

Sales Effectiveness: The Power to **Grow**

**Integrating sales and marketing to
achieve a dramatic increase in revenue**

What are the essential elements necessary to build a world-class revenue generating company? In almost every industry, a leading company emerges that operates like a high-powered machine, winning new customers and accelerating revenue. Yet other companies, with very competitive products and equally capable salespeople, struggle to capture customers and sales. Why does this happen?

- Do your sales and marketing efforts reflect a deep understanding of the customer's point of view?
- Is there a silver bullet to solve lagging sales?
- Is your company serving the fundamental needs of a successful sales effort?
- Do your marketing, sales and other functional areas work like an ecosystem?
- What does sales effectiveness look like for your company?



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Executive Summary

- Maximizing sales of products and services into businesses of all sizes requires an enhanced form of marketing and salesmanship.
- Today's organizational buyers have immediate access to more information than most vendors' sales or marketing departments could begin to offer.
- The key to getting selected by exceptionally savvy decision makers in a complex buyer's market is to gain an advantage in the sales process itself.
- Companies must first understand their customer's buying process; second, they need to be engaged early-on in the awareness, discovery and evaluation process; and third, they need to have an enterprise sales force (and process) engaged in compelling, stakeholder-specific conversations that are directly relevant to their customer's business issues.
- Gaining "trusted advisor" status today requires precision in the conversational dialogue and the ability to diagnose and discuss opportunities for improvement.
- Marketing's role needs to expand in order to research and provide "sales ready messaging" for the sales force, and buyer-centric, web-enabled content, throughout all phases of the buying process.
- These new roles of sales and marketing require an exceptionally collaborative and integrated sales and marketing "ecosystem," one that is supported by all functional areas of the company.



Introduction

As founders and executive management, you know from hard-earned experience how your products and services should be sold. You've lived the company's story, so your history and deep industry knowledge make you extremely credible when delivering your message. Your title affords you a level of customer access normally unattainable by the typical sales rep. This access and credibility enhances your ability to effectively influence and make the sale. Often, this forms the opinion that your approach should be the standard for selling the company and its products (vision, product positioning, and the honed, on-point sales conversation to go along with them).

Unfortunately, you cannot be cloned. So how is the vision, positioning and sales conversation turned into a repeatable sales process that the general sales force will follow in order to resonate with your customers, prospects, and indirect sales channels? How do you know what steps and information your prospective customers need in order to select, justify, and procure your company's products and/or services? Who are the primary decision makers, what information do they care about, and how do you align your company's capabilities with their decision-making criteria? The answers are mostly to be found in the customer's point of view.

The Customer's Point of View

In order to effectively and efficiently create new customers and grow existing customers, you must first understand their buying process from their point of view. Second, create an integrated sales and

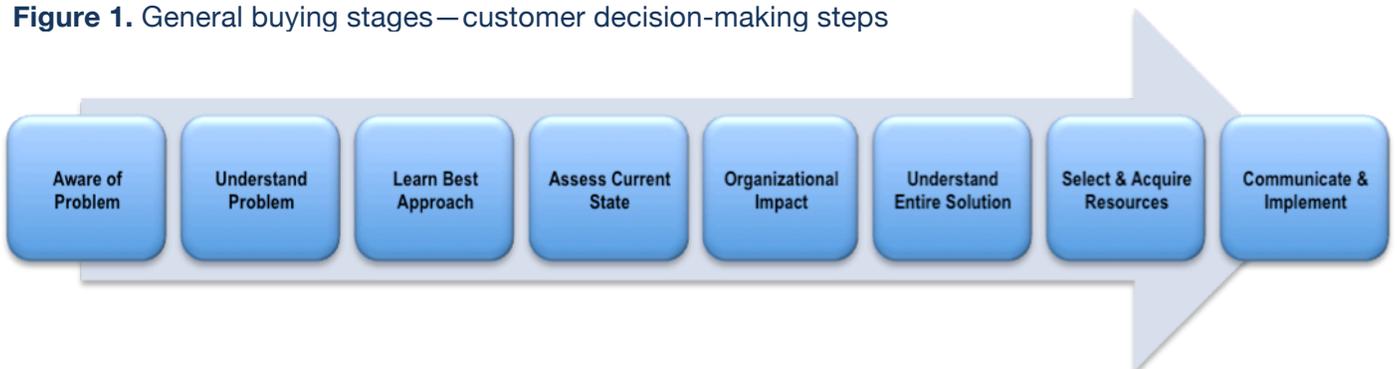
marketing engine that facilitates this process. Third, develop the various forms of content needed for each stage of the buying cycle, from initial awareness and discovery, to buying requirements definitions, and then closing.

The buying process is the sequence of events typical enterprises go through to: identify a business problem; assess and prioritize that issue; create a project plan and gain internal support from all internal stakeholders; assign a project lead to develop specific requirements and assess solutions to that problem; determine all of the resources required to address that particular issue; select and acquire required resources; develop internal measurement and success criteria; and, create and execute an implementation plan. Regardless of the product and/or service, these are the general phases companies go through to make a buying decision.

Most vendors only focus on a portion of this activity and, as a result, will always be at the mercy of reacting to RFPs and RFIs, and not proactively facilitating a customer's decision-making process.

Buying decisions require the participation of many different internal stakeholders. Business problems are typically hierarchical, and therefore one stakeholder's point of view on your solution may be dramatically different from another's. Various stakeholders will play different roles in different stages of the buying process. In some scenarios, a single stakeholder may have the authority to block your product due to policy, standards efforts, or simply if you're not on the approved vendors list. To succeed, the vendor must galvanize these various points of view into one consistent buying vision.

Figure 1. General buying stages—customer decision-making steps





Is there a silver bullet?

Everyone has an opinion as to why most companies do not realize the expected level of sales.

Suggestions range from sales training, to enhancing the CRM system, to marketing initiatives, to lead generation, and to the quality and effectiveness of sales and marketing leaders.

But here's what "everyone" needs to know: There is no such thing as a silver bullet.

There are many different types of organizations that claim they can help you improve your sales effectiveness; however, on their own few of these solutions can offer measurable gains in productivity. For example:

- CRM vendors argue that implementing their software will help you drive more business by providing better structure to the sales process and improving the accuracy of your forecasting.
- Sales training firms suggest that you can improve your sales fundamentals by teaching a common sales methodology and best practices.
- Market intelligence firms claim that better and more up-to-date information about market trends and your competitors' actions will provide the answers.

However, companies that have implemented these solutions report that they are not realizing the desired impact of these investments. So to what else do companies point to explain lack of sales effectiveness?

We need better sales people, don't we?

This could be true but, in our experience, it is usually not the key issue. It is true that many CEOs and business executives feel that having invested heavily in sales systems and infrastructure, missed sales quotas are evidence of a performance issue. However, we often find that the core reasons for lack of sales are usually other things.

From outside the selling ranks, upper management may question why there is such difficulty selling the company's exceptional product to customers who will benefit from it. While this might be a reasonable expectation when selling an item that people are familiar with (like a new home, luxury car, or HDTV), this perspective is dead wrong if you provide complex offerings and sell primarily to businesses. In fact, it could be argued that selling enterprise, B2B solutions is fundamentally harder than any other business model in the market. The basic reality is that much more is required of your field selling organization than most CEOs realize.

Selling Principles

Consider these principles that help define what is required of salespeople:

- **Customers buy solutions to their business problems, not products.**

In this scenario, your sales people must operate like consultants by helping their prospects determine the root causes of the business issues, and then provide a vision for solving them. Additionally, they must communicate the company's capabilities in a way that helps your customers understand the role your company will play in delivering the solution.

- **People buy from people.**

At the end of the day, your customers are taking a risk in working with you. Stakes are high, and their careers can be on the line. Increasingly, the companies that win are the ones that address these fears; in other words, they address the "softer" elements of the sale. For example, according to IT research company Gartner Group, 35% of all outsourcing contracts are decided by how "comfortable" the buyer "feels" with the vendor they select. This trend is increasing.

- **You get delegated to people you talk like.**

One of the most common phrases you will hear if you speak with enough CEOs or Sales VPs is, "We've got to sell higher in the organization." It's hard to argue with the logic that higher-level people have more budget authority, so therefore we should be calling on them. Yet, if one of your sales people actually gets an appointment with a CFO, what are they going to talk about? As soon



as they utter, “our best practice architecture allows for complete scalability,” the meeting will be over and your sales person will be back talking to the same people your firm has been speaking with for years.

- **Value is in the eye of the beholder.**

One common frustration we hear from executives is that their customers don't seem to see the value in their offerings. They have invested a lot of money building competitively differentiated products. They've validated their assumptions with “excellent” market intelligence. Yet the sales people can't sell it. We've found time and time again that, ironically, the things vendors find most important are afterthoughts or, worse, irrelevant to customers. If you focus and train your sales teams to emphasize attributes that your customers don't care about, then your company isn't really communicating value.

- **Value is communicated over a period of time.**

We like to think about value as a bank account. Each time you interact with a client you have an opportunity to make a value deposit. At the end of the buying cycle, the vendor who has the most value in their account will generally win the business. Yet, just as you accumulate wealth over time, value is communicated in stages. When selling complex offerings, there is a tremendous amount of information for your customers to digest. They must acquire knowledge at their own pace in order to feel comfortable moving forward. Messages must be delivered when the customer is ready to hear them. This type of selling requires patience and a deep understanding of how the customer buys.

So, in reality, companies need selling teams to do a lot more than just pitch the product or service. The good news is that most sales people are probably fully qualified to do the job; they just lack some basic content building blocks to be effective.

Marketing is not meeting the needs of our sales team.

Brutally honest, we'll admit. And probably true.

According to the American Marketing Association, 90% of marketing collateral is never used by the sales force. A survey of over 100 IT vendor organizations by Current Analysis (a competitive research and analysis firm), found that the average sales person only spends 35% of their time engaged in actual selling activity.

The rest of their time is spent on a combination of activities including: internal meetings, paperwork, researching customers and account profiling, coordinating internal resources, looking for or creating relevant content to advance opportunities, etc. Before we examine areas to make investments in sales productivity, let's first get a sense for what we ask sales executives to do each day (either intentionally or unintentionally) – and what, therefore, the company (and marketing especially) needs to support.

What does a salesperson need to do each day?

Each day, salespeople have to do a lot. And only if they get most of it right, most of the time, will they will generate reliable, repeatable sales success. Rather than ask “Which of my salespeople are getting it right?” ask, “What is my company doing to help specifically improve the success of everything a salesperson has to do each day?”

- **Understand the customer's needs.**

Identifying the true customer is challenging enough. With most complex purchases, there are many buyers involved. Business sponsors, IT executives, requirements analysts, financial analysts, corporate, and legal are all common participants in a big budget, complex purchase decision. It is almost impossible for a typical sales person, unaided, to understand the business goals of each stakeholder and translate the offering so that it is relevant to each of them.

- **Follow up on leads and prospect opportunities.**

What happens when marketing passes a lead to sales? All too often these leads only contain contact information and a list of products the potential customer may be interested in. The sales person who is tasked to follow up on that lead does not have insight into the business



goals of that prospect, or a compelling way to engage in a conversation with them. If given a lead from your marketing organization today, how would your company follow up? Do salespeople know what to say when they call the contact? How excited is the prospect going to be to hear from your company?

- **Advance opportunities through the pipeline.**

Sales people are expected continually to advance opportunities through the sales process towards closure. There are well-established methodologies that allow sales executives to focus their skills on various stages of the selling process and define key milestones to help determine how soon an opportunity will close. However, your customers are not making decisions based on the artificial milestones that your organization sets – they have their own buying process and very few sales people have insight into how the customer will really make the decision.

- **Translate product knowledge into business advantages.**

A lot of time and energy is invested in training sales people on the functional attributes of the offerings they sell. However, sales professionals often lack the personal experience of working with your offerings and have difficulty relating why the features and functions are important to your clients. Meanwhile, your clients are less interested in the features: they want to know how your products or services will help their business. Since most sales people have difficulty making their offerings relevant to business issues, they rely on the product demo or the canned sales presentation to tell the story and hope customers will connect the dots themselves.

Unfortunately, today organizations are less interested in technical merits because standards are constantly changing and they have processes in place to help them better understand the strengths and weaknesses of competing vendors. Customers are much more interested in the elements of the business relationship. For example, they want to know how you can help them implement the solution, how it relates to their business, how you can help them build the business case to justify it,

what you can do to help gain buy-in and what it will take to maintain the solution.

- **Financially justifying investments.**

Investments are under a tremendous amount of scrutiny. Organizations want to know how your offering is going to impact their business, when they will realize that return, and how that investment will affect their budget. Corporate financial metrics, cash flow outlays, and internal rates of return are all examples of topics common in evaluations of significant business investments. Yet, most sales people lack the ability to have a meaningful conversation about these subjects, let alone prepare the tools to help your clients perform these analyses.

What is the fundamental sales need that companies must provide?

It's true that most organizations can improve their productivity with investments in infrastructure. Likewise, they can always benefit from a solid sales process and an occasional fine-tuning of their selling skills. And, no one questions that sales organizations require up-to-date information about market trends and competitor actions. These steps are critical to continuously improving sales effectiveness.

However, the fundamental sales need that organizations rarely provide is relevant, targeted content that is directly correlated to the customer's buying process and individual stakeholder considerations.



The Five Disciplines of Sales

To empower your sales force with the resources it needs to maximize efficiency and results, we have developed the “five disciplines of sales” framework. Each discipline is supported by the sales Infrastructure. This model should be viewed as an “ecosystem” that requires balance to produce the greatest return. In science, an ecosystem is a community of organisms existing in an environment and interacting for the long-term health of the whole environment. The analogy applies to sales. Companies will fail if they view sales teams as

hunters, even Special Forces operatives, who are not integrated with the rest of the company. In fact, the onus is on the whole company to support the selling effort. Ultimately, everyone in the company is part of the sales cycle, for if sales are not made, nothing else will last for long. Companies need to act holistically in support of sales. For example, organizations that continually invest in “market dynamics” would realize diminishing returns on those expenditures if investments in other disciplines were not also made.

Figure 2. Five Disciplines of Sales. Each of these sales disciplines are critical for a sales organization to maximize its productivity and must be balanced to achieve increasing returns on investment.

INFRASTRUCTURE				
<ul style="list-style-type: none"> • Sales methodology • Forecasting process • Travel and policies • Expense reporting • Contract process • Cell phones • Office space • Computers • Contact management system • email system • Benefits • Commission plan • HR policies • Corporate training • Etc. 				
Sales Fundamentals	Market Dynamics	Customers	Business Impact	Financial Justification
<ul style="list-style-type: none"> • Territory research • Territory planning • Prioritize accounts • Account management • Prospecting skills • Cold calling • Letter writing • Rapport building • Establish credibility • Sales process • Forecasting • Expectation mgt. • Meeting planning • Networking • Proposal writing • Negotiation • Presentation skills • Reporting • Product knowledge 	<ul style="list-style-type: none"> • Market drivers • Market intelligence • Industry knowledge • Industry themes • General business issues • Competitor actions • Responses to competitors • Market positioning 	<ul style="list-style-type: none"> • Identify stakeholders • Stakeholder empathy • Selection making criteria • Buying process knowledge • Knowledge of customer needs in each stage of buying process • Internal selling skills • Determine personal and political wins for internal champion • Empower internal champion • Account management • Account profiling • Account qualification • Organizational knowledge • Budget source knowledge • Legal review process 	<ul style="list-style-type: none"> • Understand account business goals • Understand specific stakeholder goals • Map stakeholder goals to business goals • Collect “what happens if...” information • Communicate above all in context of each stakeholder • Match product capabilities specifically to goals • Communicate how capabilities meet goal 	<ul style="list-style-type: none"> • Define economic impact of business goals • Define economic impact of implementing your solution • Determine payback period • Create ROI justification • Demonstrate ROI in terms CFO would understand • Understand account success criteria • Develop objective measurement evaluation • Appropriate level of financial knowledge



Below are some brief definitions of Infrastructure and each of the five disciplines.

Infrastructure.

Investments in infrastructure include all of the expenditures you make to maintain a sales organization. This includes salaries, benefits, travel expenses, cell phones, computers, office resources, and software investments. We typically find that companies with higher than average selling costs are over-invested in infrastructure.

Sales Fundamentals.

There are several sales productivity companies that will help implement a sales methodology in your organization. In these training classes, sales people are trained on best practice skills that can immediately improve their abilities. However, most organizations do not equip sales people with the right content to enable them to practice these methodologies. Over time, no matter how positive the sales team is about the process, they revert to bad habits because they lack the content to sell solutions. When organizations tell us, “our sales methodology doesn’t work,” we generally find that marketing is not delivering content and tools aligned to that sales process.

Market Dynamics.

Investments made, typically by the marketing organization, to uncover market trends and competitor actions are elements of the market dynamics discipline. Whether this function is performed in-house, or outsourced to the many syndicated resource providers in the market, this information is only half of the battle. Sales people require this information to keep from being blind-sided by customers and to develop an intelligent counter to competitor claims. However, to make this information truly useful in the selling process, sales people require the analysis that translates these trends and competitive moves into usable content. Expecting sales reps to make the connection independently or asking them to navigate several web sites or read reports reduces their time spent in front of clients.

Customers.

Sales people need to be enabled (through a combination of tools and training) to understand the roles and responsibilities of the various stakeholders involved in procuring your solution, and the process by which they evaluate your offering. This

enablement is the outcome of the “customers” discipline. Few organizations provide this information in an easily digestible form, usable to sales people. Amazingly, this is typically the most under-invested discipline of all. When we talk to sales executives, they generally believe they have institutional knowledge about the customer. Yet, even if this knowledge does exist, it is very rarely a comprehensive or holistic perspective, and ultimately the point of view of just one or two stakeholders is what emerges to drive the sales process – not the perspective of the whole customer.

Business Impact.

The primary focus of this discipline is to enable a typical sales person to explain how your features and functions map into specific business outcomes your customer will achieve by working with your firm, and to translate those outcomes into the goals of each of the stakeholders involved in the buying process. There are very few organizations who try to do this and even fewer who get it right. Whenever an individual in a corporate function tells us that their sales people “just don’t understand what we offer,” this is a red flag to us that the organization has under-invested in this discipline.

Financial Justification.

All large investments require a business case and cost justification to be approved. This discipline focuses on helping your sales people define a clear business advantage and support that advantage with a strong financial case. When we hear vendors tell us they are losing a lot more of their business to “no decision” than to a competitor, this tells us the business case for the project has been placed on the back burner because something more compelling for the business has surfaced. We strongly urge the firms we work with to focus on helping their clients defend the budget for their project first and justify the vendor’s portion of it second.

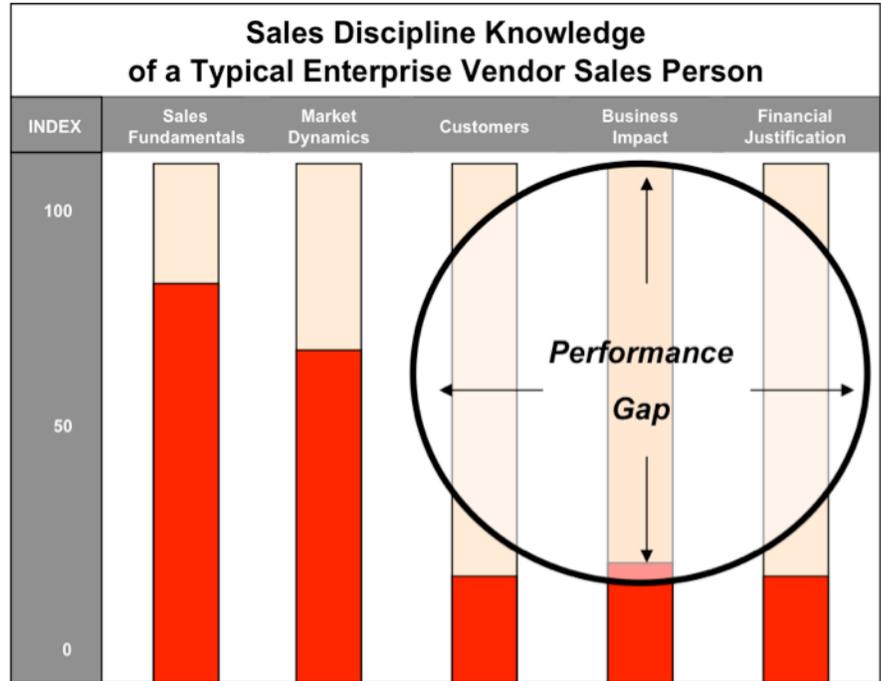


Creating a Balance

Based on our experience and research, the majority of organizations are extremely unbalanced across each of these disciplines. The most common mistake is over-investment in sales infrastructure. The chart below highlights how a typical company is mastering each of these disciplines. The index on the left is a scale from 0 to 100, with 100 indicating that an organization is sufficiently competent in a given discipline. While your organization may score differently, the chart provides an aggregate view of where most companies fall.

The “performance gap” is especially eye opening because these under-invested areas are the disciplines that are the most important to customers. We believe closing this gap is a critical success factor to achieving a highly efficient and effective sales organization within your firm.

Figure 3. The information most interesting and important to customers is the area where sales people are the weakest.



What does Sales Effectiveness look like?

A well-functioning sales and marketing organization will have the following characteristics:

- **Linkage between marketing and sales pipelines.**
Most organizations look at the number of leads (or top of the funnel) and the forecast (bottom of the funnel) but spend little time tracking the stages in between. Interestingly enough, this is where there are the greatest opportunities for improvement. A business development pipeline should be created that tracks the progression of key accounts throughout all stages of the sales process (from a targeted account that has not yet been contacted to a closed opportunity).

- **Micro-marketing focus.**

By breaking out and tracking discrete conversion rates from stage to stage, you can focus on developing and measuring specific programs targeted to improve results for each phase. Due to the varying informational needs throughout each stage of the buying process, and the unique perspectives of each stakeholder that sales people will encounter, the content required to facilitate the buying process will increase dramatically. Marketing should focus on delivering highly specialized tools that help sales people address specific customer problems, and can be used by the customer’s champions to sell internally on your behalf. (Champions are the people in the buying company who most need/want the product or service, believe in your



solution/salesperson/company, and proactively set up meetings between the parties while providing open and honest feedback.)

▪ **A customer-focused framework.**

Due to the magnitude of the content required, an organizing structure must be developed to streamline communications between customers, sales, and marketing. This framework should be based on the customer’s decision-making process and related to the business development pipeline tracking system.

▪ **Marketing program portfolios.**

All marketing programs should be organized by their relationship to moving opportunities through the business development pipeline, rather than on traditional categories (advertising, trade shows, PR, analyst relations, etc).

▪ **Well-defined pipeline process.**

If sales pipelines are populated by “gut feel,” then the information contained will be meaningless. Strict criteria must be established for each pipeline stage and each entry must be auditable.

▪ **Objective and credible measurement.** (see Figure 4. below)

Relating sales and marketing investments to the financial performance of the firm is extremely important. With an effective pipeline process, marketing program portfolio, and a business development process, you can create extremely insightful measurement programs. These should be linked so they can be prepared at the territory, product, vertical market, or corporate level.

Figure 4. Sales Performance Metrics

 <p>Value</p>	 <p>Volume</p>	 <p>Velocity</p>	
<ul style="list-style-type: none"> • Average deal size • Terms / revenue recognition • Project visibility • Marquee & reference accounts 	<ul style="list-style-type: none"> • Amount of deals • Amount of opportunities • Amount of opportunities/stage 	<ul style="list-style-type: none"> • Length of sales cycle time <ul style="list-style-type: none"> • First contact • Defined opportunity • Length between stages • Overall elapsed time 	
 <p>Efficiency</p>		 <p>Effectiveness</p>	
<ul style="list-style-type: none"> • Profitability • Return on investment <ul style="list-style-type: none"> • Fully allocated • Marketing expenditures • Sales force utilization • “Selling” time • % good opportunities 		<ul style="list-style-type: none"> • Close rate • Sales skills • Sales content • Forecast accuracy • Opportunity pursuit ratio 	



Conclusion

Companies selling complex solutions can usually double (or more) the effectiveness of their sales and marketing efforts by fundamentally changing their current execution models and tactics. Most vendors are applying “brute force” sales and marketing techniques that are resulting in less than optimal returns on sales and marketing investments. Many marketers are wrongly applying consumer-oriented marketing techniques to lengthy, business-to-business transactions. Selling complex offerings to

multiple stakeholders creates sales challenges that are equally complicated. The consultative, trusted advisor sales approach requires a more targeted, direct and methodical formula that successfully maps content to help buyers achieve milestones throughout their decision-making process. In this ecosystem of interconnected and interdependent disciplines, the only sure thing a “silver bullet” mentality will do is waste valuable time and resources. True sales effectiveness is gained by first understanding the interdependencies of your business development ecosystem and then by balancing the investments across all disciplines.



About Stanton Associates LLC

Stanton Associates is a management consulting firm focused on delivering solutions that drive top line growth with improved gross margins. Over the years, our seasoned team of professionals has provided solutions to all types of companies, including Fortune 500 corporations, mid-size companies, and start-ups. Mostly, we have spent our careers on the executive side of the desk. We have been CEOs, CFOs, CMOs and Heads of Sales, and have gained extensive experience at some of the world’s greatest companies including IBM, McKinsey, Andersen, Ernst & Young, KPMG, and Price Waterhouse. With deep expertise in sales and marketing, we effectively identify and implement the key strategies needed to drive profitable growth.