

Executive WhitePaper

How Sales Process Improvement Can Increase Revenue



The Sales Coaching Institute
PRODUCTIVITY TRAINING FOR SALES AND SALES MANAGEMENT

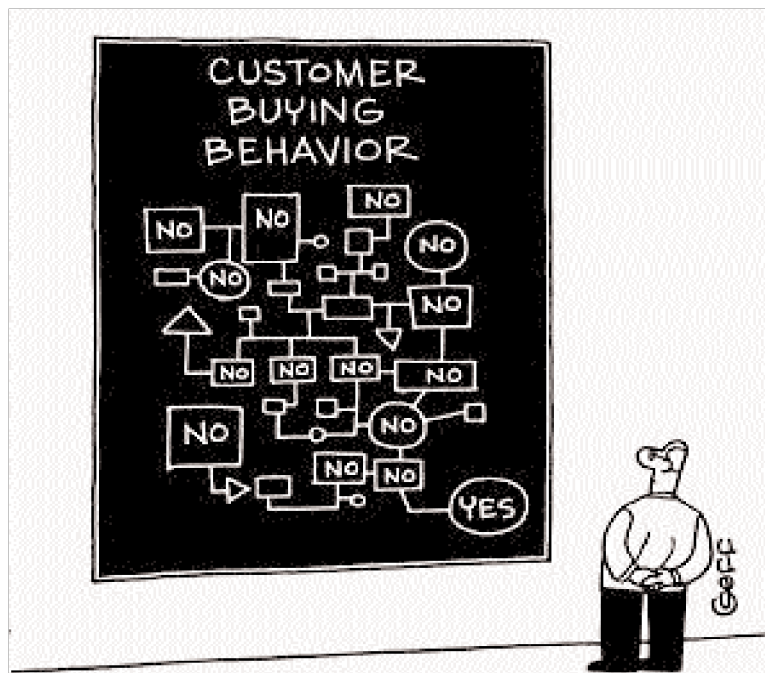
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“Customers’ buying processes have evolved in our world of ubiquitous, instant, global communication, but companies’ selling processes have for the most part stayed the same.”

Thomas Stewart, Editor Harvard Business Review, August, 2006



Introduction

It is no secret that businesses today are facing greater competition at the same time that their customers are becoming more sophisticated and demanding. This executive briefing focuses on one way to meet these challenges: *adoption of a formalized sales process methodology tailored to the unique needs of the organization.*

Sales Success comes from growing faster than your market. You can build and sustain and maintain your organizations competitive advantage through Sales Process improvement.

Sales: Art or Science?

Many business executives believe that sales is an art form. That great sales professionals are “born” with a gut instinct for the craft. That you can train sales people to be better, but the truly great are born to it, and hiring them is the only way you can have great sales professionals in your company. Yet academics have been telling us that selling is a process. Academicians have published extensively on the subject, but no useful process model has come of it. Meanwhile, other areas of business practice have made huge gains. These great strides in management over the last 50 years have been the result of systematic analysis of business processes, and the development of scientific management techniques and customer relationship management (CRM) technologies. Finance, engineering, human resources, and others have also benefited from systematic advancements in their management methods over the last 50 years, and are now all managed as true processes. But not sales.

A Process to Manufacture Customers?

What if you viewed Sales as a process to produce more customers, greater profits and higher margins? If you could, imagine how you could grow your business. Actually, you already have a customer production system of some sort in the form of your existing Sales activities. But it’s unlikely that your existing sales system reflects a true seamless process, or that you can measure it accurately, and manage its effectiveness.

- Is your current sales system a collection of activities rather than a true, integrated, end-to-end sales process?
- Can you trace the flow from one value-added activity to another?
- Can you define and measure the result of each sales activity?
- Do you rigorously manage sales too continuously and explicitly, improve its effectiveness?

It’s not simple, but performing these and related management tasks allow you to refashion your existing sales activities into a consistent, predictable, and reliable sales system. The new sales process should map your existing sales processes, identify constraints in the process and help you to better design your



processes, while installing tools to measure the correlation between your Sales activities and their results. The new and improved sales Process performs the strategic marketing task of identifying **Who** your customers are, **What** they buy from you, and **How** they want to buy it. It is the function of *Marketing* to identify the customers who are best served by the capabilities of the organization and to align the organization to service those customers. It is the job of *sales professionals* to help prospects through their buying process until sufficient numbers emerge as loyal customers.

A Practical Process Model of Sales

A ‘model’ identifies all activities necessary to accomplish a task and puts them into a specific order so they can be managed effectively. Sales is composed of hundreds of individual tasks and activities. This inherent complexity, coupled with the long-standing feeling that these functions are more art than science, has led most companies to manage their sales function on an event or activity basis — and often on a crisis basis. To be managed effectively, sales must be managed as a process. This approach does not deny that insight and experience in professional selling is indispensable. Rather, it ensures that you end up with a repeatable and manageable process to reliably leverage those assets and produce a stream of loyal customers . . . the cornerstone of business success.

Most companies manage their Sales function on an event or activity basis — and often on a crisis basis.

The value of a defined, well-planned and executed sales process is three-fold:

- It delineates and orders all of the activities of sales in a structured hierarchical manner. As such, it allows you to build a sales process that is comprehensive — with nothing falling through the cracks (indeed, without any cracks.)
- It defines the information flows between the elements and sub-elements of the system, thus ensuring that sales is an integrated function, and that its information is complete and accurate.
- It allows the sales process to be managed with proven, real-world process management tools.

Why Your Business Needs a Sales Process

A sales process is simply a series of customer-focused steps that enables sales professionals to substantively increase win rates, build customer retention, increase revenue production and margins. Each step consists of several key activities and has a predictable, measurable outcome.



You may be asking, “Why does my organization need a more formalized sales process?” First of all, look at your own customers. Are they becoming more demanding? Do they have more options to choose from to meet their needs? Are they becoming more sophisticated in how they analyze these alternatives before making a decision? Is it becoming more challenging for your business to attract and retain customers? Today’s research on sales process improvement shows that for most businesses, the answers to these questions are a resounding “Yes!”

Now look internally:

- Does your sales force sometimes react sluggishly when opportunities arise?
- Do your salespeople have trouble projecting a consistent, professional image?
- Do promising customer commitments too often fall through the cracks?
- Do negotiations go awry at the last minute, resulting in a bad deal – or no deal at all?
- Is your customer data out-of-date and dispersed in silos across the company?
- Are you tired of technological solutions that are so complicated they never get used?

A great sales process can help your sales force succeed. Its benefits include:

- **Definable steps.** A sales process helps you identify best practices for working through sales opportunities. Random acts produce random results.
- **Predictable outcomes.** A sales process helps you see which steps will bring a sales opportunity to closure.
- **Repeatable activities.** A sales process helps you replicate your successes and avoid your failures.
- **Measurable results.** A sales process helps you forecast revenue and measure the time required for key steps in the process.

Sales and marketing research shows that the answers to these questions tend to be “Yes” as well.

A well-defined sales process is no panacea, but one that is implemented utilizing the suggestions in this executive briefing can help your sales force:

- Identify and qualify leads faster.
- Find more opportunities for repeat business among your existing customers.
- More consistently position the unique value that your company can deliver versus the competition.
- Discover your customers’ true “pain points” and map these needs to your products or services.
- Identify and deliver convincing proof that your products can meet those needs.
- Better assess the revenue potential for a given customer – and be able to view consolidated information for all customers in your sales pipeline.
- Negotiate and close more sales.
- Build stronger relationships with customers and business partners.



- Put a follow-up process in place after the sale that helps drive customer satisfaction and loyalty – and generates repeat business and referrals.

What Is a Sales Process?

As mentioned above, a sales process is simply a series of steps that enable your sales force to close more sales and generate more repeat business through referrals.

All customers go through several basic steps in the Customer Buying Process. Obviously someone who is thinking about purchasing a candy bar for a dollar at the check-out stand at their local grocery moves through the steps much more rapidly than a Chief Information Officer considering upgrading his multi-million dollar Enterprise Resource Planning (ERP) software. Nevertheless, the fundamentals of each stage are very similar.

- **Marketing** - *Identify needs.* Businesses look for ways to improve revenues and market share, to lower costs, and to improve operating efficiencies. Consumers look for ways to improve their standard of living or their overall satisfaction.
- **Qualification** - *Determine requirements.* The customer's goal in this step is to clearly identify all the aspects of the problem or opportunity they are trying to solve and to specify the requirements for a solution.
- **Proposing** - *Evaluate options.* The customer solicits proposals and seeks out proof that the potential vendors can meet the stated requirements.
- **Delivering** - *Negotiate.* The customer now has a clear understanding of the options available and begins negotiations to acquire the product or service. Price is one consideration, but negotiating considerations include the cost of change and the risk that the solution will not meet their needs. The product or service is implemented and the customer begins the process of judging whether it truly meets the stated needs.

Five steps define the sales process methodology

Each step is made up of several key activities with predictable, measurable outcomes. The steps help sales professionals succeed by:

1. Focusing on a total understanding of critical business issues faced by customers.
2. Developing potential value to be gained by customers.
3. Creating a strong desire in the customer to buy products and services supplied by your company.

Step 1: Prospecting. At this first stage of the sales process, the salesperson is generating qualified leads, finding new opportunities among the existing customer base, and differentiating his or her company versus the competition. Depending on the type of



business, prospecting can take many forms including networking, seminars, marketing, trade shows, and cold calls. The purpose of this step is to identify a qualified decision maker, or an ally in the organization who can help you reach the decision maker.

Step 2: Qualifying. In this stage you and the customer are “sizing each other up.” You are assessing the revenue potential and costs associated with a customer opportunity to decide if it’s worth pursuing further, while the customer is assessing whether your company can meet their needs. In this stage of the process, your sales professionals need to be adept at probing to unearth the customer’s true needs, in detail. Then they need a way to clearly articulate a “buying vision” to the customer – capabilities that illustrate how your company’s products or services can uniquely meet their needs. The goal of this step is to convince the decision maker to move ahead with an in-depth evaluation of your solution.

Step 3: Proposal. When you reach this stage the promises end and you have to demonstrate to the decision maker that your company can really deliver the goods. You can create a mutually agreed upon Product/Service Evaluation Plan that highlights key steps to prove your capabilities and ensure a win for both the customer and the salesperson. The evaluation plan is an important, formal lever that many salespeople overlook: once a customer agrees to the Evaluation Plan, the salesperson is in control of the sales process. In other words, the customer can only afford to go through the steps of an evaluation plan with one selling organization because of the time, cost, and resources to perform each step. The goal of the *Proposal* stage is that the value has been demonstrated – via successful completion of the evaluation plan – and the customer requests that the salesperson submit a proposal.

At this stage of the process the consideration set of companies narrows in the eyes of the customer, and responding rapidly – and professionally – is essential for the sales professional. Most business winces at the thought of how many potential sales slips away when a commitment falls through the cracks or an e-mail goes unanswered.

Step 4: Decision. By now, you are so close to pushing this deal across the goal line that you can “almost taste it.” But how often has your sales force fumbled the ball in the end zone? Perhaps one of your salespeople gave too much away in the final negotiations, making the deal unprofitable. Or conversely, perhaps he or she walked away from a good sale when a low cost giveaway might have sealed the deal. Such is the delicate and tantalizing nature of the Decision step of the sales process.

The desired outcome, naturally, is a successfully negotiated deal – perhaps formalized in a signed contract – that symbolizes a win-win arrangement for your company and the customer.



Step 5: Repeat Business - Referrals. A signed contract is really just the first chapter of the story. *The Repeat Business - Referral step* acknowledges that it is indeed a sales process – not a moment in time when a contract is signed or a sales commission is paid out. First of all, the product or service must be delivered and implemented as promised. A sales professional focused on a long-term profitable relationship will take ownership and follow up with the customer to make sure that everything is going smoothly. And at the right time, he or she will begin the Prospecting step again, probing the customer to see if there is an ongoing need that can be serviced with a simple reorder or, if needs have changed, the opportunity to up-sell or cross-sell a new product or service. Obviously the goal of this step of the sales process is repeat business – not to mention a satisfied customer willing to be a referral for you.

The Challenges of Implementing a Sales Process

Clearly, a well-defined and measurable sales process can help to increase sales and profit margins and make a huge difference in your organization. But there are still challenges to overcome. Change is scary, and inertia is a powerful force. People like doing things the way they always have done them. Here are some best practice guidelines to help you successfully implement a new sales process in your organization.

The Role of Management Support

Senior sales management needs to take *ownership* for implementing and managing the sales process. As with any proposed change, sales professionals will watch closely to see if the sales process will really be adopted and enforced by the organization. Is this just the flavor of the month or is it truly a new way of doing business? Senior sales management must support and reinforce the change at every opportunity. Use the sales process terminology inherent in the process to show that a cultural shift is being made, for example. It also means adjusting compensation schemes to reward those who use and excel with the sales process. And most importantly, it means enforcing participation across the board. Nothing will do more to undermine the participation of junior salespeople than seeing a more senior colleague allowed to blithely skip steps in the sales process.



The Process of Sales Process

The sales process should map to your customer's buying process.

In general, more complex sales usually result in longer sales cycles with more steps, whereas the opposite is true with less complex sales. You need to adjust these models to meet the unique needs of your customers and your own sales organization.

It is also important to realize that there is a *process* to implementing a sales process. It is not a one-time thing. Just as you would with any major endeavor, think:

Research, Implement, Evaluate, Refine, Ongoing Sales Management Support.

- **Research.** Spend time talking with customers and reflecting on what process elements have worked well for your top salespeople.
- **Implement.** Document your customized sales process, along with tailoring any tactical job aids that you want your salespeople to use. And build usage of the sales process into your compensation schemes.
- **Evaluate.** Being able to quantify what is – or is not – working with your sales process is essential for keeping people committed to it. Get feedback from your customers. Is their satisfaction higher? Are they more likely to buy from you again? Are they more willing to act as a referral? The sales process itself has measurable outcomes at each step: How many new leads are being generated? How many are being converted to hot prospects? How many proposals are we submitting? How many are converted to sales? Are we generating repeat business? These sales process metrics can very naturally be tied to compensation schemes.
- **Refine.** Your sales process needs to be a dynamic tool that changes to reflect the customer buying process, as well as the evolving personnel and culture of your organization. Look for trends and clues in your sales process metrics and consider doing a major periodic review of the process to fine tune it.
- **Ongoing Sales Management Support.** Talk the talk and walk the walk. A sales process will create uncertainty and additional work – at least initially – and employees will watch management closely for signs that their commitment is fleeting. For too long now, sales has been viewed as something that cannot be managed as a process — but rather as a function in which success depended solely on gifted individuals. This view was an accurate perception so long as no useful process model existed for sales and no proven methods by which to manage it. That era is over. Talented people will always be valuable . . . and they will always be insufficient to sustain a competitive advantage.



Sales Process Audit

1.1 Introduction

This sales process audit checklist is based on a top down process that starts with the corporate goals and objectives. The process then seeks to audit how well the sales and marketing operations supports the realization of these corporate goals and objectives. The steps in the process are:

- Briefing by senior management to understand and validate the overall corporate vision, goals, and objectives within which the sales function operate.
- Evaluate how well the corporate strategy is understood by sales management and staff and articulated at the more detailed tactical, policy and operational level.
- Appraise the degree of clarity and appropriateness of the sales strategy in pursuit of the corporate and marketing objectives.
- Evaluate the dissemination, understanding, and internalization of the strategy throughout the sales organization.
- Assess the degree to which the strategies and policies are being implemented and the effectiveness of the implementation programs.
- Evaluate the degree to which effective planning and control systems are deployed and effective.

1.2 Briefing by Senior Management

An initial meeting with senior corporate management to be briefed on the following:

- Corporate vision,
- Corporate goals & objectives,
- Sales objectives,
- Market positioning,
- Market segmentation,
- Key competitive advantage/unique sales proposition/value proposition,
- Core sales strategies to achieve sales objectives and to support corporate strategies and objectives,
- Implementation programs to support the sales strategies,
- Current organization, systems, and resources to implement strategies,
- Key strengths and weaknesses,
- Key metrics and measurement and control systems.

1.3 Review of Marketing & Sales Strategy

Working with Sales & Marketing management and staff, evaluate how the corporate strategy is understood and articulated at the more detailed tactical, policy and operational level.

Overall Sales Strategy

Clarity and appropriateness of the sales strategy in pursuit of the corporate and sales objectives.

Evaluate the dissemination, understanding, and internalization of the strategy throughout the sales organization.

Market Positioning and Segmentation

Is the market positioning and segmentation consistent with the strategies and objectives?

Is the positioning appropriate for all target market segments?

Does the product and services portfolio support the market positioning?

Product & Services Strategy

Breadth and depth of product portfolio.

Consistency and compatibility of product offerings within the portfolio.

Delivery and support services and mechanisms.

Is product and services portfolio appropriate for each target market segment?

Pricing Strategy

Pricing objectives, strategies, policies and procedures.

Is the Value Proposition clear and persuasive?

Is there clarity around the strategic versus tactical pricing needs?

Is Trade pricing logical and consistent across the various distribution channels and trading volumes?

Are there clear services pricing objectives and policies?

Promotional Strategy

Purpose of promotional/communications strategy: *Generate direct sales? Generate new leads? Build ongoing relationships? Build brand awareness?*

Identification of key target audience(s), message(s), and media/vehicle(s) for each communication, consistency and appropriateness of the components of the promotional/communications strategy.

Strategy to deploy each of the following promotional elements:

- Corporate brochure & sales literature, Data sheets, whitepapers, case studies,
- Direct mail, e-mail marketing, Web site,
- Search Engine Optimization strategy (SEO)
- Search Engine Marketing via Google, Yahoo, MSN, etc
- Public relations, Seminars, Advertising, Trade shows, Sponsorship

Sales and Distribution Strategy

Are all the appropriate Routes-to-Market (direct & indirect channels, e-business) deployed? Is there consistency in the strategy across the different routes?

Use of partnerships and alliances (distributors, dealers, other partners)?

Direct sales strategy, Lead generation strategy, Sales process & pipeline management, Account management strategy, Customer retention and development strategy, Customer service strategy

1.4 Review of Sales & Marketing Operations

Evaluate the degree to which strategies and policies are being implemented and the effectiveness of the implementation programs.

Review Market Collateral and other materials

Review relevance, quality and consistency of the marketing materials used including:

- Brochures, Data sheets, Case studies, White papers, Presentations, and Web sites.

Review of Sales Operations

Review of the extent to which strategy implementation is effective at the sales operational level under the following headings:

- Sales organization, Lead generation activities, Sales process,
- Pipeline management, Account management process

- Partnership management, Sales forecasting, Sales goals and quota setting
- Win-loss interviews, Deployment of Sales Force Automation (SFA) and/or Customer Relationship Management (CRM) systems.

1.5 Planning and Control

Evaluate the degree to which effective planning and control systems are deployed and effective under the following headings:

- Marketing budget, Allocation of resources by market segment
- Allocation of resources by marketing function/activity Market planning process:
 - Is there a formal marketing planning process?
 - Is there a formal written marketing plan? Is it current/up-to-date?
 - Marketing information systems
 - Is market intelligence being captured, disseminated and used in an accurate, sufficient and timely fashion?

Is market research adequately used to support the decision making process?

- Are the control procedures (monthly, quarterly, etc.) adequate to ensure that the annual plan objectives are being achieved?

1.6 Audit Report

The Sales Audit report will document the findings of the review as set out above and provides recommendations for future action, where it is deemed appropriate.

Ideal Company Sales Process Model

