Investor Relations

Process disciplines (SARBOX) for sales

Top-line Growth

Channels & Segmentation Strategy

Resource Allocation & Investments

Reporting (Sales, Mkting, HR)

Top Deals

Forecast Accuracy

Mentor & Coach

Reporting Rollup (CRM, HR)

Pipeline

Wins

Cycle

Footprint

Satisfaction

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## Predictable Results – Pipeline Milestones

<table>
<thead>
<tr>
<th>Win Odds</th>
<th>Code</th>
<th>Sales Process Step</th>
<th>Sales Execution Activities and Verifiable Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>T</td>
<td>PLAN</td>
<td>- Identify potential opportunity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Territory / Account / Opportunity Plan</td>
</tr>
<tr>
<td>10%</td>
<td>S</td>
<td>CREATE</td>
<td>- Identify potential beneficiary</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Stimulate interest</td>
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<td></td>
<td></td>
<td></td>
<td>- Get pain admitted</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>- Confirm dialogue and agree upon next steps</td>
</tr>
<tr>
<td>25%</td>
<td>D</td>
<td>QUALIFY</td>
<td>- Diagnose admitted pain of Sponsor</td>
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<td>- Create or reengineer vision for potential Sponsor</td>
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<td></td>
<td></td>
<td>- Gain agreement to explore further</td>
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<td></td>
<td>- Negotiate access to Power</td>
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<tr>
<td></td>
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<td>- Confirm dialogue &amp; agree upon next steps</td>
</tr>
<tr>
<td>50%</td>
<td>C</td>
<td>DEVELOP</td>
<td>- Diagnose admitted pain of Power Sponsor</td>
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<td>- Create or reengineer vision for potential Power Sponsor</td>
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<td></td>
<td></td>
<td>- Gain agreement to explore further</td>
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<td>- Determine evaluation criteria</td>
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<td></td>
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<td></td>
<td>- Propose a plan of next steps</td>
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<td>- Confirm dialogue &amp; agree upon plan of next steps</td>
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<td>75%</td>
<td>B</td>
<td>PROVE</td>
<td>- Begin execution of next steps</td>
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<td></td>
<td></td>
<td>- Present preliminary solution</td>
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<td></td>
<td></td>
<td></td>
<td>- Prove capabilities</td>
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<td></td>
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<td></td>
<td>- Conduct review of proposal</td>
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<tr>
<td></td>
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<td></td>
<td>- Ask for the business</td>
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<td></td>
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<td>- Issue proposal (decision due)</td>
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<td></td>
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<td></td>
<td>- Receive verbal approval</td>
</tr>
<tr>
<td>90%</td>
<td>A</td>
<td>NEGOTIATE</td>
<td>- Prepare for final negotiations</td>
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<td></td>
<td></td>
<td></td>
<td>- Reach final agreement</td>
</tr>
<tr>
<td>100%</td>
<td>W</td>
<td>CLOSE</td>
<td>- Get necessary documents signed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Signed documents</td>
</tr>
</tbody>
</table>
Technology Enablement

Technology Must Support the Sales Process and the Overall Selling Blueprint

**Key Technology Enablers***

- **Buyer-Aligned Process and Methodologies**
  - CRM/Process Alignment
  - Jigsaw
  - Inside View
  - OneSource/First Research
  - Solution Selling Software
  - SalesWiki

- **Sales and Marketing Alignment**
  - Value Mapper
  - Solution Selling Software
  - SalesWiki

- **Continual Learning Framework**
  - KSA Assessment
  - GeoLearning LMS
  - SalesWiki

- **Management Systems and Disciplines**
  - CRM/Process Alignment
  - Management Dashboards
  - KSA Assessment
  - SalesWiki

*Illustrative – not comprehensive*
Common Misconception

“We have a CRM system, therefore we have a sales process ”

Why is this a misconception?

- Assumption: “CRM systems are based on sales best practices”
- Virtually all CRM systems focus on data entities, not sales process
- Sellers do not obtain input on how to advance their opportunities
- Even CRM systems that support sales process may be out of alignment with the way(s) that your customers want to buy
- Reinforces the ad-hoc nature of organizations with a Level I or Level II sales process
CRM Adoption and Sales Process Linkage

“If you inculcate the use of a formal sales process in your sales organization, you will see an increase in the adoption rate of your CRM applications across your sales force.”

From 2008 Sales Performance Optimization Report. Used with permission of CSO Insights – all rights reserved.
Where CRM Falls Short

- Accurate, Complete, Up to date data?
- Getting User Acceptance
- Meaningful Analytics
- Customizing CRM application
- Measuring CRM Project ROI
- Identifying Sales Process Problems
- Matching software to process
- Effectively rolling out the application
- Obtaining Executive Support
- Managing CRM vendor relationship
- Getting adequate project funding

Source: CSO Insights 2006 Sales Performance Optimization Study
The Usual Disconnect: CRM, Sales and Training

Sales Training Consultants

Pros – Expertise in theory and process
Challenge – Often removed from what a sales manager does on a daily basis
Challenge – Limited expertise in CRM

Sales Executives

Pros – Know the world they live in and the processes they want to create
Challenge – Limited time and resources to do it all.
Challenge – The daily headaches of managing people
Challenge – Efficiently getting the external resources to deliver

CRM Consultants

Pros – Domain expertise
Challenge – Often removed from what a sales manager does on a daily basis
Challenge – Limited expertise in sales process
Why Do CRM Initiatives Fail? At Least One of The Following Five Key Components Is Missing...

- **No Sales Process**
  - A mistake easily made is to confuse a CRM system and a sales methodology with a sales process.
  - CRM system and sales methodology = “What” of Sales.
  - While this is useful, what the seller really wants to know = the “How” of selling = sales process.

- **No Sales Process Workflow Tracking**
  - A company may have a real sales process, but it will not get to level 4 UNLESS it actively tracks what is going on in the process.
  - More than just a few tabs in the opportunity manager of the CRM system.
  - Instead, a company needs to track the detailed process workflow of the deal as it progresses (or falls apart) through the sales funnel.

- **No Sales Management Analytics**
  - The CRM technology leveraged needs to have specific capabilities to allow sales managers to dive deep into the sales funnel and quickly surface why: win rates are rising or dropping, discounting is increasing or decreasing, sell cycles are slowing down or speeding up, channel sales are on the rise or the decline, and more.
  - This means including a sales management dashboard as part of the CRM framework to allow executives to provide meaningful feedback and coaching to their reps.

- **No Demand Chain Analytics**
  - Need for insights extends beyond what sales needs to know about how they sell.
  - Marketing also needs visibility into: tracking leads from marketing to the appropriate sales channels, make the right decision on lead generation programs (continue, change, drop).

- **Best Practices Sharing**
  - Insights gained by sales operations, marketing and management are kept at headquarters and not shared with those in the field.
  - Companies should ensure sharing of best practices quickly with telesales, field sales, and channel sales reps.
CRM Sales Process Alignment (SPA)

Integrate Sales Process

Integrate Terminology

Integrate Sales Tools

Integrate Reports

Integrate Sales Management

Define Roles And Responsibilities

Stages
Yields
Visibility of VO’s and Activities

Stage Names
Buying Roles
Verifiable Outcomes

Sales Execution Tools & Templates
Referential Tools

Stuck Opportunities
Pipeline Management
Activity Management

Views / Visibility
Workflow

Expectations by Stage

CRM Adoption Depends on Alignment With Process and Methodologies
The Growing SKM Challenge

- Selling time is down from 46% two years ago to 36% (ES Research)
- Sales ramp-up times continue to trend upward
- 80% of knowledge remains undocumented
- 44% of sales organizations dissatisfied with best practices sharing
- Pace of change is accelerating
The “How” of Selling Is Often Hard to Get

**Challenges Accessing Sales Knowledge**

- Customer Objection Handling Information: 40.1% (Some Hunting Required), 25.3% (Significant Effort Required), 14.2% (Can Rarely Find)
- Strategic Account Plans: 32.0% (Some Hunting Required), 24.0% (Significant Effort Required), 18.8% (Can Rarely Find)
- Best Practices used by the Sales Force: 39.6% (Some Hunting Required), 19.7% (Significant Effort Required), 15.0% (Can Rarely Find)
- Competitive Analysis Information: 39.6% (Some Hunting Required), 19.7% (Significant Effort Required), 15.0% (Can Rarely Find)
- Customer References/Case Studies: 43.3% (Some Hunting Required), 19.3% (Significant Effort Required), 9.1% (Can Rarely Find)
- Details on Client’s Marketplace/Industry: 43.5% (Some Hunting Required), 19.6% (Significant Effort Required), 8.1% (Can Rarely Find)
- Details on Past Marketing/Selling Efforts: 37.6% (Some Hunting Required), 21.4% (Significant Effort Required), 11.4% (Can Rarely Find)
- Details on Client’s Executives: 39.6% (Some Hunting Required), 16.6% (Significant Effort Required), 11.8% (Can Rarely Find)
- Proposal/Business Case Templates: 35.0% (Some Hunting Required), 12.3% (Significant Effort Required), 9.9% (Can Rarely Find)
- Details of Past Customer Purchases: 34.0% (Some Hunting Required), 14.6% (Significant Effort Required), 6.6% (Can Rarely Find)
- Customer/Prospect Contact Information: 29.1% (Some Hunting Required), 8.9% (Significant Effort Required), 2.7% (Can Rarely Find)
Sales Knowledge Management is the New Imperative

Key Knowledge Assets*

- Sales Process Templates
- Process/Methodology Mapping
- Sales Tool Linkage
- Problem/Solution Maps
- Defensible Differentiators
- Business Issue Menus
- Product/Solution Information
- Competitive Intelligence
- Solution Selling Tools
- Process Navigation
- Methodology Help
- Sales Tool Templates
- Best Practices Library
- Learning Modules Linkage
- Process Navigation
- Methodology Coaching
- Sales Tool Templates
- Best Practices Library
- KSA Linkage

Sales Process and Methodologies
Sales and Marketing Alignment
Continual Learning Framework
Management Systems and Disciplines

Knowledge “Architecture” Must Support the Sales Process and the Overall Selling Blueprint

* Illustrative – not comprehensive
The Value of Sales Knowledge Management

- 17% higher quota attainment
- 10% higher closure rates
- 18% reduction in voluntary turnover
- 10% improvement in forecasted deals that close
- 7.2% improvement in revenue/employee

Sources: CSO Insights and Aberdeen Research
SalesWiki – Web 2.0 Sales Knowledge and Collaboration Example

- Search
- Commenting
- Rating
- Tagging
- Blogging
- Messaging
- RSS
Beginning the Journey to World Class

- Fill in a World-class Selling “Report Card”
- Apply objective criteria to each key dimension
- Report Card provides a numerical “grade” for each key dimension and overall maturity

<table>
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<tr>
<th>1) Buyer-Aligned Process and Methodologies</th>
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<td>Average</td>
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<tr>
<td>Selling steps defined and documented for each solution</td>
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<td>Poor</td>
<td>19.5</td>
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<tr>
<td>Sales process includes essential planning steps as well as sales execution steps</td>
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<tr>
<td>Specific activities defined for each step in the sales process</td>
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<tr>
<td>Sales process clearly delineates roles, responsibilities, and accountabilities</td>
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<td>Poor</td>
<td>19.5</td>
</tr>
<tr>
<td>Verifiable outcomes linked to customer behavior defined for each step in the sales process</td>
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<tr>
<td>Probabilities of winning business based on attainment of specific verifiable outcomes in the process</td>
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<td>Maturity Level</td>
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</table>
Conclusion: Six Key Dimensions of World-Class Sales Organization

1. A buyer-aligned sales process definition and supporting methodologies

2. Alignment between market messaging, sales tools, and sales conversations

3. A continual “learning framework” (skills assessment, training and reinforcement) that aligns with process and methodologies

4. Management “system” and disciplines that foster and sustain process and methodology adoption

5. Technology enablement that explicitly supports process, methodology, and management practices

6. On-demand, “encyclopedic” access to essential knowledge for effective sales and situational fluency
Step 1: The role of the Sales Force in the Go-To-Market Strategy
A framework for developing a Go-To-Market Strategy: what is the best way to segment the market? What work is required for each segment? What portfolio of Go-To-Market Participants should do the work? Should we use a direct or indirect sales force?

Step 2: Sales Force Assessment and Strategy
Sales Force Strategy and Statement. The components of a selling organization; the sales force productivity drivers; measuring sales force productivity.

Step 3: Sizing the Sales Force for Strategic Advantage
Sales Force Size and Structure. Insights for better sales force design; finding the optimal sales force size; the impact of technology on sales force size; sizing recommendations.

Step 4: Structuring the Sales Force for Strategic Advantage
Sales Force Structure Objectives: Adaptability, Efficiency and Effectiveness. Developing an effective and efficient sales force structure.

Step 5: Designing Sales Territories that Increase Sales
 Territory Alignment. Insights; events that create the need to realign; forces against change; maintaining an effective alignment.

Step 6: Recruiting the Best Sales People
The Hiring/Training tradeoff. Impact of hiring decisions; hiring improvement; implementing a successful hiring process.

Step 7: Training the Sales Force
The High Performance Selling Organization is a good Training Organization. Improving sales training; development for success.

Step 8: The Critical Role of the First-Line Sales Manager
The sales manager’s role. Five steps to establishing and sustaining a vigorous sales management team.

Step 9: Motivating the Sales Force
Individual motivators; job characteristics; sales force productivity drivers; motivation strategies; insights for better sales force motivation.

Step 10: Compensating for Results
A sales force incentive compensation framework. Effective incentive compensation plan design and process.

Step 11: Setting Effective Goals and Objectives
Types of sales force goals. What do goals accomplish? Goal-setting observations; tracking performance against goals; determining successful territory-level goals- a five-step process. Goals and objectives reflect the selling environment as well as the culture and values of the sales force.

Step 12: Account Tracking
Customer segmentation and account strategy development, implementation, tracking and analysis.

Step 13: Using Technology to Assist the Sales Force in Customer Relationship Management
The role of CRM systems. Why CRM systems fail; CRM objectives and opportunities; the components of a CRM system; steps to a successful CRM design and implementation.

Step 14: Performance Management
The control loop of the sales force. Performance management process; performance measures; insights for successful performance management.

Step 15: Building the High Performance Sales Culture
Norms, values, and work styles- the elements of a sales force culture. The formation of a sales force culture; how to change and maintain a successful sales force culture.
Call to Action

- Before you embark on the journey you MUST understand where you are starting from:
  - Apply a rational diagnostic and remediation framework
  - Gather baseline performance data
- Consciously decide, as an organization, to transform and create a roadmap for a solution-centric transformation
  - “Senior-most executives (not just sales) must make solution selling the company’s mission if they are to be successful (and profitable).” (IDC)
  - Re-calibrate key aspects of how you think, communicate, engage, and reinforce across your organization

Is the pain of staying the same greater than the pain of changing?
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