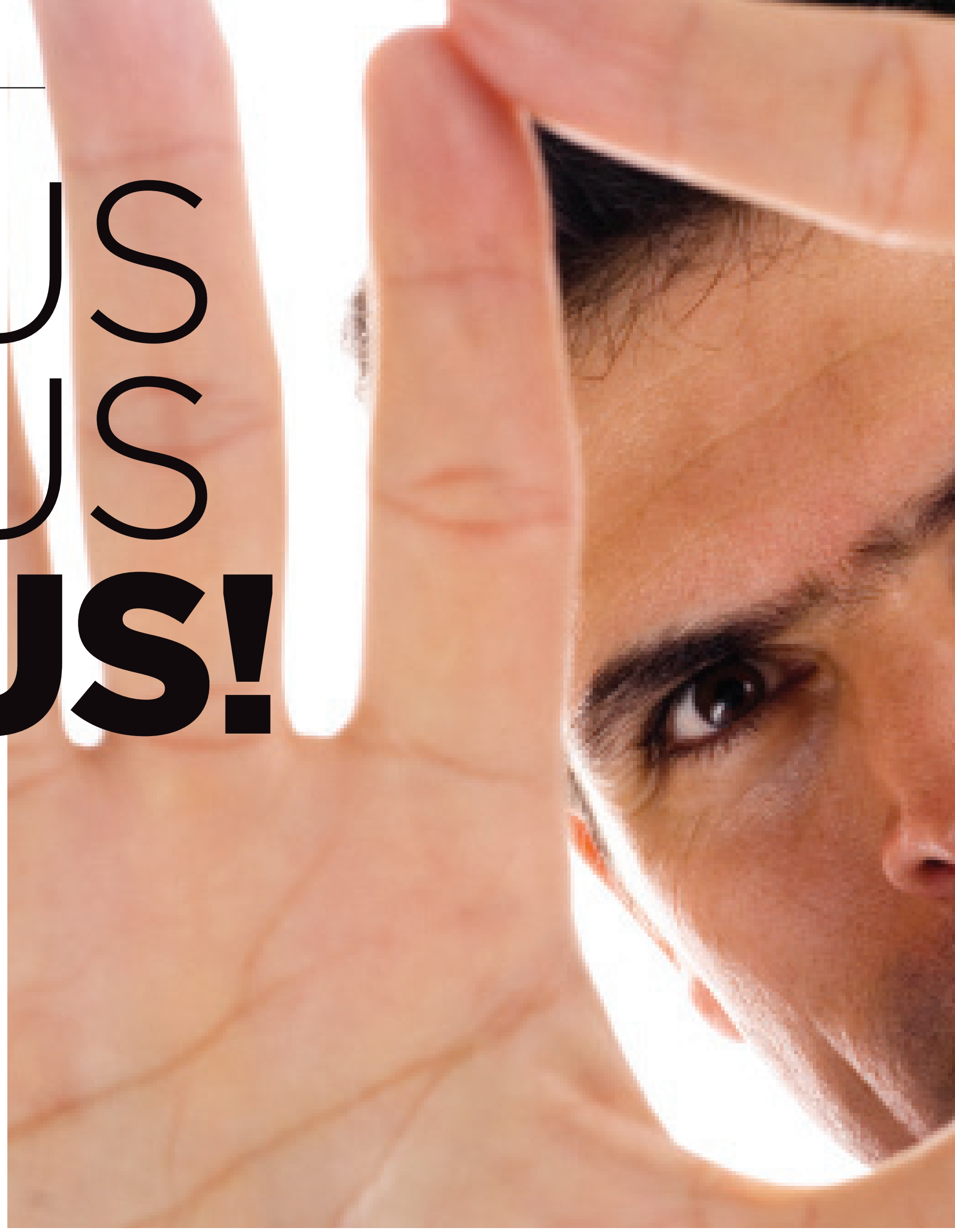
FOCUS FOCUS FOCUS!



RICHARD HIGHAM and ALAN TIMOTHY urge sales leaders to concentrate on what really matters

This feature continues our series on a data-led approach to sales performance improvement. So far, we've looked at goal-setting, ways of monitoring and analysing results, and getting activity levels right. Here, we consider concentration of focus. Selling is not the random set of actions that some outside the profession see. It's also clear that we have to achieve a result with limited resources – we can't do everything everywhere. Let's start by looking at the need for a focused approach and then work on three areas of focus: the right customers, the right contacts, and the right products and projects.

SELLING ISN'T RANDOM

Some time ago we were working with a company making sewing thread. In a sales performance workshop, we were working on coverage and the need to spend the right time with the right customers. One rep explained his strategy: "As I go out of my front door each day I have a sense of excitement because I don't know who I'm going to visit that day. At the end of my road is a set of traffic lights with a three-way filter. Whichever filter turns green first, that's the direction I go, and I visit the customers who lie that way." Challenged on the somewhat random nature of his territory planning, he responded, "By the law of averages I'll cover my territory in the course of a month so my approach is logical. Plus it keeps every day fresh for me and my customers." You have to admire his originality!

One of my favourite *Tales from the Far Side* cartoons from the outstanding Gary Larson features a sheriff looking across at a pile of rifles, spurs, boots, stetsons and horses. He explains to his deputy, "Dawkins, a posse isn't something you just throw together." The same is true of sales. It is not random. It takes planning and it takes discipline.

LEARNING FROM THE GREATS

One of the greatest exponents of taking a focused approach was Frederick Lanchester, an exceptional engineer who built the UK's first petrol-powered car (the Lanchester), among other great achievements. Lanchester was appalled by the waste of life in the First World War and turned his brilliant mind to looking for ways to ensure success. He carried out extensive quantitative studies of the number of casualties on both sides in land, sea and air battles,

and from these studies formed "Lanchester's laws", which quantified the difference between the strengths of competing forces. His laws argued for the application of maximum force only at the point where it could give compelling advantage. This meant being highly selective in picking one's battles.

Lanchester's approach was adopted by military leaders and used to great effect by the US in the battle for the Pacific. After the Second World War, the legendary quality expert Edward Deming applied the laws to operations research. The Lanchester Strategy was introduced in Japan in the 1950s and was used extensively to capture market share, with Canon being one of the first companies to utilise it globally in its fierce battle with Xerox in the photocopier market in the 1970s and 1980s.

The strategy has been refined by several thinkers since then and applied particularly to entering new markets. For example, it has been applied to markets where there are monopolies or duopolies and compares them with unstable markets where the market leader has 26-41% market share, with a strong possibility of abrupt shifts in the competitive environment. Here, there may be some entry opportunities for startups or new products from existing players. However, the calculations also conclude that if you attack a market that has just one dominant player, you must be prepared to spend three times the combined sales and marketing budget of that player. In a market that has multiple participants, the cost of entry is lower, but you still need to spend 1.7 times the combined sales and marketing budget of the company you attack.

"Focus only on sales opportunities you are confident you can win, and concentrate on these"

SO WHAT FOR SALES?

When you combine Lanchester's thinking, the application of his theories in business, and the ideas expressed by Sun Tzu in *The Art of War*, the message boils down to: be selective – focus only on sales opportunities you are confident you can win; and concentrate your resources on these opportunities, planning and preparing thoroughly. In practice, this means the following clearly defined steps:

- Identify your "sweet spots" – draw up an initial list of the prospects or opportunities where you believe you are best equipped to succeed
- Narrow this down through research to identify where your competitors are comparatively weak
- Analyse each opportunity – be rigorous over the "first go/no go" point. Avoid the compromise of going for an opportunity where you are saying, "I don't fancy our chances, but let's give it a go!"
- Qualify in detail and make initial approach – giving rise to the second yes/no point. Is this really winnable? Is it as attractive as we first thought it? What resources will it take to win it?
- Once committed to an opportunity, do not be diverted. Focus your resources on winning.

Applying Lanchester's strategy takes courage, determination and, above all, focus. The payback can be enormous, but it requires a rigorous approach. In particular, you must accept the concept of "displacement" – you can't do more in one area unless you do less in another, or else significantly increase the resources available to you. Sales organisations (except those involved in scaling strategies) will usually need to "do less, better."

Let's look now at the three places where this approach can be applied:

FOCUS ON THE RIGHT CUSTOMERS

Early on in my sales performance career, my then boss had been meeting with the CEO of a coatings business and had asked, "Who are your most important customers?" The CEO struggled to answer, but came up with a list. "If I asked your management the same question would they come up with the same list?" After some discussion the CEO agreed to convene a meeting. Different departments sat at tables around the room – marketing at one, customer service at another,

◁ finance at a third, sales at a fourth… My boss then asked each table to write down their list of the company's top ten customers. There should have been the same ten answers across the room. Instead there were over 40 answers!

Marketing said, "You can't have them in your top 10 – they don't match our demographic profile!" Customer service said, "These are the ones that take most of our time, so they're our top 10!" Finance said, "They can't be – they're slow payers." Sales said, "This is our top 10 – they're our best relationships." There was no agreement across the business about where the focus should be. Without concentration of focus, the efforts of the business were diluted and ineffective.

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The answer is to apply "multi-dimensional prioritisation" (MDP), which plots customers and prospects on two axes: the horizontal axis in terms of attractiveness; the vertical axis for strength of relationship (see below). While this can be done on the back of an envelope, it is much better to apply a more analytical approach. Attractiveness measures should include not just current and potential income, but aspects such as margin, profile/reputation of the customer, sector, geography, buying behaviours etc. Strength of relationship measures might include access to decision-makers, responsiveness, number of points of contact etc.

FOCUS ON THE RIGHT CONTACTS

It is one thing to identify and focus on the right customers and prospects. It is another to know which contacts to focus on.

Adopt a data-driven approach

While experience and "sales smarts" are useful in this area, nothing beats hard sales data. For example, data gathered using iSnapshot has allowed one selling organisation to analyse the conversion ratios achieved when a sales approach starts with a finance director as opposed to a financial controller. Another sales director has been able to see that when his reps visit architectural specifiers less than X times a quarter, share of wallet of that client drops by Y%, but if they visit the same contacts more than Z times a quarter there is no corresponding increase in result. Using this data, sales management is able to target the focus of salespeople in the most efficient way.

Increase emphasis on buyer personae

Contact strategies can be enhanced by creating personae for different buyer types in the sales process. We will deal with this in our forthcoming article on effectiveness, but categorising buyers by personae and classifying their key issues, their likely concerns and trigger points, and then adapting content and approach to suit, can make a big difference. Tools like Showpad can help in flexing content and technique for different buyer personae.

Understand buyer roles

Another way of focusing the right resources on the right points of contact is to categorise contacts by their role in a particular buying decision. There are several approaches, but most distinguish between:

- Economic or strategic buyers, who will ask the question, "What impact will this have on my business?" They can say no when everyone else has said yes. They are more focused on "why?" questions than on "what?" or "how?"
- Technical buyers, who are concerned with the spec and the solution's technical aspects. They are very interested in how the solution works and will often make comparisons with other solutions
- Process buyers, who may be in procurement or compliance, are concerned that the purchase decision follows due process and that the solution and seller meet the required criteria
- Users, who will be putting the solution to work. Their main questions are, "How does it work?", "Will it make my life easier, more effective, more comfortable?" "How will I get started?"
- Coaches, who want you to win because they trust

PRIORITISING CUSTOMERS AND PROSPECTS

RELATIONSHIP STRENGTH

7. Unattractive but with a very strong relationship. Look for low cost options to manage – inside sales/distribution etc.	**4.** Medium attractiveness with a very strong relationship. Good results for now, but limited potential. Nurture but don't over-resource	**1.** Very attractive, with a very strong relationship. Top priority
8. Unattractive, with a medium strength of relationship. Reduce resourcing to a minimum	**5.** Medium attractiveness, with a medium strength of relationship. Is the effort needed worth the potential reward? Nurture as time allows	**2.** Very attractive, but relationship can be improved. Good short- medium term opportunity. Requires and merits some resources
9. Unattractive, with a weak relationship. Leave well alone.	**6.** Medium attractiveness, with a weak relationship. Look for lower cost ways of developing	**3.** Very attractive, but with a weak relationship. Worth developing, but will take significant time and resources

ATTRACTIVENESS RATING

you, your organisation and your solution. They will probably have won with you before. Their role in the decision making process is to advise you.

Note that one individual can have more than one buying role in a decision. Alongside the buyers' roles, it is also important to identify their power and their preference and to map where they sit in the political ecosystem of the buying organisation.

Mapping contacts in complex organisations

One consulting firm we worked with identified it had over 200 points of contact in one of its banking clients and more than five people involved from its own side. Mapping this spread of interrelationships manually or via a traditional CRM is almost impossible and absurdly time-consuming. In these situations, it becomes immensely valuable to work with relation capital mapping tools, such as Introhive, which map and measure individual relationship strength while at the same time reducing the effort required to record contacts.

FOCUS ON THE RIGHT OPPORTUNITIES

How do you pick which projects to go for? Do you respond to every incoming enquiry or are you selective? The answer varies greatly from organisation to organisation. It also depends on the state of the market. There are times when "If it moves, sell to it" may be the right strategy, but by and large businesses that are selective in the projects they go for tend to be more successful.

My colleague Chris Lonergan, who has worked in business development in several accountancy firms, has contrasted the response of two firms when an enquiry or invitation came in.

In Firm A when an opportunity came in, it was vetted against agreed criteria. In about half the cases the firm declined to respond – either because it did not think it was winnable or because it did not believe it would be profitable. But if a decision was made to proceed, the firm committed the resource and did not pay lip service to its response. The team members literally cleared their diaries: "It was like a detective being put onto a murder case – all other cases were taken off their desk". A meeting room was allocated as a "war room". Generous quantities of time, resources and expertise were applied. And Firm A achieved a win-rate of better than 50% on the projects it decided to go for.

Firm B was much less selective. It went for virtually everything. Because of this, it was less focused. Although, in theory, a partner would be dedicated to the pursuit of each opportunity, in reality the diary stayed congested and the project to win the new business had to be fitted in around everything else. As a result, the hit rate achieved was under 10%, the cost of sale was higher, and the profitability was lower. And it found that many of the projects it won had been rejected by Firm A!

Now, maybe Firm A had the luxury of many incoming enquiries, whereas you may feel that you have little option but to go for every opportunity. But if you have limited resources (and most of us do) then perhaps a wise maxim when it comes to winning big projects is: "Do less better."

HOW DO OTHER ORGANISATIONS SELECT SALES PROJECTS?

The starting point has to be your client selection criteria. Would you rather win a smaller piece of business from the right client than a larger piece from the wrong client?

One client we worked with used the following approach for the projects for its global accounts team. Three global account managers were appointed to the selection team for three months at a time. Every Monday, they held a teleconference with the head of strategic accounts. Any account manager who wanted to initiate a project that was above a certain value, or would require a certain level of resources, needed to make the case to this peer group. The greater the risk, the greater the reward needed to be. The result was that some projects simply never made it to the selection group. Most that did were approved. But this discipline meant that account managers and the company knew what the risks and opportunity were and had committed themselves to resource the pursuit before any problems started to appear.

Another professional services firm used a set of mainly qualitative criteria to decide which projects to go for. This tool created a robust discipline and provided a clear basis for decision making.

Some people prefer a more quantitative scoring mechanism, where a "go/no go" calculator allows a percentage score to be applied to every opportunity. Depending on the current levels of business, resources available and future pipeline, only projects scoring above an agreed percentage will be committed to by the business. All the stakeholders know that they will not be over-committed by the sales team. The sales team knows it must justify why it should get resources. The disciplines make for a more professional approach that produces results.

This quantitative approach does not suit everyone, but whether you opt for a qualitative, quantitative or hybrid approach, it is highly likely that being selective will result in better business.

THE ACE UP YOUR SLEEVE

The ACE up the sales leader's sleeve is to balance Activity ("Are we doing enough…?") with Concentration of focus ("…with the right people, in the right organisations, on the right subjects…?") with Effectiveness ("…in the right way?"). While in this feature we have looked at concentration of focus – the "C" of the ACE model – in the next edition we'll look at the "E" – sales effectiveness.

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