ACE IT WITH
EFFECTIVENESS

Richard Higham focuses on the 'hard' aspects of sales performance – processes, structures, tools and strategy

This article continues our series on a data-led approach to sales performance improvement. In previous issues, we have looked at goal-setting and ways of monitoring and analysing results; getting the activity levels right and the impact this can have on the business; and concentration of focus – talking about the right things, to the right people, in the right organisations.

Our final articles look at effectiveness, in two parts. Last issue, we concentrated on the individual's TASKS – their Talent, Attitude, Skills, Knowledge and Style. Here, we focus on the "hard" aspects of sales performance – processes, structures, tools, sales strategy.

SALES PROCESS – NO LONGER A CONTRADICTION IN TERMS

There was a time when using the word "sales" and "process" in the same sentence would cause at least a raised eyebrow if not a snort of disbelief. Sales was seen as the mysterious domain of talented individuals. Every deal was different. Salesmen (I use the male gender advisedly) were lone wolves. You set them loose and hoped. If they delivered you celebrated them, rewarded them and could not touch them – if they delivered they were bullet proof, no matter what problems they left in their wake. If they did not deliver you fired them. "Performance management" was simply a euphemism for managing underperformers out of the business.

My first exposure to productive sales process thinking came when I was part of a team working with a commercial bank. Their market was changing radically. Buyers were demanding higher levels of engagement and support. Regulators demanded demonstrable consistency. The bank was acutely aware of the cost of sale and the value of sustainable cross-selling and repeat business. I learned a huge amount from my client and my colleagues.

We started with a room dominated by a continuous strip of brown paper about a metre high. A group of relationship managers, business developers, product salespeople and sales managers then mapped what happened with a customer from A-Z. We ended up with several sales processes:
● Winning a new client from cold via the core banking solution
● Winning a new client from cold using a specialist product as a "wedge"
● Cross-selling/up-selling an existing relationship
● Defending a client at risk of exit
● Managing a strategic account.

By the end of the exercise this is what the client had in place:
● A map of the customer's buying journey (which covered 80% of situations)
● A corresponding map of the steps of the sales cycle (not always the same...)
● A comparison of best, average and worst conversion ratios, order value, cost of sale and time lags at each stage
● A clear picture of what the best did, and how they did it, in order to get the best conversion ratios, order value, cost of sale and time lags
● A toolkit to support individuals and their coaches to improve each stage of the sales process. This toolkit included worksheets, worked examples and case studies. Now, it could include so much more digital, easily accessible content.

The payback came in improved conversion ratios, increased initial order value and customer lifetime value, higher retention rates, more transparent cost of sale and reduced time lags. It also resulted in greater transparency and improved accuracy of forecasting.

The increased adoption of CRM and software as a service (SaaS) systems has seen more organisations defining their sales process. Those that go beyond definition and implement the approach described above reap significant rewards in terms of competitive advantage.

Implementing a robust sales process has been made much easier by sales science and data management. When we did this work, it was extremely time consuming and often frustrating. Let's look now at how sales tools are making life easier and more effective with the benefits of a data-driven sales approach.

TOOLS TO GATHER SALES DATA

The 19th century thinker, Thomas Carlyle, is said to have constantly challenged those around him with the phrase "feed me on the facts". In the past, many salespeople and their managers have sought to hide the facts in the "black box" of sales. By obscuring, ignoring or simply missing ➢

◁ the facts it was possible for sales to hide what was going on. But increasingly, investors, CEOs, CFOs and CSO/CROs are demanding a data driven approach to sales. There is a clear trend to illuminate the black box of sales.

This isn't always easy or popular. John Adams, the second US president pointed out, "Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence." So, what are the facts the sales leader should have at their fingertips? Here is our list of really useful KPIs. You might not use all of them all of the time and you may well want to add some of your own.

Follow the GRACE model we have described through this series: Goals, Result, Activity, Concentration of focus, Effectiveness.

> "Science is built up with facts, as a house is with stones. But a bunch of facts is no more a science than a heap of stones is a house"

Goals
● Set clear, agreed (top-down and bottom-up) targets early enough to be implemented
● Consider using zero-based goal setting in our volatile, uncertain, complex and ambiguous (VUCA) world, rather than simply adding percentages to last year's result/target
● Make sure your compensation plan supports the goals you are setting and does not have unintended consequences.

Result
● Total sales analysed on year-to-date; also by period (daily to quarterly depending on your sales cycle), compared to the same period last year; also rolling 12 months. Remember that, while the absolute figures are important, "the trend is your friend"
● Total sales broken down on the same basis for teams, territories, individuals, segments, products, customers (especially key accounts)
● Order value
● Customer lifetime value. This is a huge subject but an important one for sales leaders and business leaders
● Customer spend. Look for the trend
● Margin (be clear how you and the wider business are calculating gross profit)
● Performance against target/quota
● Cost of sale.

Activities
● Number of visits/contacts – clearly not just face-to-face but also remote. Define a "contact"
● Time spent in active selling (again, we need clear definitions)
● Analyse activity levels for top, median and low performers. One MD of a £100m business still measures activity by checking his reps' mileage. It's a blunt instrument but it works for him!

Concentration of focus
● Number of contacts with particular segments
● Number of contacts with particular customers
● Number of contacts with types of buyer eg. specifiers rather than engineers or FDs
● Time spent on particular products/solutions.

Effectiveness
● Objectively validated and agreed capabilities of individuals and teams using the TASKS structure described in previous issues – Talents, Attitudes, Skills, Knowledge, Style
● Measure and agree the changes
● The sales organisation needs to balance the usefulness of the data being gathered with the difficulty of gathering it
● Highly useful data is worth some effort
● If you can gather useful data with little effort, so much the better
● Don't clutter the system with low value data
● Be totally intolerant of useless data that requires a major effort to gather
● Always consider how the data will be communicated, not just how it will be gathered. The more useful you can make the data to the salespeople themselves the less they will resent and resist providing it.

TOOLS TO APPLY THE SALES DATA
Data alone is good, but it is only when the data is applied that it becomes useful. As Henri Poincaré, the French mathematician said: "Science is built up with facts, as a house is with stones. But a bunch of facts is no more a science than a heap of stones is a house." We have to do something with the sales data.

Here are some tools that SalesLevers and our partners have found useful in applying data to driving sales performance.
● A distribution business raised the number of client contacts by 20% in 12 weeks by improving the efficiency of pre and post call data entry via the iSnapshot app, and by understanding how salespeople were spending their time
● A manufacturer identified that if an account manager visited a particular customer type fewer than six times a year it would lose share of wallet, but that more than 14 visits a year would not increase share of wallet. This insight enabled it to manage the concentration of effort of its salespeople and to adapt its coverage model
● A construction materials company wants to know the word usage, speed of speech and balance between speaking and listening used by inside salespeople when handling price. Using AI-based technology, we are able to analyse behaviours and identify the difference between top, median and bottom performers when it comes to price. This is informing the learning designed to support the behavioural change

underpinning the new pricing policies
● By defining the skills needed to deliver on the sales strategy, and then comparing existing skills against the profile, a European manufacturer has identified the gaps at individual, team, country and company level and instigated a highly targeted coaching programme to close the gap
● By analysing the use and effectiveness of marketing assets and providing the appropriate assets to be used by different people in different sales situations, a building materials business has retained new recruits and improved speed to full performance. The impact of this is highly measurable in terms of sales team profitability
● By analysing and changing the compensation plan, a manufacturer can see alignment between company goals and individual reward. In the past, managers would congratulate the sales teams for making sure the company hit its targets. Salespeople responded with, "If we've done such a good job, why aren't we seeing it in our bonuses?" By adapting the compensation plan, motivation, retention and performance have improved – without adding to the wage bill.

These are just some examples of the many ways the application of today's sales enablement tools can significantly improve performance.

STRUCTURE AND COVERAGE

Design thinking coupled with good data and sales science can have a big impact on reframing sales structure and coverage models. This design thinking has been accelerated by the move from field visits to inside sales.

If the question used to be, "How many salespeople do we need to cover our territory?" The question has become ,"What do our customers need from us to ensure they buy in line with their strategies?" Or "How do our ideal customers like to assess and appoint new suppliers?" The answers to these new questions may produce significantly different answers. One US tech business has recognised that the visit patterns of the past have been replaced by a highly effective set of remote relationships that are allowing quicker response times and, in many ways, more human contacts. It says this change will not be temporary: "We will still need people out on the road and in customers' premises, but we are finding customers are responding well to new forms of coverage. In particular, we are re-examining the relationship between key account managers, technical experts and success managers." The coverage calculations of the future will be quite different from the past.

There will also be discussion to be had about the role of the sales manager. The development of excellent remote and AI-supported coaching tools such as Refract or Showpad Coach, and of

knowledge reinforcement tools such as Cognito, empowers sales coaches in new ways. Sales coaches need to be more flexible and less time-dependent. They must develop capabilities and disciplines to use data to raise performance.

In the same way, sales managers need to be interpreters of data, whether from CRM or field-based apps, in order to work with the team to ensure optimum levels of activity and the right concentration of focus. The impact of this could be significant. A recent calculation of the impact of changed coverage models on the cost of sales in one organisation showed a potential reduction for the business on the cost of a sales visit from £120 to £89. A team of ten making ten visits a week would deliver £150,000 to the bottom line.

We have already seen a trend that will only be accelerated by challenging economic times. Traditional sales roles and structures are changing fast. One scientific equipment company moved from a territory-based structure to a segmented model. Although there is still a geographic element to the structure, the territories are much wider and are covered by several salespeople. The sales leadership structure is now built around European segment leaders focused on segments such as universities, pharma industries etc. The salespeople have become more product-neutral and are now "relationship generalists", whose role is to understand customer needs and manage their buying cycles, while product specialists are now more visible to the customer, supporting the account managers proactively. The role of inside sales, which in the past was seen as the route to more "prestigious" field sales, is seen increasingly as a high-value career path in its own right.

SALES STRATEGY

This data-driven approach clearly impacts on the sales strategies that underpin all these aspects of sales effectiveness. With strong data insights it becomes possible to become more focused. We have spoken in earlier issues about the Lanchester strategy, which boils down to identifying the opportunities where one has the best chance of winning and then focusing remorselessly on those limited situations. This sales strategy needs strong data rather than firmly held opinions. Applied wisely it can be transformational. It is far from the only valid sales strategy, but most sales organisations would benefit from exploring it.

TO SUM UP...

Companies will succeed if they have the right processes, tools and structures – all underpinned by the right sales strategies. In our concluding article, we will draw these threads together.

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