

# Optimizing Sales Effectiveness

**Presented to**

**IFPA**

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*Representing*  
**American Press Institute**

# Today's presentation

How can organizations increase sales effectiveness, revenues and profits?



## What we'll cover

- **Key concepts, drivers and tools for increasing the effectiveness of sales organizations, regardless of size or industry**
- **Checklists for making sales improvements**

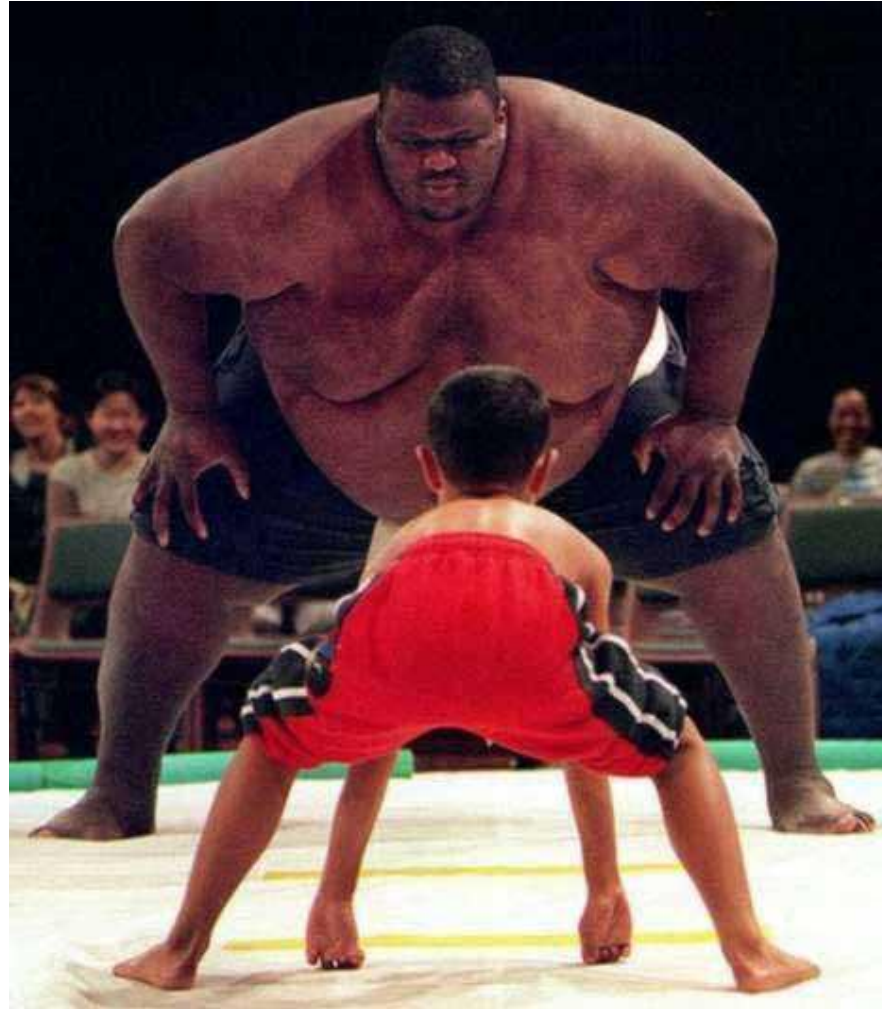
# 5 Key Takeaways

## 1. Not magic.



# 5 Key Takeaways

## 2. Applies to all.



# 5 Key Takeaways

## 3. Seven key drivers.



# 5 Key Takeaways

## 4. It's not easy.



# 5 Key Takeaways

## 5. Big payback!

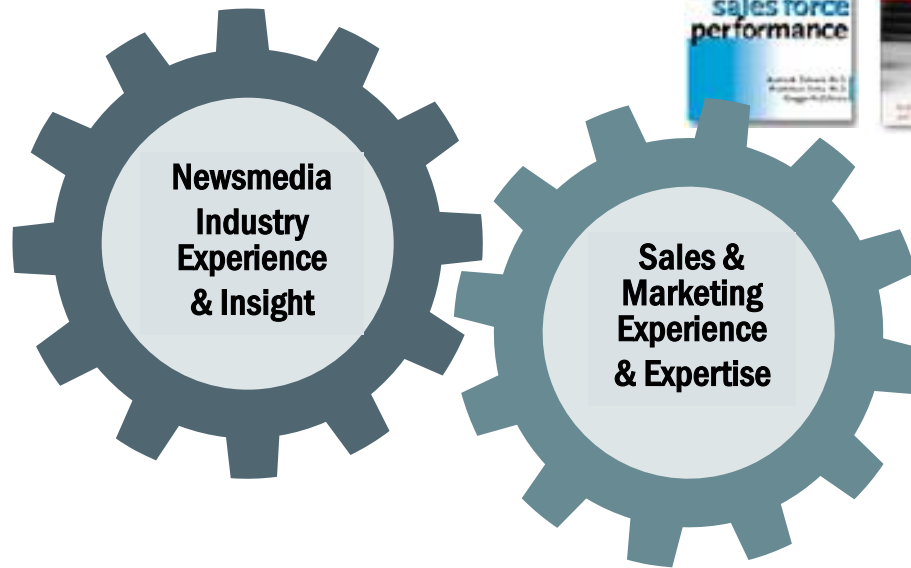


# API / ZS Associates collaboration



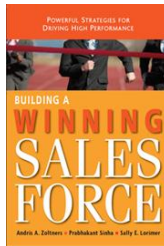
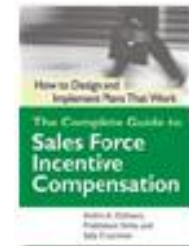
- North America's leading educational and training center for newsmedia managers and executives
- Based in Reston Virginia, near Washington, D.C.
- 65-year history

*“Advancing the business of news with knowledge for new solutions”*



## ZS ASSOCIATES

- One of the largest sales & marketing consulting firms in the world
- 1,500 employees; 19 offices around the world
- Partnered with more than 700 companies across 70 countries and 25 industries
- “Wrote the book” on sales effectiveness

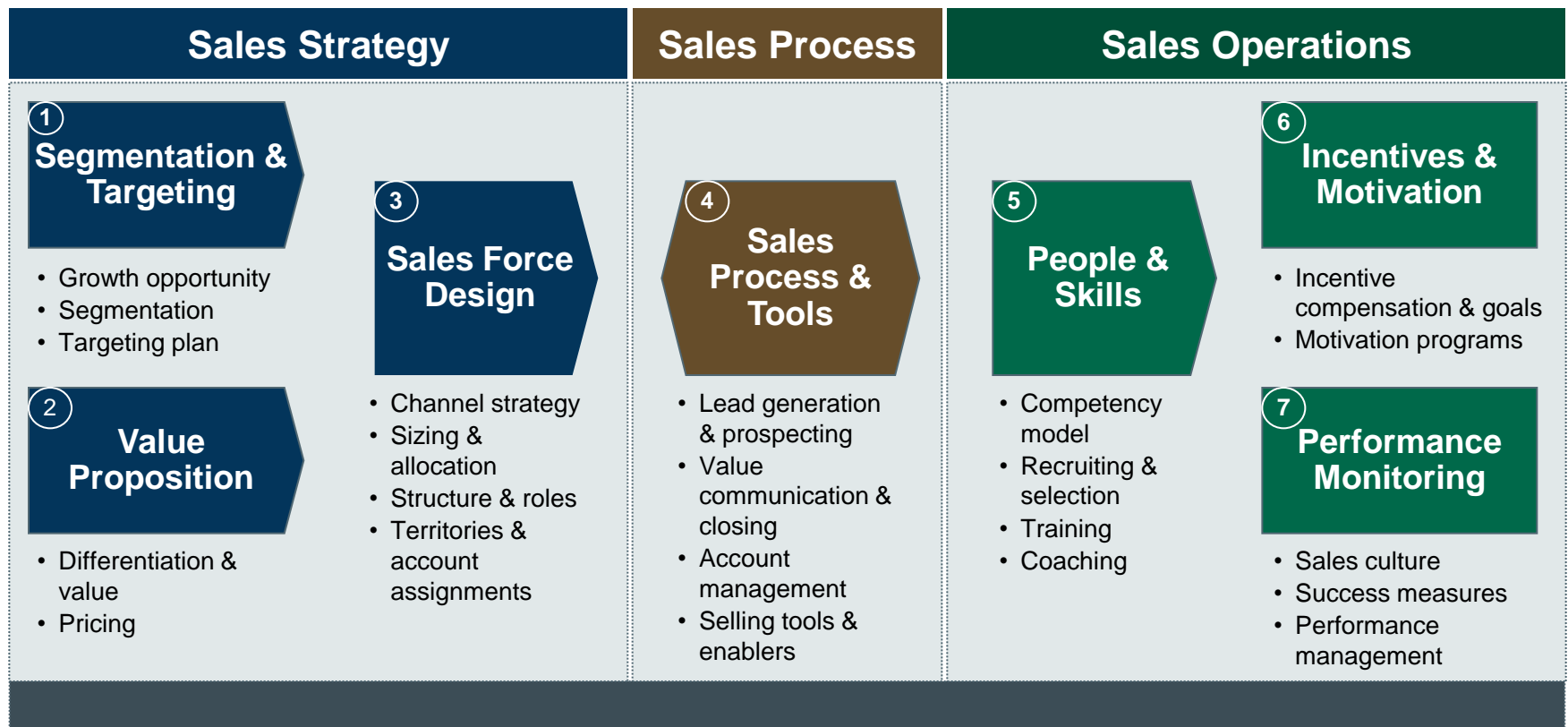


# What things impact the effectiveness of an organization's sales efforts?



# Although the number of factors impacting sales effectiveness is vast, they can all be categorized under 7 key drivers

## Key Sales Effectiveness Drivers



# World-class sales organizations maximize sales effectiveness by focusing on the 7 key drivers

		Leading Companies	Your Company?
<b>1. Segmentation &amp; Targeting</b>	We divide potential customers into well-defined segments, then develop appropriate objectives, strategies and resource allocation for each.	✓	
<b>2. Value Proposition</b>	We have a clear and compelling value proposition, and communicate it effectively to sales prospects.	✓	
<b>3. Sales Force Design</b>	We optimize sales structure, size and resource allocation to efficiently and effectively align resources with opportunities.	✓	
<b>4. Sales Process &amp; Tools</b>	We have a rigorous and clear sales process, with appropriate tools and enablers to maximize success.	✓	
<b>5. People &amp; Skills</b>	Our hiring, training and coaching enable highly skilled and continuously improving sales personnel.	✓	
<b>6. Incentives &amp; Motivation</b>	Our incentive and recognition programs drive high sales force motivation and performance.	✓	
<b>7. Performance Monitoring</b>	We employ a data-driven performance management culture that enables high impact sales leadership and selling performance.	✓	

# 1. Segmentation & Targeting

## Key Sales Effectiveness Drivers

### Sales Strategy

#### 1 Segmentation & Targeting

- Customer insight
- Segmentation
- Targeting plan

#### 2 Value Proposition

- Competitor insight
- Pricing
- Differentiation & value

The first step in sales success is dividing potential customers into well-defined segments, then developing appropriate objectives, strategies and resource allocation for each.

• Account assignments

• Account management  
• Selling tools & enablers

• Coaching

• Sales culture  
• Success measures  
• Performance management

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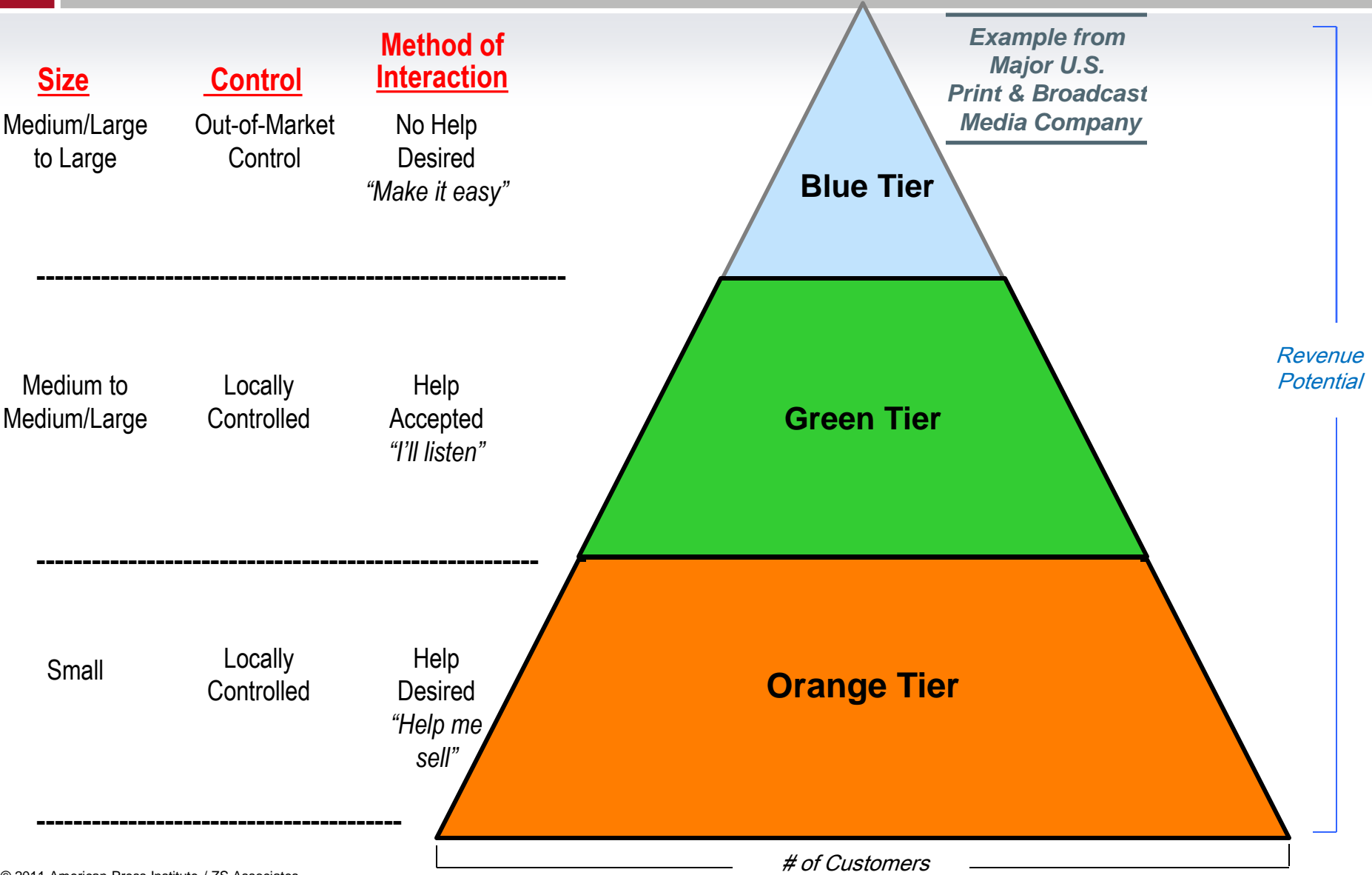
# Clear segment definitions dictate other key drivers



## Considerations

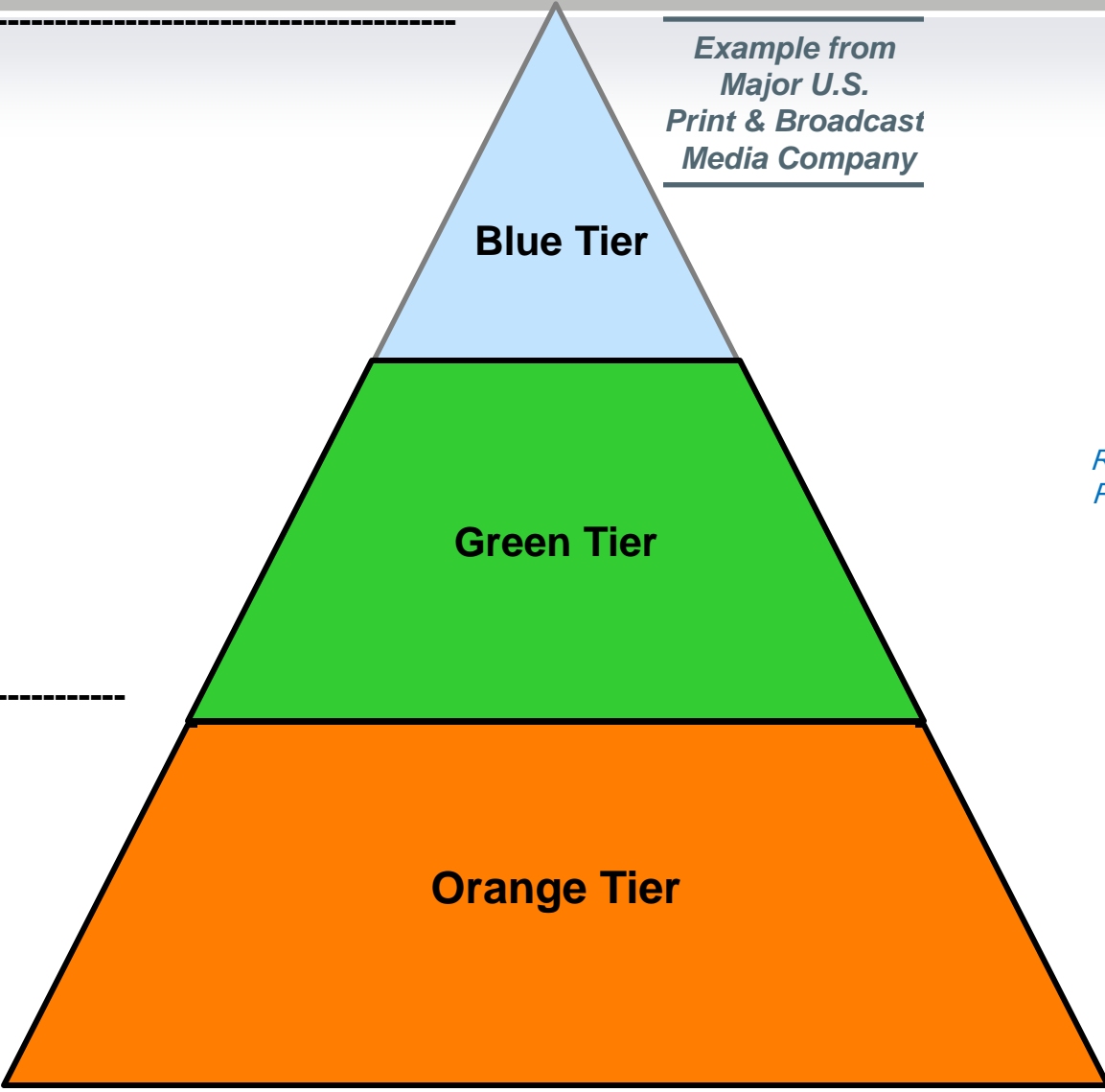
- Size
- Potential
- Interaction preferences
- Decision-making style
- Controllability
- Local autonomy
- Sales skills/competencies required
- Cost to serve

# Multi-dimensional segmentation -- based on size, degree of control and customer's preferred method of interaction



# Different segments require different sales objectives

*Example from  
Major U.S.  
Print & Broadcast  
Media Company*



**Primary Objectives:**

- Retention
- Advertising Share Growth

**Secondary Objective:**

- Acquisition

**Primary Objectives:**

- Acquisition
- Category Penetration

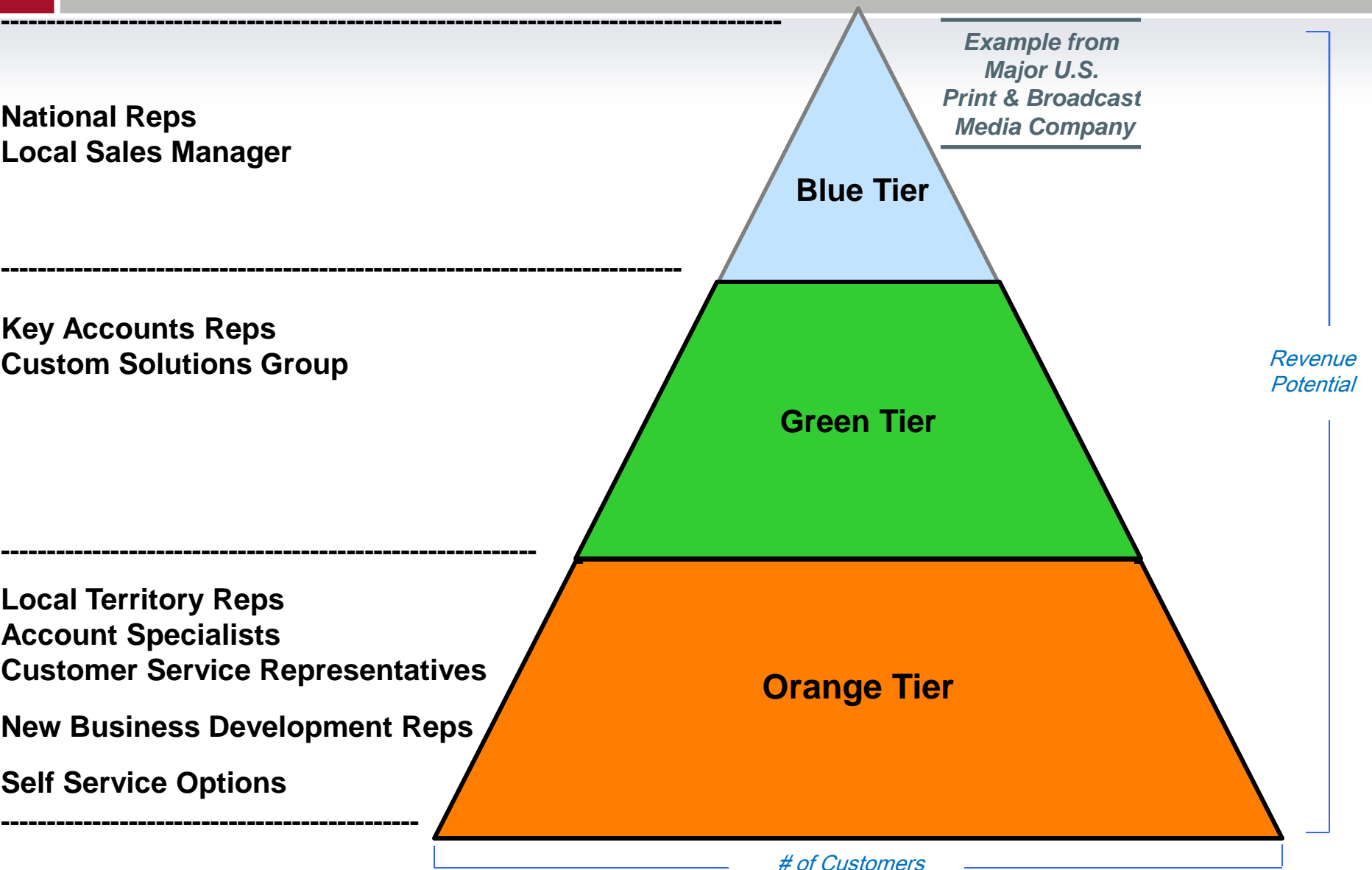
**Secondary Objective:**

- Retention

*Revenue  
Potential*

*# of Customers*

# Different segments require different sales resources



# Summary: Segmentation & Targeting

**Goal:** We divide our potential customers into well-defined segments, and develop appropriate objectives, strategies and resource allocation for each.

## Checklist

### A. Define account potential and needs

- Estimate potential at account-level, if possible

### B. Design segments

- Simple segments -- e.g.: large, medium, small -- are fine as a starting point
- Assign accounts to segments

### C. Develop appropriate objectives, strategies and resources for each segment

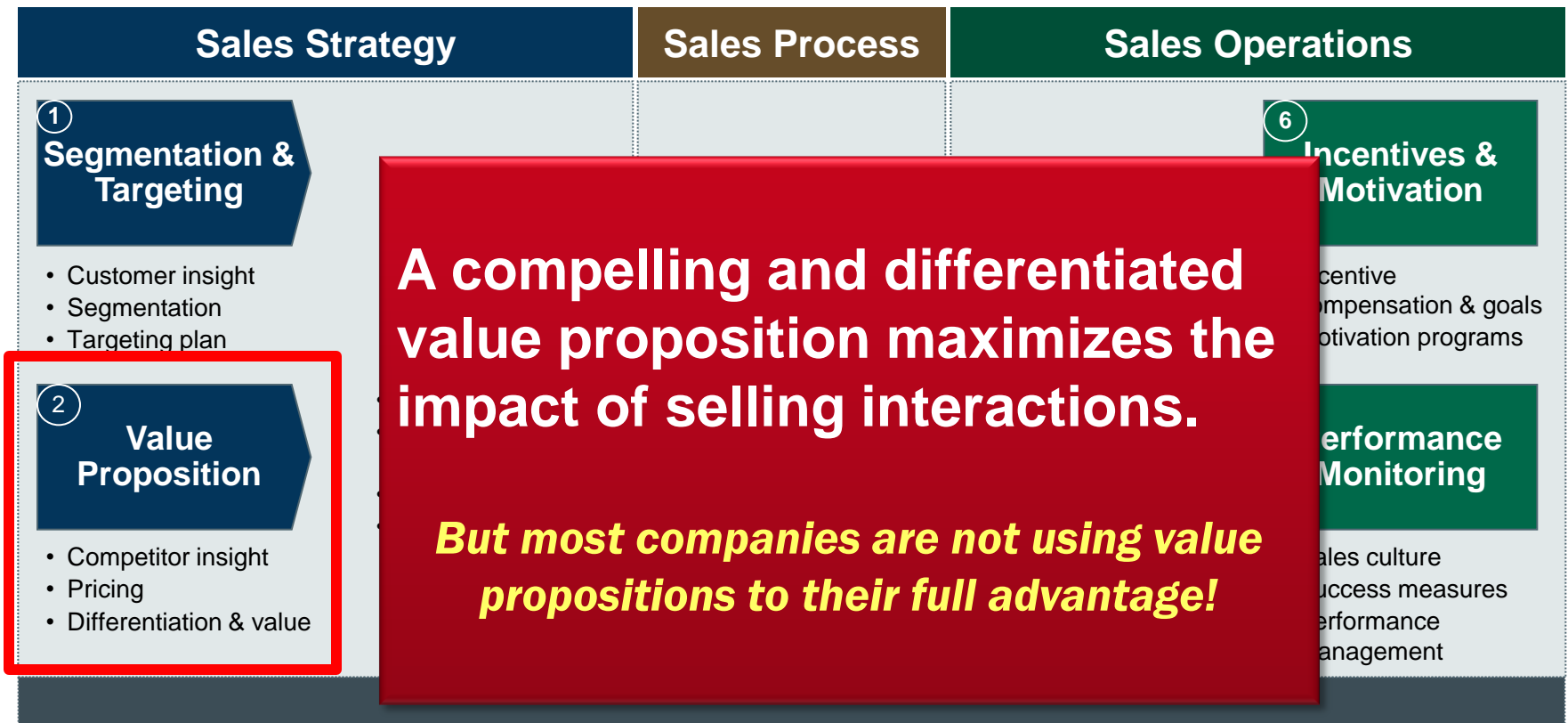
- Sales Objectives: What you plan to achieve
- Sales Strategies: How you plan to do it
- Sales Resources: Personnel and support tools you'll use

### D. Link to appropriate sales force design

### E. Execute and monitor segmentation plan; adjust as needed

## 2. Value Proposition

### Key Sales Effectiveness Drivers



# A strong value proposition is a key to sales success

1. Describes why a customer should buy your particular product or service, clearly and succinctly
2. Differentiates your offerings from those of your competitors
3. Allows you to create value beyond just price
4. Helps gain fast, positive prospect attention
5. Improves operational efficiency

*However, research shows that most companies and sales reps...*

- *have not identified an effective value proposition*
- *cannot clearly express their value proposition*
- *rarely if ever test, revisit or revise their value proposition*

**Challenge: Refine your value proposition until you can articulate it in a single, instantly credible sentence.**

# Summary: Value Proposition

**Goal:** We have a clear and compelling value proposition, and communicate it effectively to sales prospects

## Checklist

### A. Determine segment-specific value propositions

- Clear
- Compelling
- Competitively differentiated
- Fast, positive prospect attention
- Easily understood and communicated

### B. Develop tools to help tailor and communicate value proposition

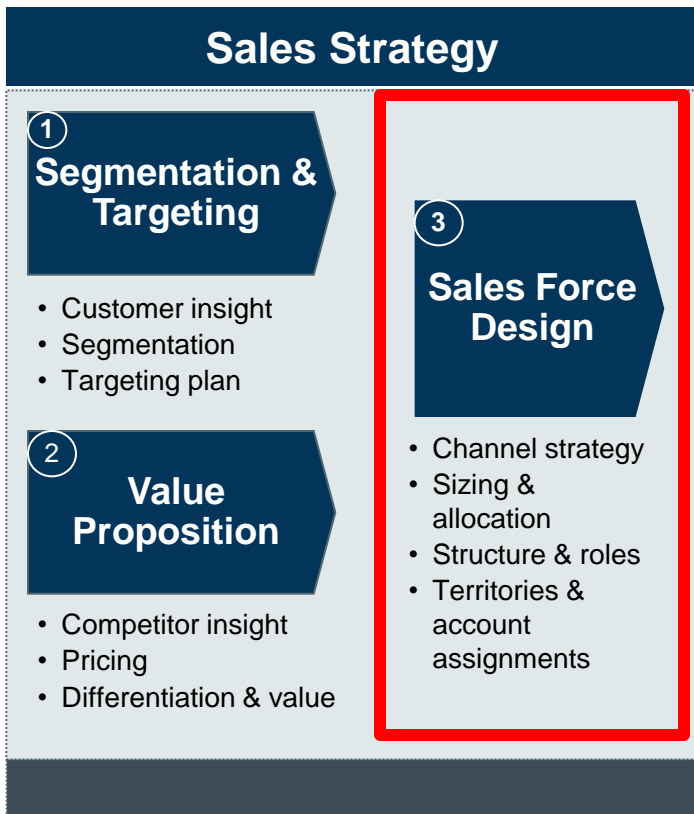
- Elevator speech, sales collateral materials, presentation templates, etc.

### C. Implement plan

- Training, coaching, and monitoring to ensure that company is consistently and effectively communicating value proposition in sales and marketing efforts

# 3. Sales Force Design

## Key Sales Effectiveness Drivers

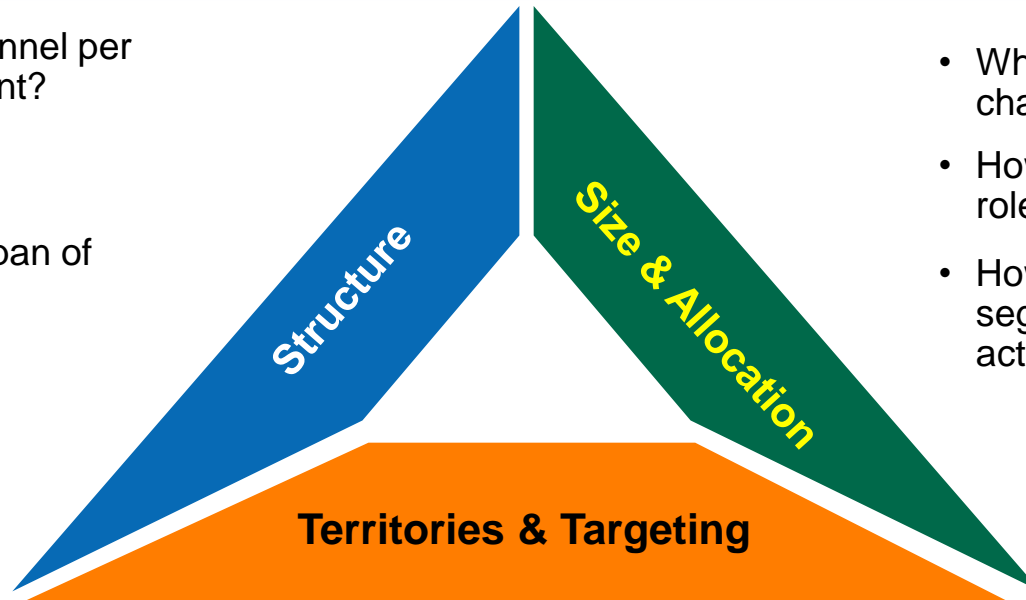


**Optimizing sales structure, size and territories ensures maximum return on selling investments.**



# Sales force design includes structure, sizing & allocation, territories and account targeting

- What sales channel per account segment?
- Generalists vs. specialists?
- Management span of control?
- Reporting relationships?

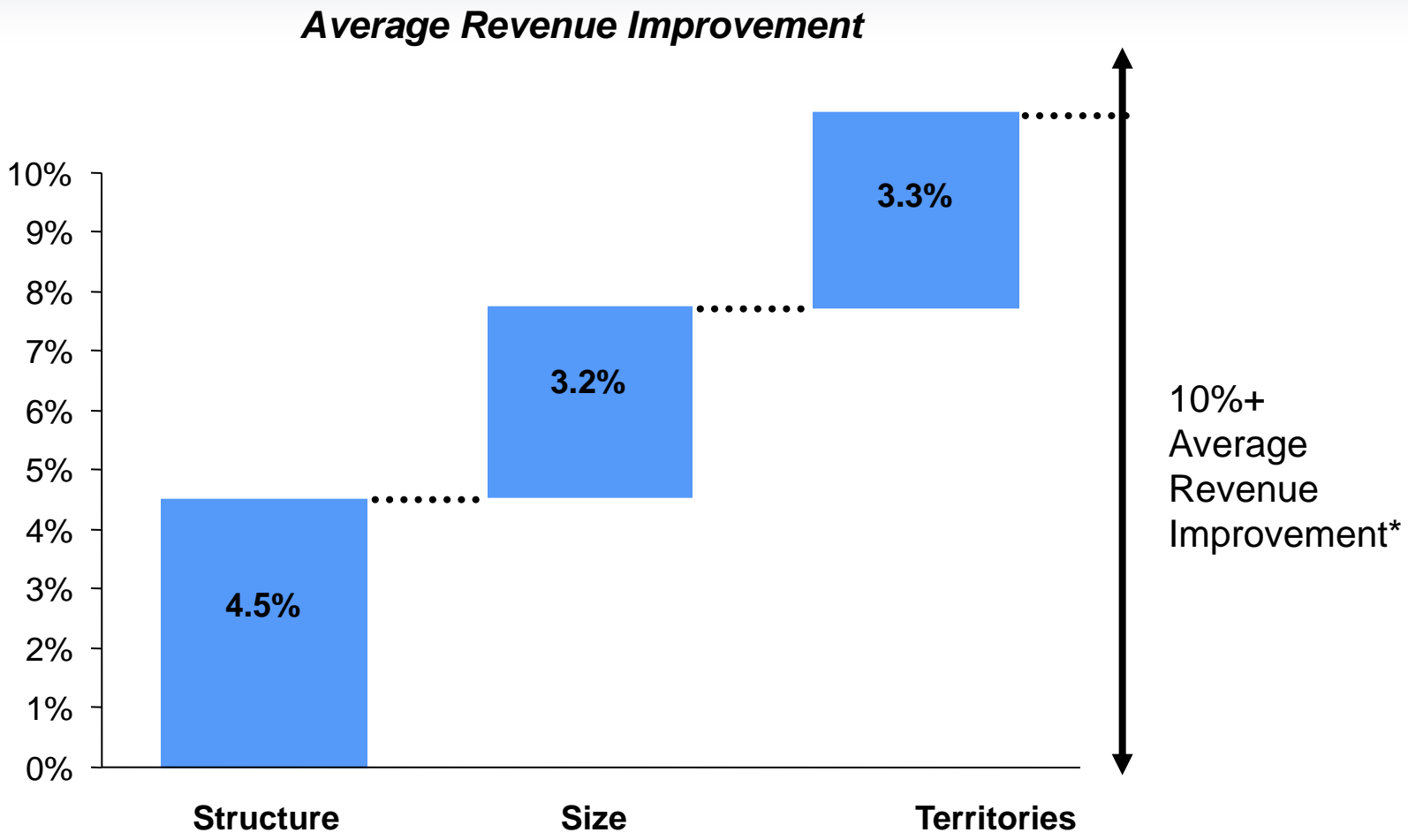


- Which accounts to which channels & sales teams?
- How many people in each role?
- How to allocate effort across segments, products, activities, etc.?

- How to optimize territory assignments & rep matching?
- Which accounts to target with what priority?

# The average company can improve profitable revenues by **10% or more** through improved sales force design

Source: ZS Data



# Summary: Sales Force Design

**Goal:** We optimize sales structure, size and resource allocation to efficiently and effectively align resources with opportunities.

## Checklist

### A. Identify structure alternatives for your sales organization

- Evaluate each alternative based on a set of key criteria including strategic fit, effectiveness, efficiency, manageability and implementation ease

### B. Review and optimize sizing and resource allocation

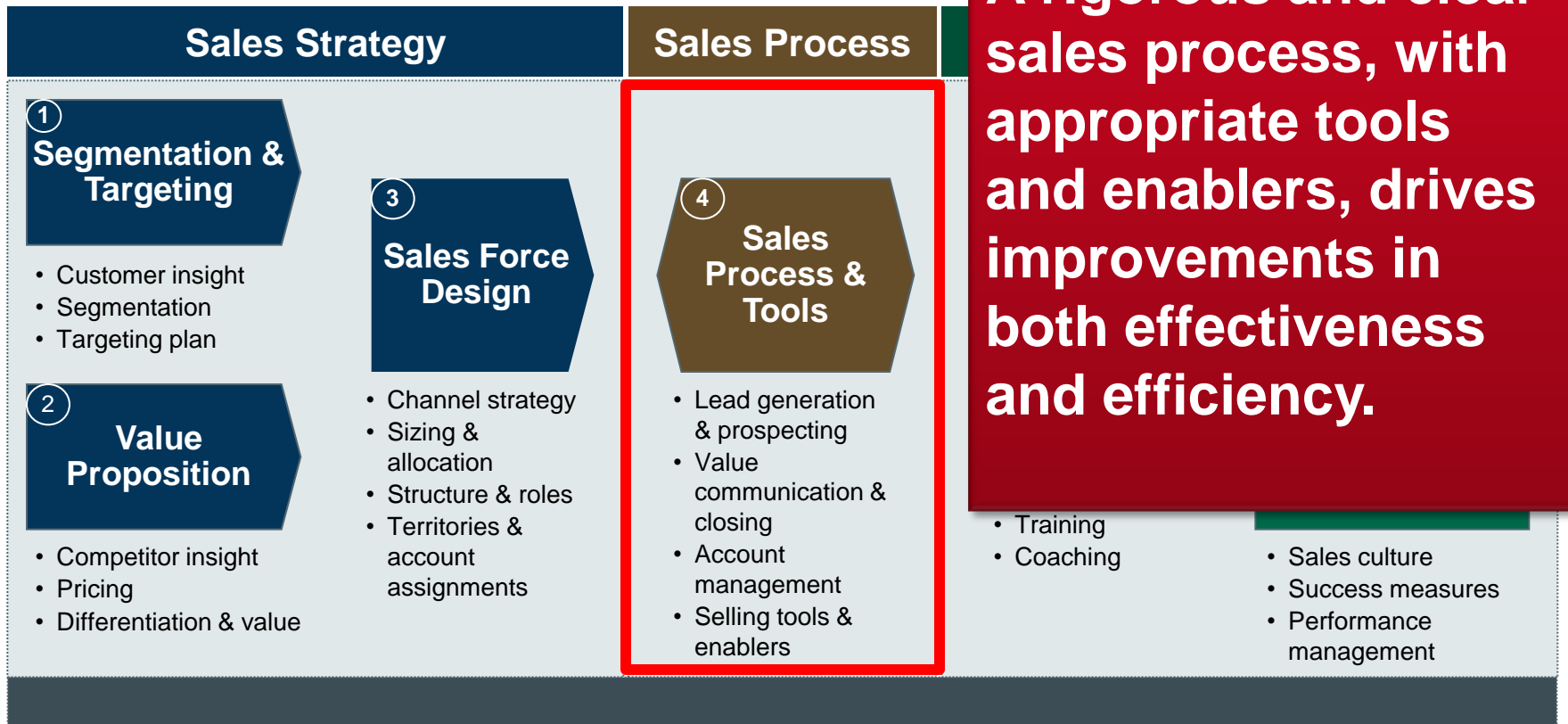
- Assess required workload for different segments and types of accounts
- Optimize staff sizing for maximum profitable return on investment

### C. Design territories and make account assignments

- Design territories based on workload balance, geographic efficiency and minimized disruption

# 4. Sales Process and Tools

## Key Sales Effectiveness



**A rigorous and clear sales process, with appropriate tools and enablers, drives improvements in both effectiveness and efficiency.**

- Training
- Coaching
- Sales culture
- Success measures
- Performance management

# Why does having a robust and clearly defined process matter?

## *Common misperceptions about sales*

- **“Sales is an art, not a science”**
- **“Great sales people are born, not created”**
- **“Defining a detailed sales process stops a salesperson from being flexible or creative”**

## *Our view on sales process*

- **Best in class sales forces view sales as a process which can be measured, improved and trained**
- **The best salespeople understand and follow a clear sales process on every call (but only 10-15% fall into this category)**
- **The remaining 85—90% of salespeople strongly benefit from a clear sales “roadmap”, coupled with strong training, coaching and tools**

# Example of identifying the sales process

## Situation:

API/ZS was engaged by a multi-media company in the Midwestern U.S. to assist in developing training recommendations for their sales organization.

## API / ZS Approach:

1. In-person interviews
  - Top execs
  - Sales management
  - Sales reps
2. Development of initial sales process map
3. In-person working sessions to refine sales process map
4. Online survey to identify perceived strengths, gaps and opportunities
5. Development of training recommendations

# Clear sales process improves effectiveness



	<ol style="list-style-type: none"> <li>Develop target lists of local business establishments</li> <li>Qualify lists and develop contact plans</li> <li>Networking</li> </ol>	<ol style="list-style-type: none"> <li>Prepare account strategy</li> <li>Contact accounts and set up decision-maker meetings</li> </ol>	<ol style="list-style-type: none"> <li>Prepare meeting plan</li> <li>Identify opportunities that meet customer needs</li> <li>Present high-level value proposition (elevator pitch)</li> </ol>	<ol style="list-style-type: none"> <li>Create effective and detailed proposals</li> <li>Present high impact proposals</li> <li>Handle objections and close sales</li> </ol>	<ol style="list-style-type: none"> <li>Coordinate layout, copy &amp; proofing</li> <li>Handle ad order entry</li> </ol>	<ol style="list-style-type: none"> <li>Conduct regular check-ins (weekly, bi-weekly, or monthly, depending on segment)</li> <li>Conduct quarterly account reviews</li> <li>Ask for referrals</li> </ol>
<b>Activities</b>	<ul style="list-style-type: none"> <li>Target lists</li> <li>Contact planning templates</li> <li>Membership to networking organizations</li> </ul>	<ul style="list-style-type: none"> <li>Account strategy templates</li> <li>Customer contacting scripts</li> <li>High-level value proposition materials</li> <li>Calling scripts</li> </ul>	<ul style="list-style-type: none"> <li>Meeting planning template</li> <li>Needs assessment tool</li> <li>Value proposition templates</li> <li>Sales support material</li> </ul>	<ul style="list-style-type: none"> <li>Proposal development tools</li> <li>Objection handling scripts</li> <li>Spec ad templates</li> <li>Co-op advertising opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Ad layout templates</li> <li>Order forms</li> <li>Internal customer service</li> </ul>	<ul style="list-style-type: none"> <li>Check-in email templates and scripts</li> <li>Account review process and templates</li> <li>Data analysis tools to generate reports</li> </ul>
<b>Enablers</b>						

# Based on the sales process, we identified a set of key selling and sales management skills



Required Skills		
<b>Reps</b>	<ul style="list-style-type: none"> <li>Time management / organization skills</li> <li>Networking</li> <li>Account planning</li> <li>Prospecting and setting up appointments</li> </ul>	<ul style="list-style-type: none"> <li>Identifying customer needs – asking the right questions</li> <li>Presentation skills (high-level and tailored solutions)</li> <li>Handling objections</li> <li>Closing sales</li> <li>Product knowledge</li> <li>Marketing knowledge – how companies can improve marketing and advertising</li> <li>Advertising design</li> </ul>
<b>Managers</b>	<ul style="list-style-type: none"> <li>Developing and reviewing contact lists and account plans</li> <li>Going on rep-rides and helping set up appointments</li> <li>Reviewing number of new appointments</li> </ul> <p><i>Note: Manager must also have all rep skills</i></p>	<ul style="list-style-type: none"> <li>Client engagement</li> <li>Getting referrals</li> <li>Relationship management</li> <li>Conducting value review meetings</li> <li>Getting referrals</li> </ul>

**Next steps: Identify gaps and improvement opportunities, develop training plan**

# Summary: Sales Force Design

**Goal:** We have a rigorous and clear sales process, with appropriate tools and enablers to maximize success; we use the process to optimize the other six drivers.

## Checklist

### A. Identify an Early Experience Team (EET) to design your sales process

- Highly skilled and successful
- Well respected by peers
- Include sales reps and first-line managers

### B. Design sales process, including:

- Key stages
- Selling activities
- Tools & enablers
- Required skills (sales and management)
- Performance metrics

### C. Develop sales process implementation tools

# 5. People & Skills

**A systematic approach to hiring, training and coaching will help ensure a highly skilled and continuously improving sales staff.**

## Business Drivers



# Recruiting, hiring and retaining top sales talent is a complicated, ongoing process



All of these factors are more effective when driven by a **well-defined sales process**

# What are the best predictors of sales candidate success?

**Academic experience**

**Assessment centers**

**Referrals**

**Job experience**

**“Gut feel”**

**Informal interviews**

**Structured interviews**

**Coin flip**

**Behavioral testing**

**Case presentation interviews**

**Reference checks**

**Behavioral testing**

# What are the best predictors of sales candidate success?

## The most effective predictors, statistically :

- Case presentation interviews
- Structured interviews
- Informal interviews
- Behavioral testing
- Assessment centers
- Reference checks
- Job experience
- Referrals
- Academic experience
- Gut feel
- Coin flip

**However, “one size doesn’t fit all” !**

*Additional considerations include:*

- skills identified in the sales process
- market considerations
- quality of candidate pool
- company culture
- and more

# Case presentation interviews require candidates to actually demonstrate skills (rather than just talk about them)

*Illustration*

## Manager gives the setup



- Manager tells candidate about the case, and provides background information & materials
- Manager gives clear instructions (imagine you were just hired, need a plan for the territory)

## Candidate studies case



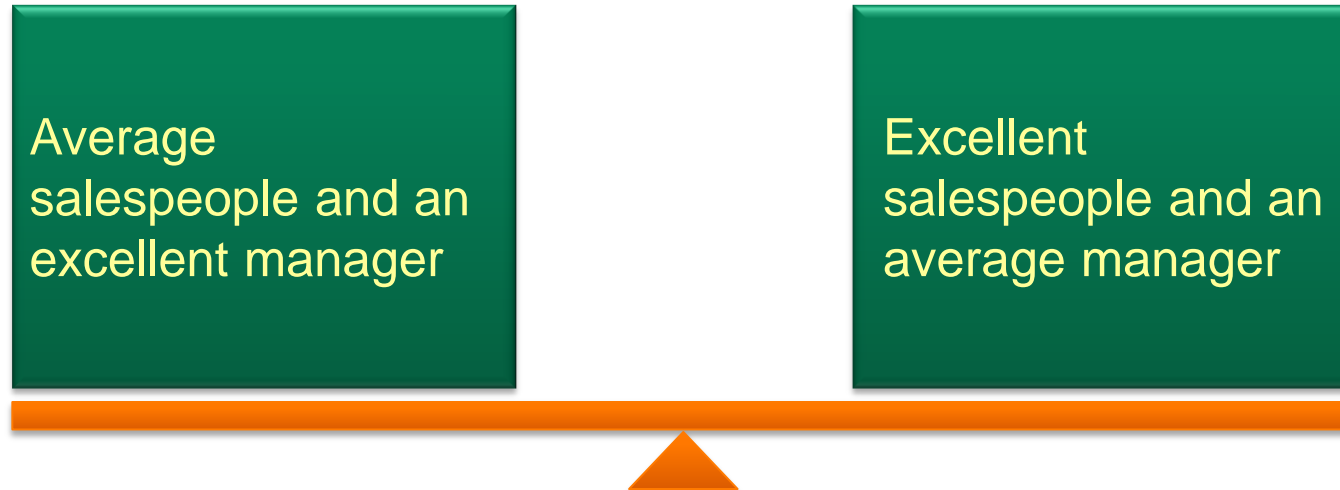
- Candidate prepares a preliminary plan to present to Manager
  - What are the important issues in the territory (with the customers)...?
  - How can I address them...? What do I need to do...?

## Candidate presents a plan

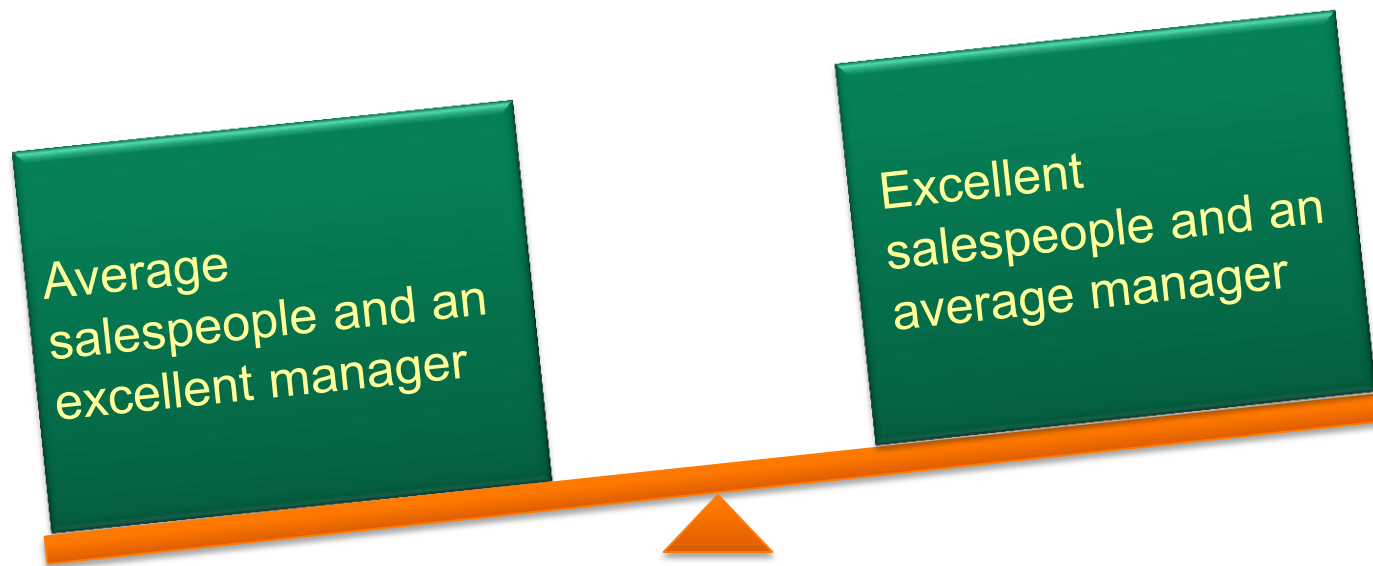


- Candidate meets with Manager and presents
  - Is it the correct diagnosis...?
    - Business acumen
    - Problem solving skills
  - Is it a compelling action plan...? Will it work...?
  - Presentation skills
  - Selling skills

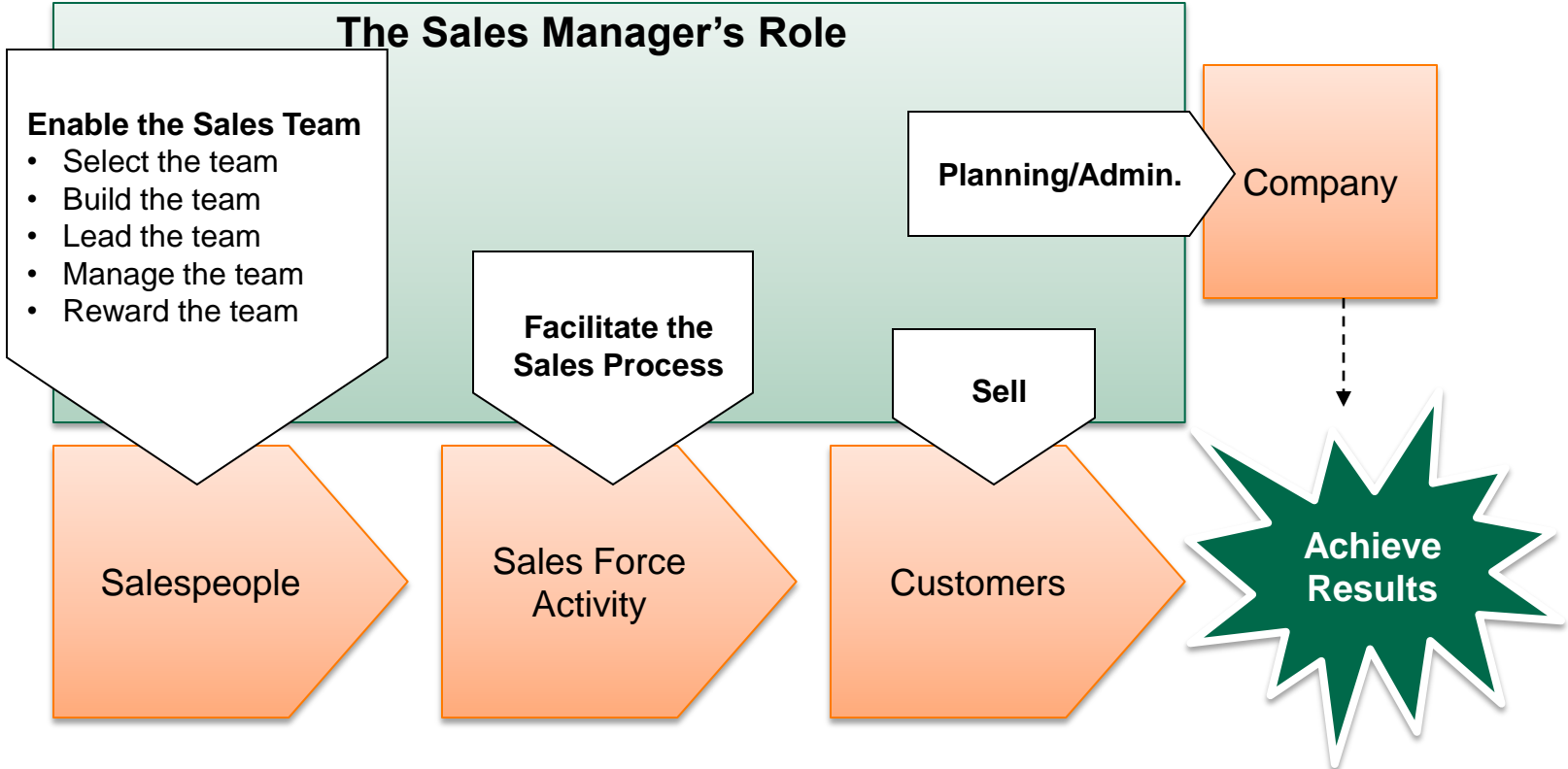
# Which would you rather have?



# Which would you rather have?



# The sales manager's role is a multi-layered combination of elements across several stakeholders



# Summary: People & Skills

**Goal:** Our hiring, training and coaching enable highly skilled and continuously improving sales personnel.

## Checklist

**A. Create clear job definitions and candidate profiles**

- Linked to sales process activities and skills

**B. Use selection processes that maximize your chances of success**

- Linked to sales process activities and skills
- Require candidates to actually demonstrate skills through a case interview approach

**C. Conduct regular training**

- Linked to sales process activities and skills

**D. Set up ongoing coaching**

- Linked to sales process activities and skills
- Very specific re: coaching requirements, expectations and metrics

# 6. Incentives & Motivation

## Key Sales Effectiveness Drivers



# Best-in-class compensation plans meet 5 key criteria

## Appropriate

- Supports the sales and marketing objectives
- Focuses on the “right” customers and activities
- Focuses on the “right” products to sell with the proper emphasis

## Fair

- Overall payout is competitive in the marketplace
- Salespeople in the same role have similar earning potential
- The plan does not penalize sales force for forecasting uncertainties

## Motivational

- Is simple to understand and communicate
- Substantial effort leads to significant reward
- Keeps people engaged

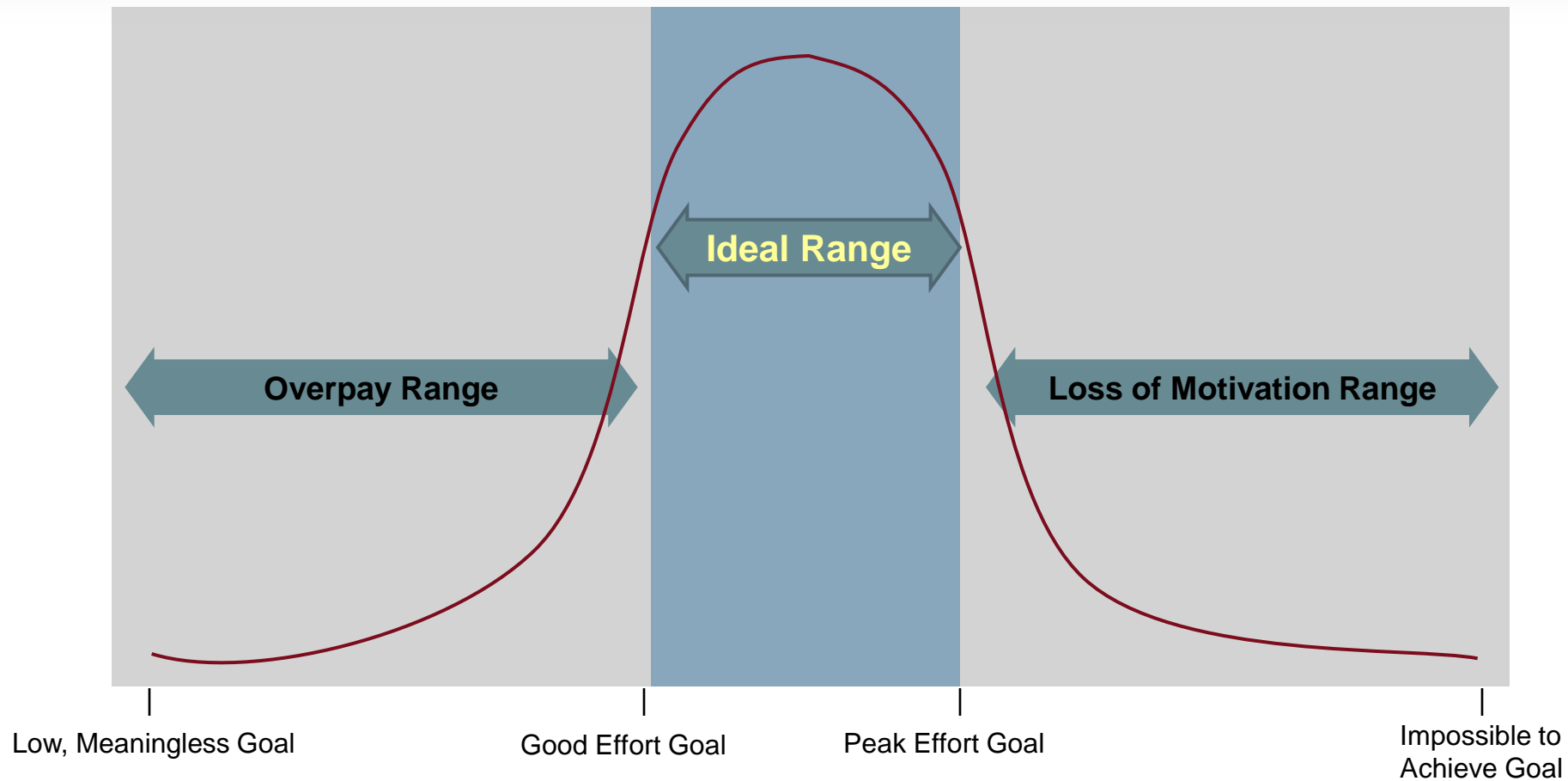
## Fiscally responsible

- At multiple corporate performance levels, the total compensation payout is within acceptable range of budget
- The total compensation payout varies appropriately according to company success

## Manageable

- The company can support the plan administration
- The data available can be confidently utilized to measure performance

# There is an ideal range for setting goals – with suboptimal results both above and below that range



# Summary: Incentives and Motivation

**Goal:** Our incentive and recognition programs drive high sales force motivation and performance.

## Checklist

### A. Review current plan to ensure that it is:

- Appropriate
- Fair
- Motivational
- Fiscally responsible
- Manageable

### B. If necessary, devise new plan options to meet the criteria above

### C. Conduct financial modeling of different options

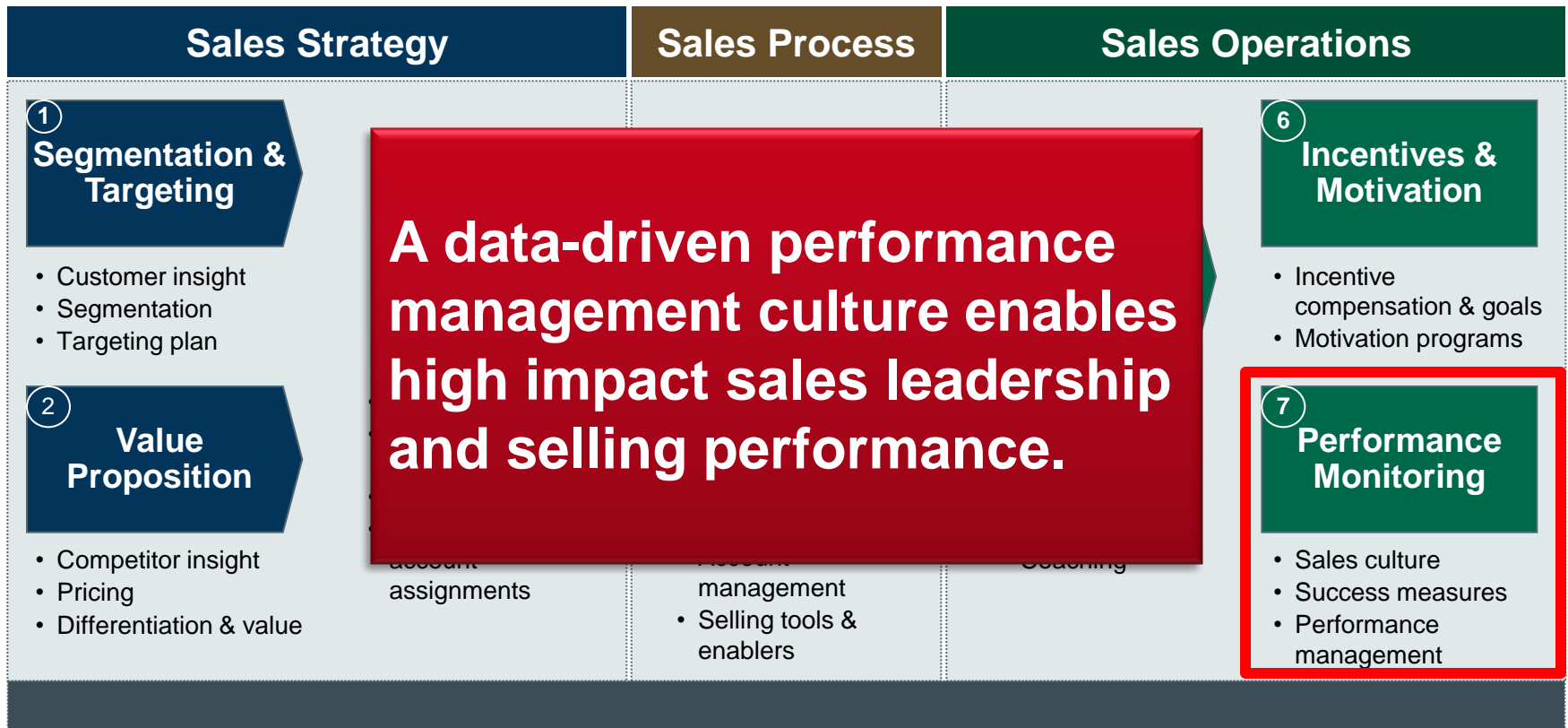
- Estimate payouts at various performance levels
- Determine individual rep impact year over year to apply fairness testing

### D. Implement rollout plan

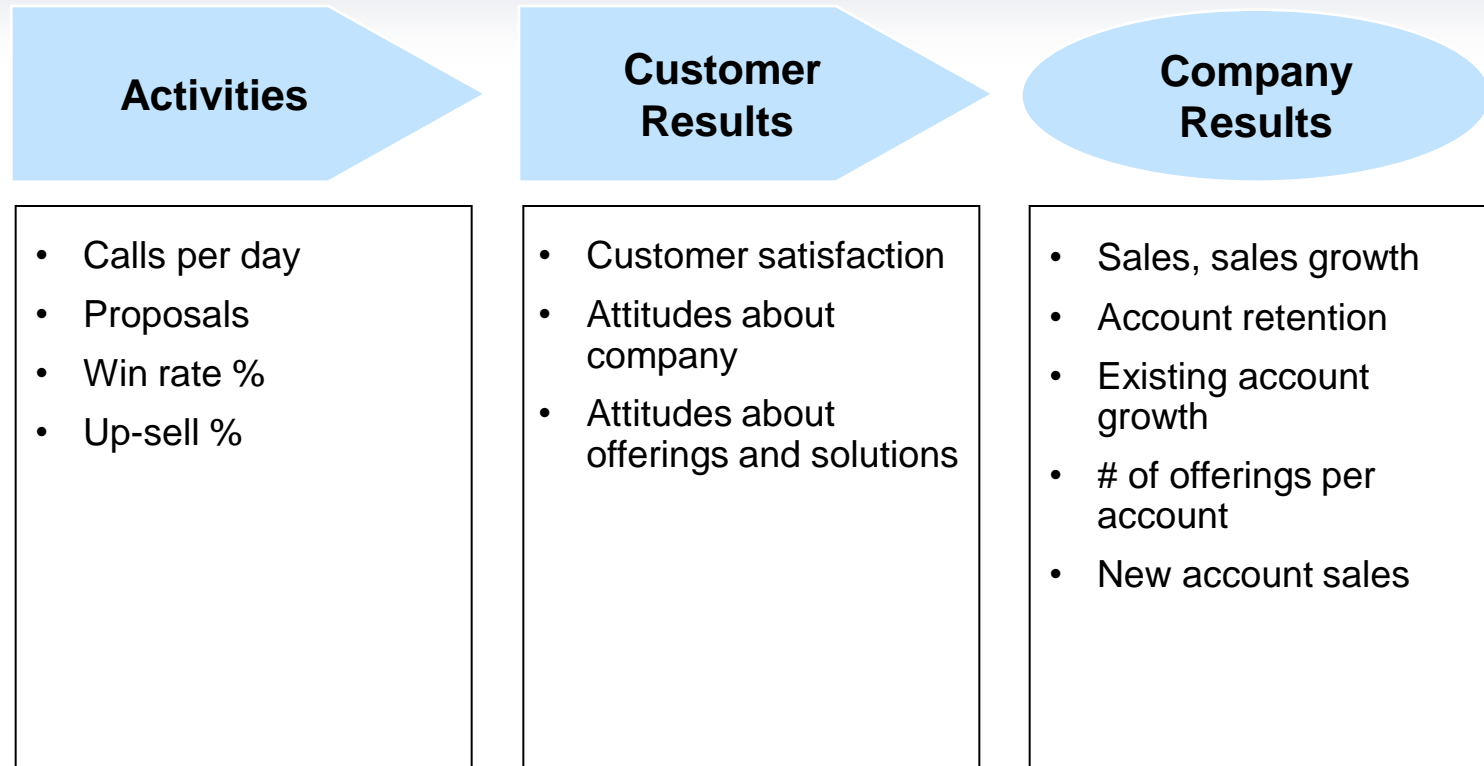
- Develop communication strategy, materials and documents
- Communicate, communicate, communicate

# 7. Performance Monitoring

## Key Sales Effectiveness Drivers



# Regular and rigorous monitoring of key sales effectiveness metrics is essential to sales success



Be very specific about key sales effectiveness metrics

*“What gets measured gets done”*

# Summary: Performance Monitoring

**Goal:** We have a data-driven performance management culture that enables high impact sales leadership and selling performance.

## Checklist

- A. Identify key performance indicators
- B. Design/develop performance measurement tools & reports
- C. Implement performance management process
  - Set standards
  - Measure performance
  - Hold people accountable
  - Reward and celebrate success

# Putting It All Together



**Change is great!!!**

**You go first.**

# Some thoughts on leading change

1. Change is hard, but usually necessary and almost always worth it
2. Don't try to do everything at once. Start small... but start!
3. Communicate, communicate, communicate
  - *Tell people what you're doing, and why*
  - *Be open and honest*



## Thoughts on leading change (cont'd)

4. Involve lots of people in the development
  - *Managers, front line reps, support staff*
  - *Informal peer leaders*
5. Identify “Quick Win” opportunities, and celebrate when you achieve them
6. Make the change a part of your culture
  - *Common terminology*
  - *Top management emphasis and support*
  - *Clear, consistent performance metrics & expectations*
  - *Recognition & rewards*
  - *Don't let up!*



# 5 Final Thoughts...

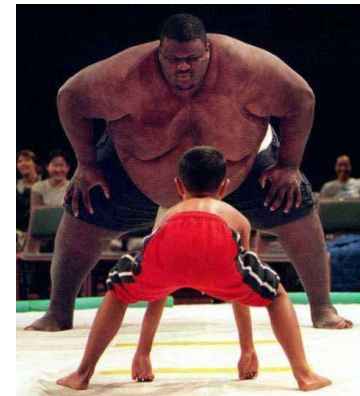
## 1. Not magic.

Selling is complex, but it isn't magic. The keys can be identified, measured and improved.



## 2. Applies to all.

The strategies, tools and techniques of sales improvement apply to organizations of all sizes, across all industries.



## 3. Focus on the 7 key drivers.

- Segmentation & Targeting
- Value Proposition
- Sales Force Design
- Sales Process & Tools
- People & Skills
- Incentives & Motivation
- Performance Monitoring



## 5 Final Thoughts (cont'd)...

### 4. It's not easy.

Driving sales transformation is really hard, but absolutely doable, and well worth the effort!

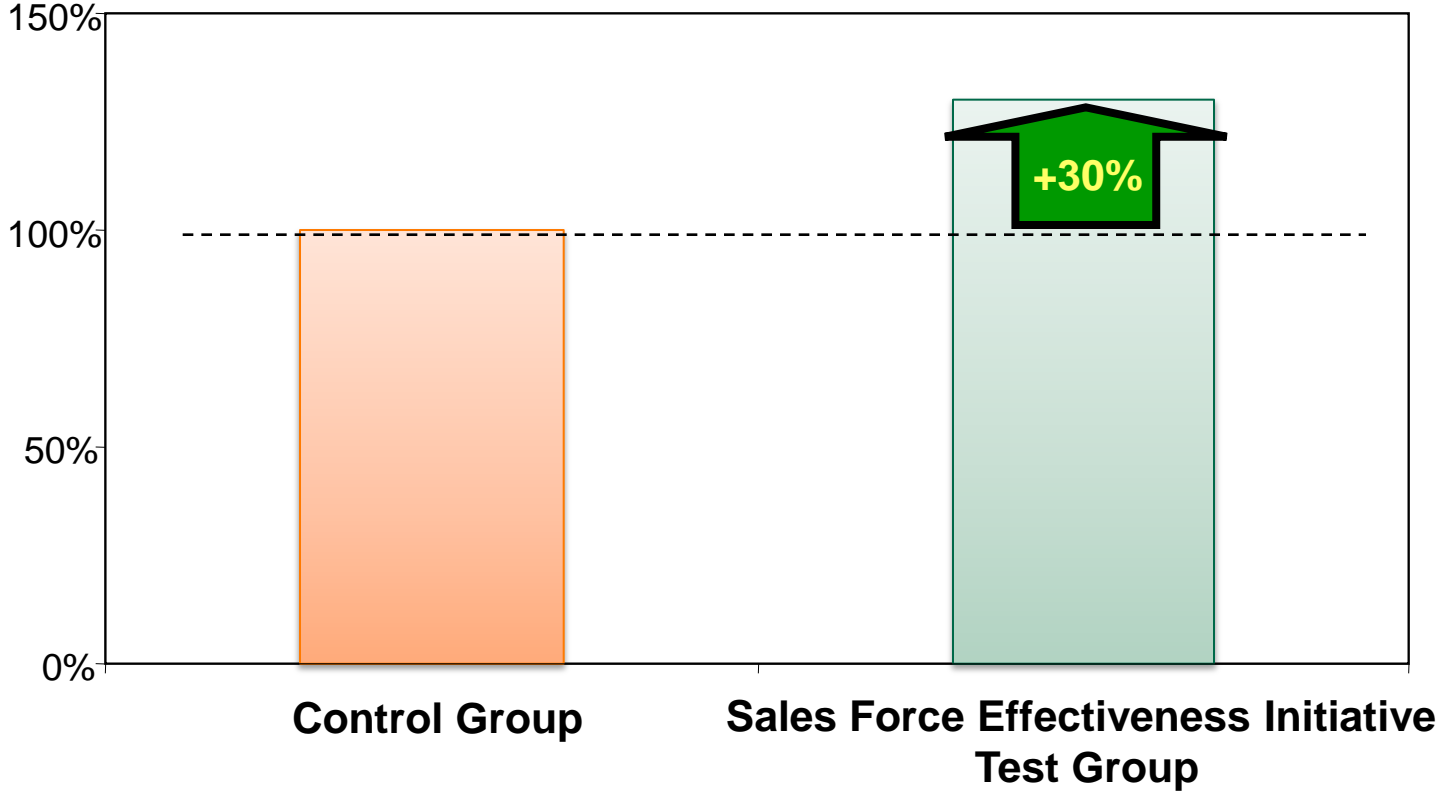


### 5. Big payback!

Improving your organization's sales effectiveness can have a huge positive impact on revenue and profit.

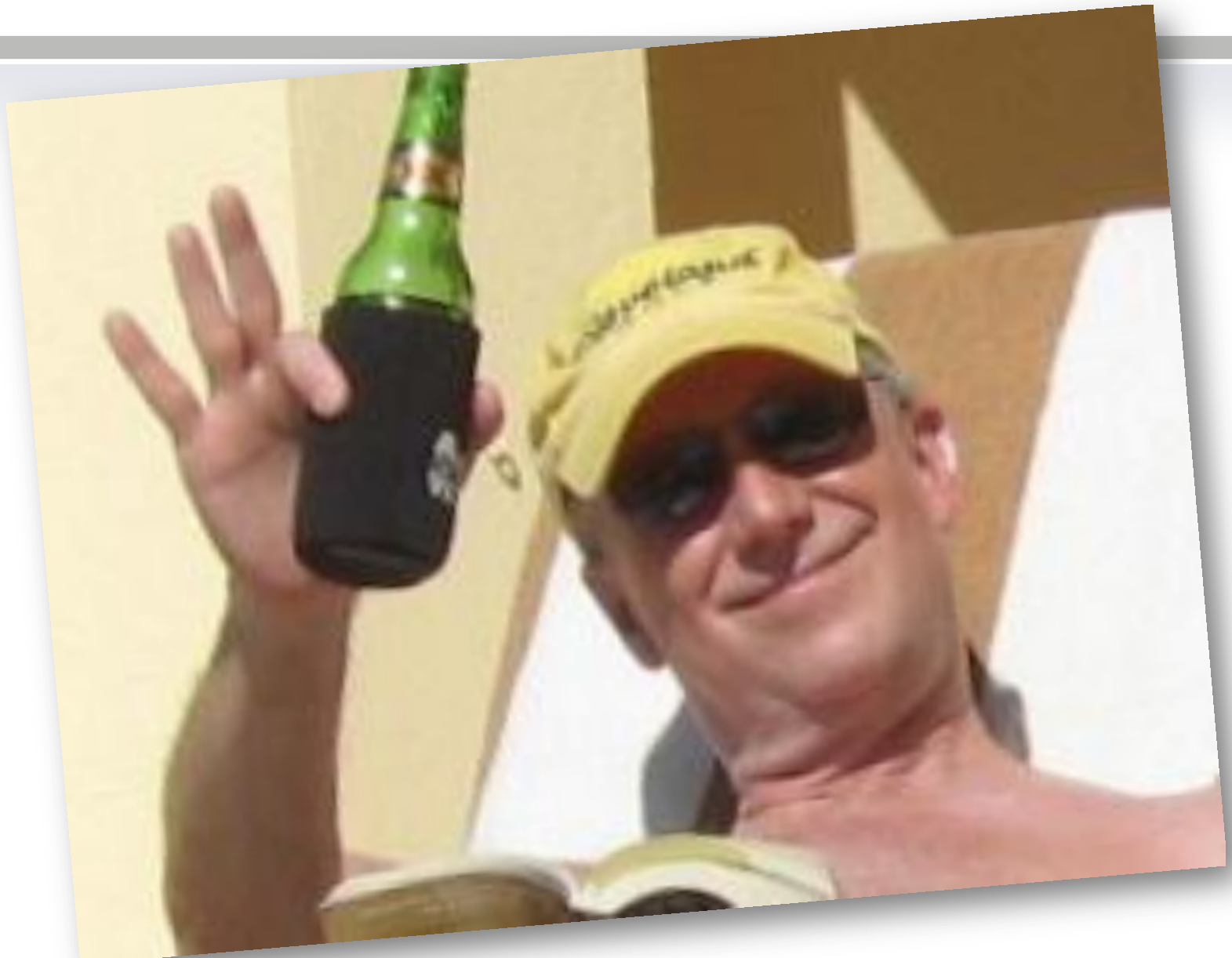


# ZS has seen Sales Force Effectiveness initiatives generate up to 30% improvement in sales results within 1 year



Source: ZS Analysis

**Here's to your success in driving sales improvements!**



# Thank you!

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