

Executive White Paper
**Increasing Profits by Maximizing Motivation
& Developing A Structured Sales Process**



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Increasing Profits by Maximizing Motivation And Developing A Structured Sales Process

In any business model, there are really only two factors to consider for increasing profit. One is to decrease the costs of doing business, which results in effectively reducing the expense side of the budget. While this can account for a small to moderate increase in profit, there is only so much that can be cut or trimmed from a budget before it starts to be counterproductive.

The other option for increasing profits is to be able to increase sales. To increase sales, there are two essential considerations that should be used in conjunction with each other to get the best results. The first is to **motivate the sales team** and the second is to **develop a structured sales process**.

While some businesses may choose to implement one or the other of these options individually, the real benefit to profits is in the combination of the two. Motivation is critical to getting the sales team onboard to maximize sales contacts while the structured sales process is focused on closing the deal through a set of actions and to-do steps to streamline the sale.

To help to understand how these two programs work synergistically in the sales department to increase profits, let's first consider each as a separate component. Then, with that information, it will be clear why the two, when used in conjunction with each other, have the biggest impact on profit for B2B (Business to Business) sales.



Motivation Basics

When many business managers hear the term "sales force motivation plan" they see dollar signs that end up cutting into profits to compensate top sales performers. However, motivation in a sales team doesn't have to include big bonuses and large payouts for meeting sales goals.

According to the Harvard Business Review, there is in excess of \$800 billion a year spent on sales force compensation in the United States. This total represents approximately three times as much as the same businesses spend on advertising. However, and this may be surprising, these simple cash incentives rarely impact the very members of the sales team that are most important.

One of the big drawbacks to using a strict dollar value type of incentive is that they typically cap at a specific level. This limits the high performers who become unmotivated to move past the upper level of the cap. The low performers will not see the possibility in reaching the high levels, so they opt out of the program or perform only to the lowest incentive level.

Even the core performers, or those that steadily perform to the sales goals and targets, are not solely motivated by cash. In a 2013 study by Peter Ostrow of the Aberdeen Group, it was found that money incentives were actually only ranked slightly higher than internal recognition, learning new skills and competition within the team.

To further back this study the 2014 TINYpulse Employee Engagement and Organizational Culture Report found that over 200,000 sales professionals in 500 companies around the world ranked money or cash benefits at seventh at providing motivation to improve in their job.

The issues that ranked higher in the survey included peer recognition, camaraderie, feeling encouraged, being recognized and having an intrinsic desire to go a good job. With all of these issues more motivating than cash benefits, programs in the workplace that encourage and support this type of positive workplace culture need to be at the forefront of sales team development and plan strategy.

This highlights the importance of both intrinsic and extrinsic motivation. The extrinsic motivation for a sales team can include those cash bonuses and advances, prizes, inter-team competition and even tracking and monitoring of reaching targets set by the sales managers.

Intrinsic motivation includes internal rewards for the sales team. This includes



feeling a sense of contributing to the common goals, meeting personal milestones, developing a sense of belonging to the workplace culture and increasing mastery in sales at a personal level.

To build a culture in a sales team that encourages both intrinsic and extrinsic motivators consider the following key factors:

- **Set Goals** – goals need to be both individual as well as group goals. By setting group goals based on projected sales, you can incorporate the extrinsic motivators of competition, tracking and monitoring as well as actual prizes and bonuses for meeting or exceeding goals. By setting smaller individual goals which are done privately between the sales manager and each team member, it is possible to tap into intrinsic motivation.
- **Use past performance** – incentivizing or motivating sales people based on improving past performance is a good starting point. This allows the process to be more intrinsic and fosters collaboration and belonging within the sales group rather than what can become unhealthy types of competition. It is more akin to competing against yourself rather than the team to achieve both internal satisfaction and external rewards.
- **Make social recognition possible** – encouraging social recognition for a job well done should be part of the corporate culture. This can include providing peer to peer recognition within the team as well as recognition by direct managers and those further up the corporate ladder. Recognition is only meaningful if it is personalized, specific and targeted to the person earning the praise. It doesn't have to be formalized, but it needs to occur for sales staff to be intrinsically motivated to continue to exceed expectations.
- **Increase mastery of necessary skills** – one of the key intrinsic motivators is for the sales staff to feel competent and have the training and support they need to do their job. In top companies interviewed in the Aberdeen Group study it was found that 84% of the companies identified as top sales businesses provided coaching, training and mentoring services to all employees that included regular feedback from supervisors to sales team members. This is highly effective for both top performers as well as those that are struggling.
- **Personalize incentives** – simply assuming what motivates a given sales professional and a sales team can lead to poor motivation levels. Instead, consider meeting with the team to not only set goals but to consider what are the motivators to use at the various levels within the program.



Sometimes simple things, such as earning the opportunity to work from home one day a week can be highly motivating. The book by Mark Faust "Growth or Bust: Proven Turnaround Strategies to Grow Your Business" takes this a step further. He indicates that a day off with pay to go to a special event such as golfing, fishing or taking in a ball game is often highly motivational for all sales staff.

- **Out of the Box** – in addition to personalized incentives, consider having the element of chance within the win. You can have a prize wheel to spin, a secret envelope or any other type of pick or play type of option. Choose prizes that are out of the ordinary such as a luxury spa day for the employee and a spouse, a weekend getaway at a local resort or even a free training event or conference attendance may be just what will motivate individuals.
- **Provide clear direction** – it is essential for sales professionals to know the expectations of the management when it comes to performance expectations. Often a lack of clear direction by the sales managers creates a lack of motivation in sales professionals.

It will also be critical to create an incentive program that allows everyone to have the opportunity to achieve goals, feel part of the team, and be encouraged to continue to improve. This is why personal goals and milestones are important to recognize and not just the end results. Be ambitious with goals, not deadlines.



A Structured Sales Process

In a recent study by the Objective Management Group it was found that in a survey of over 500,000 sales professionals across all types of industries, only about 9% reported following a structured sales process. That means that approximately 91% of sales professionals did not have an established process for making a sale or, if there was a structured sales process, the salesperson chose not to use the process.

The biggest reason why most sales reps do not use a structured sales process is because it is too cumbersome and ineffective. However, when used effectively, this is a critical component to increasing sales. In a project by the Southern California Marshall School of Business, it was found that top performing companies used a structured sales process combined with aggressive goal setting.

This same study, "The Sales Organization Performance Gap", also found organizations with a structured sales process were almost twice as likely to see the sales team as very similar in their goals and feel a strong sense of belonging to a like-minded group. They also reported less of an emphasis on individual talents in making or exceeding quotes with a substantially higher number of all members of the sales team meeting or exceeding quotas and sales goals.

Having a set of steps, or a structured sales process, is also one of the top two factors indicated by top performing sales teams. The other is lead generation, which is largely a factor of personal confidence, motivation and networking ability of the sales professionals on the team. However, even with top lead generation there is no formal way to work with the customer through the sale to the close. Generating leads on their own were not a direct factor in the high performance of the team.

To develop a structured sales process, it will be essential to develop a step by step method that is easy to remember, intuitive to use and that is customized to the products and services the staff is selling.

Getting started with the process doesn't need to be complicated, but it will take a collaborative effort within the sales department to fine tune the steps and to determine points of data collection and analysis.



Develop a System

Developing a consistent approach to sales is going to be a critical point in a structured sales process. Unfortunately, not requiring any type of tracking is going to be ineffective as sales staff will cut corners and fall into poor habits that will limit the effectiveness of the process.

Using a top CRM (Customer Relationship Management) software program is a key factor in standardizing the sales process. The use of the data entry features will ensure that sales staff are tracking and recording all contacts with the customer in the process will ensure that the various steps and tasks are being performed.

The good news is that with a quality CRM in place different sales processes can be used for different products or services. However, even with these differences they can all be tracked throughout the sales team, streamlining sales and also providing a range of templates and features to keep sales staff from overlooking or bypassing parts of the process.

The use of a CRM also assists in using a common vocabulary, identifying the stage or part of the sales cycle, having checklists to move the next stage, providing data and information and providing clear information on the next actions for the sales staff to take to move the process forward.



Develop Stages and Actions

The CRM or the structured sales process development has to include a clear delineation of stages. These stages should not be blurred or overlapping with the sales professional or the manager easily identifying what stage of the sales cycle the customer is in at any given time.

Stages can be considered as the steps or the levels of the sales cycle. They should be limited in number, try staying to a handful, to ensure they are easy to recall for all sales staff.

In an article published online on the website Small Business Trends, author Jeff Charles identifies six steps used in defining an entrepreneurial sales process. He lists several steps, starting with how the initial interaction with the customer will occur and ending not with the close but with follow up and ongoing customer service and support.

As with this model, the goal of having distinctive stages that include specific actions by the sales professional keeps the process on track and avoids missed opportunities. The process itself will be slightly flexible in that the sales rep may not need to complete all the actions in each stage, but he or she must move the customer through each stage to successfully make the sale.

Good options for stages could be customer contact, demo scheduled, in-person demo completed, contract completed. Within each of these stages would be several actions that the sales rep would perform, all with the goal to move to the final stage, which in this example is getting the contract signed.



Look at the Buyer's Perspective

Just as the sales rep has to perform certain actions to move from one stage to the next, so does the buyer. After all, just because the sales professional makes contact with a qualified lead it doesn't mean the option to schedule a demo is going to follow immediately.

This is where the actions for the sales rep are highly effective, particularly for those new to sales or those that fall into the category of lower performers or core performers on the team. Having a range of actions available allows the sales rep to choose from a list of actions that will assist in moving the client to the next stage in a natural, effective and logical process.

Not just helpful for the sales rep, it is also positive for the buyer. For example, spending time discussing the problems they are experiencing in production or the gaps in their current services is an action that builds trust, rapport and establishes the sales representative a resource. This is an essential action in the initial stage of the sales process, but one that is often overlooked by sales reps that are struggling or finding it challenging to close a sale.

Without understanding what the client or company needs it is impossible to see where your product or services fits into their needs, limiting the ability to make the sale. In fact, according to the Harvard Business Review article "Ten Reasons Salespeople Lose Deals", stalled sales cycles were singled out as a consistent reason for not getting the sale.

With the ability to have a senior sales staff mentor, coach or sales manager take a look at the CRM and see where in the cycle the sales rep is and what is happening, feedback and support can be provided in a practical and effective way.

This is very different from an organization without any sale structure or tracking mechanism and no common language for the sale. By understanding what the buyers are looking for and matching it with the process, the sales staff is ensuring there is better, more effective communication between all players in the sale from the client and sales rep interaction to the sales rep and sales manager discussions.



Not Rigid, But Structured

With a sales structure process in place, all sales reps are more confident and comfortable in the sales cycle. Top sellers will already be using the steps in the process, and with the options in actions defined by stages they can be flexible and creative while still following the same sales process as everyone else.

For those new to sales or that are on the lower end of the performance spectrum, a structured sales process is a key to success. Of course, these people will also need mentoring, coaching and support, but the structure and the pre-selected actions and options take all the guesswork out of what to do next to continue to move the sale forward. Sometimes simply not knowing how to get from one stage to another stalls sales even with a very willing buyer. Having a template for the sales process removes this inertia or inactivity that can be a very real issue.

Keep in mind that a structured sales process is not rigid but rather allows for the sale rep to respond to the individual preferences of the buyer. Perhaps one buyer may want to meet in person before having a demo or a trial period while another may want to do the opposite. With the process in place, this type of flexibility can be easily managed without missing components in the sales cycle that may limit the ability to close the deal.



Bringing Motivation and A Structured Sales Processes Together

With the discussions above of the importance of motivation on an intrinsic and extrinsic level as well as the need for a structured sales process, it is evident how these two programs can work together to help to increase sales and profits in any business.

Having a sales process that is structured and used consistently through the organization creates a cohesive and uniformly operating sales team, a key motivator for sales staff retention and performance. Core competency builds throughout the sales team, motivating individuals as they see their ability to excel at closing sales continue to improve.

With the implementation of a structured sales process using a CRM software system, managers can also support employees in their own personal goal and milestone setting. They are also able to provide proactive mentoring and coaching as needed. It allows for the individual recognition of employees who are exceeding past performance in a way that also provides internal motivation.

Of course, motivational programs have to be personalized to the sales team and the individual. By having a sales process in place and setting those personal goals based on unique motivators a company can expect to see an increase in sales and profits.

Continuing to refine and enhance both the corporate motivation programs as well as the sales process is another way to support the sales team and build a positive corporate culture. This is an ongoing process and one that will assist in top sales employee retention, greater ability to promote from within the sales team to sales management roles and a workplace with a more collaborative and team-based approach to measuring success and meeting and exceeding goals and sales expectations.

