

HOW TO BUILD HIGH GROWTH

Kicking off a new series, RICHARD HIGHAM and ALAN TIMOTHY provide data-led insights that will help achieve impressive sales growth

Achieving and sustaining high levels of growth takes effort. It means juggling multiple factors, any one of which can bring everything tumbling down. While it's fascinating and impressive to see an accomplished juggler at work – it all seems so graceful – it's easy to forget the hard work and strong grasp of physics that underpins the effortless performance. Here, we introduce five essential elements that together enable sales leaders to make sales-growth performance look and feel graceful.

1. GOALS

One of the most striking aspects of recent research into sales performance is how often sales teams are missing their goals. Here are 10 reasons that show how goals can easily be missed because of the way they are set up:

- The target has been set from the top down in order to meet corporate strategies and goals. The target is a wish-list that bears little relationship to what has been achieved
- The target has been inflated as it goes up and down the line. What may have started out as a valid and validated figure has fudge factors built into it until it becomes unrealistic
- This fudge factor is often linked to a low-trust environment where everyone thinks everyone else's view is at best unrealisable and self-serving
- The sales target is built around the compensation plan, rather than the other way round. The targets are designed either to keep motivation high or cost low, with scant regard for the business context

- The sales target is set too late in the financial year. By the time the targets are in place much of the selling for the period should have already started. The length of the buying cycle and the inevitable time lags make hitting the target in the period much more difficult
- The target is based on flawed data. This could be as simple as getting average order values or predicted conversion ratios wrong. The assumptions do not reflect accurate data
- Individual targets are set simply by dividing the overall target by the number of sellers. They do not take into account different customer bases, territories etc. Nor do they reflect existing capabilities and individuals' potential for growth
- The sales compensation plan is flawed and contains unintended consequences that do not motivate the sellers to achieve target
- The goals have not been compellingly and clearly communicated. Sellers do not believe they will be able to achieve the required result
- A culture of fear means that individuals and managers accept sales targets that they don't believe in, rather than risk appearing uncommitted and preparing to fail.

Sometimes, however, the goals set are realistic – but stretching – and the reason they are missed is to do with performance issues. We will explore these reasons in more detail in our next article.

2. RESULTS

The second crucial element of sales performance is incorrect analysis and communication of results. If the data available to sales leaders and top



management is flawed then decisions will be flawed also, and remedial action will be taken too late or not at all. If individual sellers do not trust the sales result they receive, they don't know where they stand and they question any direction or coaching they are given. Here are 10 questions to ask about the way your sales results are measured, analysed and communicated:

- Are the sales results accurate? If sellers don't trust the figures in the sales reports, their commitment to hit targets will be weakened
- Is income recognition accurate and fair? I worked in one sales organisation where individuals regularly felt that their sales share did not reflect their share of the workload contributed. A sales team member might have 30% of the value of a deal attributed to them, whereas they felt they had made 60% of the contribution. Management was complicit, using sales recognition as a tool to keep their favourite

“One of the most striking aspects of recent research into sales performance is how often sales teams are missing their goals”

sellers happy, rather than to reflect reality

- Are the sales results published in time? If sales results come out late then remedial action is delayed
- Are the sales reports clear and unambiguous? Do salespeople, sales managers and senior management all understand the reports?
- Are the results presented simply enough and in one format? Multiple sales reports confuse and frustrate. One bank I worked with required five different sales reports from five sources. People were creating their own spreadsheets to present ➤

< information. There was immense duplication of effort and no one knew which piece of data was being referred to

- Is there a dashboard or summary in place that gives people a quick snapshot that they can then drill down into?
- Is the sales reporting sufficiently granular? Is it possible to see product mix, customer mix etc. quickly and easily?
- Do the sales results make it easy to see trends rather than simply provide information on absolute figures? For example, is there data showing 12-month rolling sales results rather than just those for the year to date?
- Are sales to key accounts reported on, analysed and presented in a way that is accessible and useful to key account teams?
- Are the sales figures and the insights that come from them presented clearly at all levels – from individual sellers, through selling teams to other departments and senior management? Clarity and transparency increase trust.

With the setting of goals and the capturing of results in place, what are the drivers of growth-generating sales performance? Some time ago, I was

running a workshop for a global bank in Jakarta. We were located in an office tower block surrounded by building sites, with a crane dominating each site. It occurred to me that the

overall performance of each site was driven by the performance of the crane – and that the crane driver really had only three levers to work with. He could move the boom around, move the hook along the boom, and move the hook up and down.

Similarly, sales drive company performance, and sales management really only has three levers to drive sales performance. These levers are:

- Activities – “Are we doing enough active selling?”
- Concentration of focus – “Are the right people talking about the right products/services to the right people in the right customer organisations?”
- Effectiveness – “Are they doing all this in the best possible ways?”

Let’s look at the three levers in turn.

3. ACTIVITIES

When sales performance is described as a numbers game people respond differently. Some agree and point to a correlation between number of visits and the result. Others fervently disagree, saying it’s not about quantity, but quality. Of course, quality matters – but there is a clear correlation between sales activity and sales result. Here are just two examples. We analysed 200 salespeople in five

major industrial companies. We measured the changes in activity and then analysed the change in result. There were no significant changes in the market environment, pricing, sales training etc. but there was a 98% correlation between the measured changes in activity and the ensuing sales results.

In another case, a market-leading distribution business changed the job specification of depot managers, so they did 10 sales visits a week rather than five (ie. a 100% uplift in their sales activity). The revenue generated by this group of individuals rose by 13% over a six-month period, again without any change in the type of customer visited or any change in their capabilities. Our conviction, therefore, is that the quickest and simplest – and usually the first – thing to do in lifting sales performance is to get the activity levels up.

4. CONCENTRATION OF FOCUS

Concentration of focus is also a critical success factor in driving growth. There are several aspects to consider:

- Are the right people involved in the right stages of the sales process? This could be a question of using inside sales rather than outside sales. There is

good evidence emerging that inside sales are not only effective in early stage lead nurturing and lower value deals, but are proving themselves in taking large deals through to completion.

It could also be a case of using artificial intelligence (AI) to identify the most appropriate salespeople to take on different opportunities

- Are they talking to the right people at the right levels? For example, one global bank’s trade finance team had traditionally dealt with shipping clerks when selling letters of credit. As they introduced more sophisticated products, they realised they were addressing the wrong audience and began building relationships with senior financial managers. The average order value rose dramatically

- Are they talking about the right products or services? The main reason the bankers needed to change their contact points was that they were introducing new services around cashflow management and working capital. The buying decisions were completely different, so the target audience needed to change.

- Are they focusing on the right customers? We are currently working on a major segmentation exercise with a professional services organisation. It has recognised that a one size fits all approach across a multifaceted customer base is no longer viable, so it is now targeting specific resources at particular client groups – and seeing an immediate positive impact.

“Three levers drive sales performance: activities, concentration of focus, and effectiveness”

5. EFFECTIVENESS

Doing enough selling activities, and doing them in a more targeted way, will only take you so far. The final lever, effectiveness, is also vital. There are two elements to this lever: the individual capabilities of the sellers, and the power of the tools and processes available to them.

When looking at individual capabilities we like to use the heading **TASKS**. The component parts, which are interlinked in many ways, stand for:

Talent – The innate capabilities that individuals possess, almost as part of their DNA. One might include ability to build rapport or to come across as credible. Of course, these are to some extent learnable skills, but talent looks at a salesperson's underlying strengths

Attitude – Here we are looking at the mindsets that have such a big impact on sales success such as resilience and optimism

Skills – The “ability to do” that might include negotiating skills or skill in using social media. Traditionally, selling skills have been developed through formal sales training, but more and more attention is being focused on coaching and on-the-job development

Knowledge – This could be product knowledge, competitor knowledge or sector knowledge. The ways of acquiring, distributing and embedding sales knowledge are going through radical shifts with a move from one-off learning to “just-in-time” availability of knowledge for specific situations

Style – Although we are committed to applying science to sales, we also recognise that individual flair and personality are huge assets. While working on the many exciting aspects of sales innovation it is important to identify and nurture individual style.

Effectiveness is partly a development of the individual across the **TASKS** spectrum. It is also a question of having the right tools and processes in place. These can often be broken down into five stages or advances:

- Diagnostic tools that help you gain a clear picture of the current and desired capabilities of a sales team, or which analyse call patterns and coverage
- Formulating processes, such as formulating an effective sales compensation plan or a strategic account methodology
- Development tools, such as innovative sales training using gamification or tools for imparting customer knowledge
- Tuning processes that include field-based and virtual coaching tools, playbooks and memory prompts, among others
- Re-calibration tools for measuring the impact of sales performance improvement measures, embedding changes in daily business, and

CASE STUDY: GENERATING SUSTAINED SALES GROWTH

A household brand was selling sports equipment through retailers. It was trying to increase the sales of a high-end optional component, but salespeople were failing to achieve their targets. The more they struggled the less they talked about it – even though the product was pushed at monthly sales team meetings, and people could see the flat-lining sales and felt the pressure.

Nothing improved until, instead of reporting results on a monthly basis, the business introduced an app to gather live sales visit data. Each day, at 1pm and 6pm, sales

managers received live data showing whether each salesperson had talked about the chosen product in a visit and whether they had closed a sale. Based on this instantaneous information, the sales manager called the salespeople and provided individually tailored coaching on attitude, skills or knowledge, as needed. This combination of changing how the business managed information, concentration of focus, and enhanced effectiveness generated a 300% improvement in sales results over a six-month period.

identifying future change that will require adapting the approach.

Having tools and processes in place to cover these five stages is a powerful way of managing risk and improving performance.

SUMMARY – FIVE KEY COMPONENTS

We have opened up the five critical aspects of generating sustainable, high-growth sales performance. In summary:

- Goals need to be set in a way that ensures that they are achieved and that they contribute to the embedded value of the business
- Results need to be analysed and communicated in a way that underpins success and allows actions to be taken early enough
- Activities need to happen at the right level, and improving the sales activity level is the fastest way to lift performance
- Concentration of focus radically improves conversion rates and order value. Consider focus by the right people, on the right people, in the right customers, and about the right products
- Effectiveness requires developing the right **TASKS** (Talent, Attitudes, Skills, Knowledge and Style) in individuals and ensuring the right tools and processes are in place to support them.

We will be exploring these ideas in greater detail in future articles of this series. In the meantime, to see how the levers interact, and to gain a sense of where the emphasis lies within your sales team, take a few minutes to try the quick – and free – ACE Diagnostic at www.saleslevers.com



RICHARD HIGHAM (FISM) and **ALAN TIMOTHY** are directors of SalesLevers. Together with co-director Martin Allison (FISM) they cover the art, science and business of sales. Email richard.higham@saleslevers.com or call +44 (0)7712 588757.