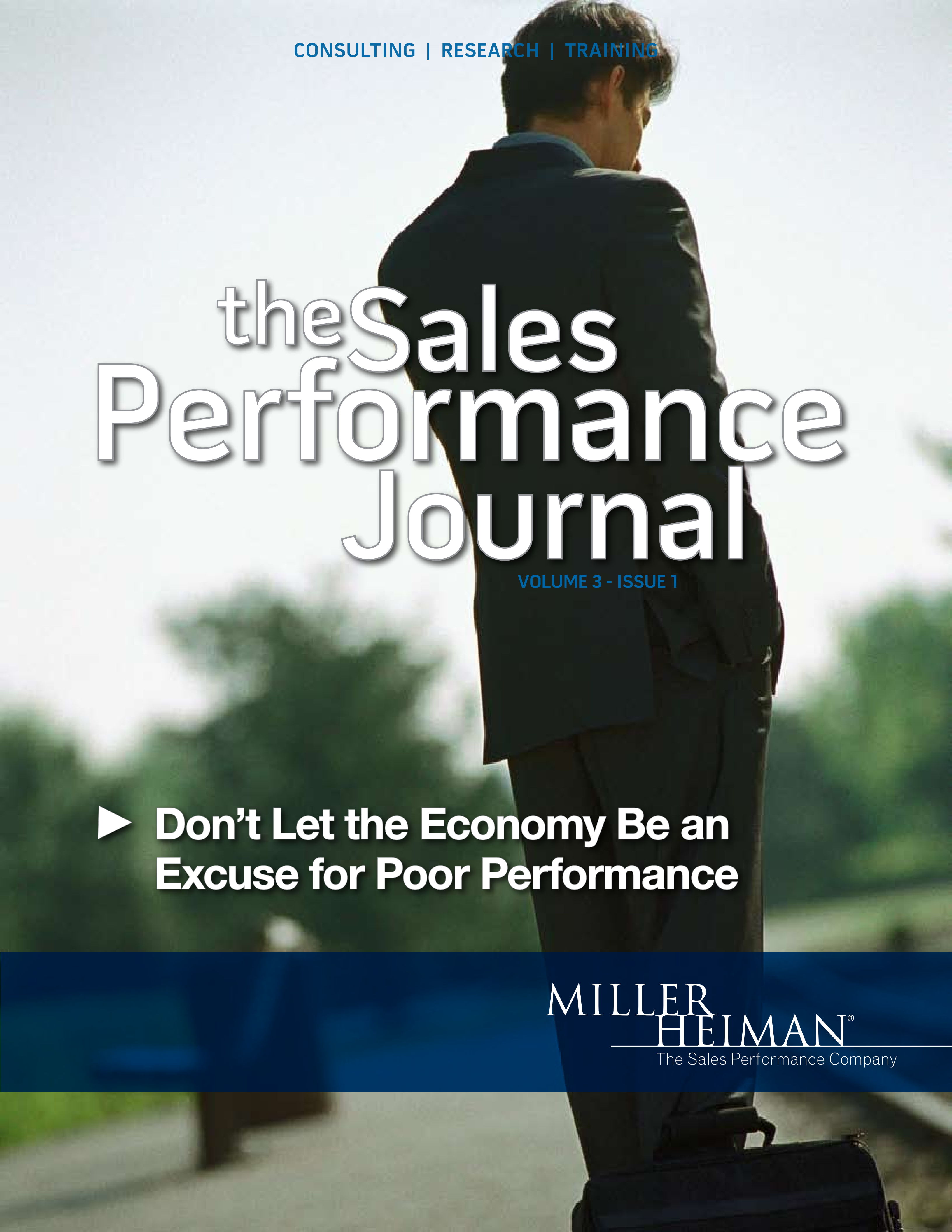

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the Sales Performance Journal

VOLUME 3 - ISSUE 1

► **Don't Let the Economy Be an Excuse for Poor Performance**

MILLER HEIMAN®
The Sales Performance Company

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Miller Heiman, Inc.
10509 Professional Circle, Suite 100
Reno, NV 89521
(800) 526-6400
www.millerheiman.com

Acknowledgements

President & CEO, Miller Heiman: Sam Reese

Editor-in-Chief: Jennifer Vodehnal

Creative Director: Bret Poinier

Associate Editor: Kaye Lingad

Associate Editor: Sarah Licausi

Writer: Louis Greenstein

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What differentiates companies that are able to sustain momentum during a period of economic uncertainty and those who stagnate? Top performers do not allow external factors to control their success, and they do not make excuses.

In this edition of the Sales Performance Journal, Bob Miller, co-founder of Miller Heiman, offers advice about maintaining sales success, regardless of economic conditions. In his article, "Successful Selling in Any Economy," he provides observations to help sales leaders stay afloat in what appears to be a diminishing pool.

Our executive team has experienced these selling conditions before, so we tapped into them for advice. The insights we revealed highlight the importance of quality time and territory management. You'll find the article, "Your Time, Your Territory: Adding Method to Your Management Style," an additional resource to help guide you in your plan to hit your revenue targets.

The worst thing you can do is stop investing in what's working and continue investing in what's not. I encourage you to read the Journal for some ideas that will help carry you through. The economy is an easy excuse, but opportunities exist in every market condition. What are yours?

Regards,

Sam Reese

Sam Reese
President and CEO
Miller Heiman

Successful Selling in Any Economy
Typically, when revenues decline by 10 percent over the previous year for two quarters in a row, sales organizations hunker down. There are layoffs and cutbacks. Sales training may be reduced or eliminated. And invariably there's a hiring freeze. Makes sense, right? Wrong! It seems natural and sensible to tighten your belt in anticipation of lean times. However, a careful analysis of how top sales organizations handle economic downturns suggests that a more counterintuitive approach will nearly always yield stronger results.

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Once they impart the rudiments of product training, many sales managers are notorious for telling salespeople, "Now, get out there and sell!" Yet, in our annual survey of sales best practices, year after year we find that Winning Sales Organizations aren't always in such a rush. In fact, the world's most successful sales organizations tell us that there are methods behind their sales activities – methods that are taught by sales managers and other coaches, endorsed by executives, and practiced by salespeople, day in and day out.

SUCCESSFUL SELLING IN ANY ECONOMY

by Bob Miller, Co-Founder, Miller Heiman

Typically, when revenues decline by 10 percent over the previous year for two quarters in a row, sales organizations hunker down. There are layoffs and cutbacks. Sales training may be reduced or eliminated. And invariably there's a hiring freeze. Makes sense, right? Wrong! It seems natural and sensible to tighten your belt in anticipation of lean times. However, a careful analysis of how top sales organizations handle economic downturns suggests that a more counterintuitive approach will nearly always yield stronger results.

When times are lean

In fact, cutting back in a down-turned economy is the worst thing a sales organization can do. Instead, when prices rise, factory orders drop, unemployment surges and other economic indicators signal rough times, sales organizations should redouble their efforts, specifically:

With current accounts. Every successful charitable organization knows that the best sources for donations are people who have already donated. While this may annoy donors who don't relish the dinner time telephone pitches from the same charity they gave to last year, it works! Similarly, in any economy it's easier to sell to current customers than it is to find new ones. I'm surprised by how often salespeople and their managers forget this. Your customer base already knows you, so stick by them! A slow economy – when other organizations are desperate for new business and may offer big discounts just to nab customers from the competition – is the perfect time to leverage your customer relationships; remind them you were there for them before times got tough and you'll be there when conditions improve. They'll appreciate the message and the attention – and they'll tend to reward your loyalty with their own.

With accounts that got away. Again, it's easier to sell to people you already know than to forge new relationships. That's why, in a recessionary period, it's smart to seek out former customers or reach out to previous prospects who chose a different product or service over yours. After all, in a downward economy, your competitors may be going out of business, laying employees off, cutting back or putting into practice a host of other bad ideas that make their customers feel ignored. Why not take advantage of that? In times like these, a face-to-face visit may win back an old customer or persuade a former prospect to give you another shot at their business – especially if they're feeling ignored by your competition.

With new business. Your competition may be making poor tactical choices in reaction to an economic slowdown. They could be cutting back, letting go of sales or support people and negatively impacting service levels. Their customers may feel the sting and appreciate a new business opportunity. When the economy is slow, you may be able to pick up some new business but only after you've worked on your existing client base, former customers and previous prospects.

Even though it's easier to go after old business than new business in tough times, most salespeople value new sales more than sales to existing customers (I find this is nearly always true in the U.S., often true in Europe and less so in the Middle East and Asia). This "western approach to sales" may stall or altogether cripple a sales organization that fails to question its own traditional thinking – choosing what seems intuitive or what they've always done in the past – even when past results were less than stellar.

As I mentioned earlier, a lot of sales organizations lay off staff during recessionary periods. While on the surface, this may appear to make sense, it's the exact opposite of what they should be doing! The fact is, no company ever reached the Fortune 500 on the basis of budget cuts. With that in mind, top sales organizations will take advantage of a slow economy and hire people while the competition is letting people go. After all, more feet on the street will land more sales. Use the time to get everyone out and selling – including your first line, district and area managers. Give them a quota, get them dialing for leads, maximize their time on the street and minimize their time in the office. That may mean fewer meetings and less involvement with reporting. Get operations or production (or whoever is responsible for implementation after a deal closes) involved earlier and get sales away from deals as soon as they close.

Also, down times are good times to check your sales-marketing alignment. You may discover and resolve conflicts that affect the bottom line that could result in a much needed cash infusion when sales are leveling off. Take the time to investigate whether sales and marketing are singing from the same hymnal. Do salespeople feel they're getting good leads? Do marketing people really understand the ideal customer profile? Are both organizations keeping their eyes on the same prize? If not, there's never been a better time to recalibrate their visions and focus them on the same goals.

The bottom line on down times: A slow economy is an excellent opportunity to improve the quality and size of your sales force, double up your efforts to get people on the street and capitalize on the strengths of your executive team.

When times are good

A similar counterintuitive approach – requiring no less discipline – should be considered when revenues are good, orders are pouring in and the stock market is soaring. While it is human nature to throw money around when there's money to be thrown around, top sales organizations tend to do the opposite: in a soaring economy they'll examine every line item in the budget in search of unnecessary spending. They'll question corporate sponsorships.

They'll ask themselves whether their original assumptions were valid. ("What is our NASCAR/U.S. Open/Olympic/Little League/Bowling Team sponsorship actually getting us?")

Keep the investments that have value to you and your clients, and drop the ones that do not. Some sponsorship opportunities may have had value at one time but are now nothing more than "pet projects." Similarly, when times are good and you're not feeling financial pressure may be the best time to question other spending assumptions. "Do we really need a corporate jet? Is our corporate golf club membership as valuable today as it was 20 years ago? What is the value of sending out several thousand generic holiday cards each year compared to, say, sending customers a note to tell them how much we appreciate their business?" Only a thorough analysis of such investments will tell you whether your original assumptions still hold and if the money is well spent. Common wisdom may tell us that "deals are done on golf courses." Yet, in many sectors, golf and other iconic activities are increasingly seen as relics of an old boys' club that is rapidly disappearing.

Bottom line on good times: If you cannot make a solid business case for an investment when money is flowing in, you'll never be able to make a solid business case for it. So, use a good economy as an opportunity to think outside the box; question your own investments and keep only the ones that are of value to you and your customers. ■

About Bob Miller

Bob Miller co-founded Miller Heiman Inc. in 1978. Bob developed the initial *Strategic Selling*® program in the early 1970s and has continued to develop new content and relevant sales courses, all of which were incorporated into Miller Heiman, Inc. He continues to work full-time with Miller Heiman today in a consulting and advisory capacity, focusing primarily on product development.

YOUR TIME, YOUR TERRITORY:

ADDING METHOD TO YOUR MANAGEMENT STYLE

Once they impart the rudiments of product training, many sales managers are notorious for telling salespeople, “Now, get out there and sell!” Yet, in our annual survey of sales best practices*, year after year we find that Winning Sales Organizations aren’t always in such a rush. In fact, the world’s most successful sales organizations tell us that there are methods behind their sales activities – methods that are taught by sales managers and other coaches, endorsed by executives, and practiced by salespeople, day in and day out.

Much can be learned by studying top performers, both inside and outside your organization. In fact, our research shows that there are areas for improvement that you can tap into immediately.

Less than a third of the organizations who participated in our annual research study of selling and sales management best practices agreed that they know why their top performers are successful. Further, only 23 percent agree that they leverage what they know about their top performers to improve others.

Time and territory management are two specific areas where top performers excel that organizations can quickly apply best practices. In that spirit, we asked a panel of Miller Heiman executives about the key elements of effective time management and territory management.

Effective Time Management

Sales is, by nature, a tactical exercise. How salespeople manage their tactical repertoire affects how their time is allocated. When they spend most of their time reacting to existing customer issues, it’s likely they will be busy. But will they be productive and successful? Not necessarily. In fact, many sales mistakes occur when salespeople fail to ask themselves strategic questions such as, “What are my goals and objectives? And what strategies will align with those goals and objectives?” In our experience, top salespeople do the best job at triage: When they take over a new territory, for example, they know they will need to spend a certain amount of time answering existing customers' questions about products and services, and quoting prices. But they also know they'll need to invest their time in identifying new customers. Moreover, they understand that success relies not only on responding to customer requests, but knowing how to leverage internal resources, planning and allotting time effectively, prioritizing, keeping an eye on the sales funnel, and using technology in an efficient manner.

Leverage your internal resources

According to Bill Golder, Miller Heiman's vice president of sales, "Top salespeople do excellent triage as it relates to reacting to events. They build solid relationships with people in their own organizations who can handle the questions and fill the needs." Golder notes that salespeople sometimes get involved in production or other aspects of big projects that don't relate directly to selling. "They think they have to do it all themselves," says Golder. "But the fact is they haven't built strong relationships with the support functions in the organization." He recommends that salespeople get to know the people in customer service, client services, product, legal, production and operations. "They can get quick answers by calling them," he says. "They don't have to do everything themselves."

According to Richard Blakeman, Miller Heiman's sales vice president for the western region, "We come out of a history in sales where either the largest ego or the largest opportunity will be the driver. But if all the resources go to the salespeople who make the most noise or have the biggest deal, you may be pulling in resources you don't need." Instead, he says, a disciplined approach needs to be adopted to bring in the right resources at the right time of the sales cycle. "Don't enable a resource hog," Blakeman cautions. "Ask yourself whether the deal is qualified to begin with. Is there a fit based on client priorities? Is there a fit based on your company's track record with the client? Do they fit the ideal customer profile? If, for example, this company (or ones like it) always ends up sending out an RFP anyway, all these up-front resources may be wasted."

Bethany Schultz, Miller Heiman's vice president of client engagement, agrees that knowing when you need internal resources is a key to good time management. "Top performers," she says, "know how not to lead internal resources down a false path. They're creative, collaborative, confident, and able to think outside the bounds of, 'I need him on this call.'" And when internal resources are booked, says Schultz, top performers still know how to get to them. They know that if an executive can't make it to a sales call, for instance, a phone call may be second best.

Disciplined Planning: weekly, daily, monthly

Top salespeople, says Bill Golder, recognize that there are only so many hours in a day. "They continually ask themselves, 'What are the most beneficial activities that will help me meet my goals?'" And they write those activities down in a formal planning system. Whether one uses Outlook, Lotus Notes, Blackberry, a Franklin Planner or even a simple wall calendar, writing down daily, weekly and monthly plans keep top salespeople on track and focused on those key, strategic activities.

Blakeman adds, "Our natural inclination is to focus our time and energy on things that have the most immediate results, i.e. at the bottom of the funnel." But without a plan, he says, it's hard to spend enough time at the top of the funnel. "On any one day, salespeople may be too busy to deal with the top of the funnel." But at least every week, he says, attention should be directed to the opportunities at the top of the tunnel. "Part of every day will be reactive," he concedes. "But how can that be balanced with the more strategic demands?" His advice: salespeople should schedule in the time at least once a week, and apply self-discipline to stick with the plan.

Schultz notes that managers may need to coach salespeople to write down their plans and stick to their schedules. "But it's not enough just to say, 'Go plan.' Salespeople need to focus on quality. So don't measure success by how many calls a salesperson made in their allotted time period. Ask, 'Did you build rapport? What were the results?'"

Lose quickly

Many sales professionals spend too much time on opportunities that have all the markings of time wasters. Often, they know in their gut that they should walk away, but their pride just won't let them. One of the biggest challenges a salesperson will face is in prioritizing his or her time around deals they have the greatest chance of winning. "Undisciplined organizations will spend a lot of time responding to a request, even if they got it blind, or pricing requests where there's no opportunity to learn what the company wants," says Golder. "It may be a marquee company. You may want the sale. So, go back and ask for more information if you need it. And if they balk, walk away."

Blakeman agrees, "Losing quickly is about being honest with yourself. When looking at an opportunity, be disciplined; trust your methodology." If, for example, you have identified four characteristics of companies that are likely to do business with you, and you spot only one in a given company – walk away.

Keep sight of your funnel

Salespeople with too many opportunities at the top of their funnel may be saying "yes" too often instead of being selective about which opportunities hold the most promise. "Clear out the opportunities that won't go anywhere," advises Golder. "Focus on the best bets." Another time management black hole is the one big deal in the funnel that takes up too much of a salesperson's time. "Then when they lose it," he says, "they realize there's nothing else left in the funnel!"

Schultz adds, "There are selling priorities – things you have to do. Salespeople must be disciplined and feed the funnel. Force themselves, or be coached, to work on what's at the top. And measure all selling activities against the time it takes to conduct them. This requires real discipline."

Master your email

According to Schultz, "Not all email is created equal." She recommends having a system for prioritizing. For example, some email programs allow users to color code incoming messages. "Code your boss's emails red, and open them right away," she recommends. The others should be sorted, prioritized and managed appropriately to make best use of your time. And sales leaders, she says, should avoid creating an environment where people are forced to respond immediately. Last-minute meeting notices and eleventh-hour instructions sent via email may not reach the recipient in time to act.

Everyone – not only sales professionals – risks wasting time by responding to emails on the fly. "Very few emails require an immediate response," says Golder. Rather than interrupting what you're working on to answer emails as they arrive, he recommends checking email two or three times a day. Setting aside time to deal with email – whether mobile or in the office – is a best practice.

"The most unproductive thing you can do is handle a single email multiple times. When you read it the first time, act on it," advises Blakeman.

Effective Territory Management

Before top salespeople "get out there and sell" they take a disciplined look at their territories – and make critical decisions about who their ideal customers are and how best to communicate with them. Similarly, top-performing sales managers don't want their salespeople to hit the streets without solid funnel management practices, an understanding of the ideal customer profile, and a strong sense of how their sales activities align with rewards.

Know the customer

"In territory planning," says Golder, "all attributes that line up with the ideal customer tell you where to spend time." It's a best practice to hone in and conduct a thorough analysis of current clients. "Know why you serve them well. Is it because of how they make buying decisions? Is it because of their size or certain demographics? Look at the attributes of your best customers and share these characteristics among your team so companies with those same attributes are more quickly identified. Those without should not be given the same consideration for resource allocation."

Schultz agrees. "There are things you can look for in prospects and current clients that tell you whether you'll be successful. It's okay to put those things first." For example, she says look for characteristics of success, maybe it's clients who are open and honest and those who will pay for value. "If you have five opportunities and three of them display those qualities, work on those three first." Of course, she says, salespeople need to know their product and their geography as well. "But move the qualities of successful customers up on the list."

Blakeman recommends segmenting a plan around sources of business. "How much business will you get from the growth of existing customers," he asks. "How much business will you get by selling new products to existing customers? And how many new customers will you need?" Answering those questions, even with educated guesses, will help sales professionals manage their territories more effectively.

New opportunities at existing clients

While identifying and selling to new clients is important, it's usually easier to sell a new product or service to an existing customer than to a brand new client. Golder suggests that salespeople should ask themselves: What share of wallet do I have for each existing client? New opportunities to sell to existing clients may be identified – and that translates to more economical and efficient territory management.

"Know how you're organized," Schultz advises sales leaders. "And know what you are sending your team out to do – find new clients, sell to old ones or both."

Know what's required to sell to or service your clients

Consider the entire sales cycle, says Golder, and think about how it will involve you. Does it require a lot of face-to-face time? If so, physical proximity becomes important, depending on what you're selling. "Servicing some clients can be done by phone. Others – oftentimes bigger customers – need more sales support, more face-to-face time. You need to know that up front so you can make sales support decisions."

Blakeman continues: "For salespeople, face time with customers is the most valuable opportunity they have, especially at the beginning and end of a sales cycle. Knowing when to schedule face time is critical," he says. "Make an investment in an early face-to-face meeting. That will provide 'the right' to schedule several subsequent phone meetings."

Schultz says it's also critical to think about whether you can actually service a customer who decides to buy more. "It can be frustrating to have goals around selling when you have difficulty delivering," she says. "When the issue is not in the ability to sell, but in the ability to deliver the way customers want it, this may require managing customer expectations. You must have good internal relations to be effective."

Solid sales management

Effective territory management, according to Golder, requires sales management to have a solid understanding of the funnel and knowledge of who can best guide activities, coach salespeople and correct the course when needed. "Sales managers," he says, "should get actively involved in funnel management." When sales managers constantly ask salespeople what they're working on and why they're working on it, they can coach and guide them toward the right opportunities.

"At the end of the day," says Schultz, "this is really the role of a first line manager. And, in my experience, they do remarkably little of it." Rather, she says, they get bogged down in reports and meetings. "Salespeople need coaching," she insists. "It takes a strong solid sales manager to understand what we really want our salespeople to do and how to motivate them to do it."

Blakeman points out, "We talk about sales managers as coaches, but coaching isn't generic. Coaches need to see what's going on. They need to coach against a plan." Undisciplined coaching, he says, can be a big waste of time. "A sales rep would say that good coaching means that his time isn't being wasted, that the sales manager is providing structured input."

Align compensation plans and metrics

Schultz, Blakeman and Golder have all seen situations where sales executives complain that they can't get their salespeople to find new clients, while these very same executives continue to reward their salespeople for servicing existing accounts, not for finding new ones. "Make sure compensation plans and metrics that track results are aligned with what's happening in the territory," says Golder.

"Is your company motivating and rewarding the right behavior?" asks Blakeman. He stresses the importance of educating salespeople about the company's most important levers. "If a company says it's a growth company and its strategy is to grow market share, the salespeople will know they must take business away from competitors." And they need to know they will be rewarded for doing so. "But in the comp plan, if every dollar is the same as every other dollar, how can you incentivize salespeople to pull the right levers?"

Conclusion

In today's economy, maintaining a rigorous process around time and territory management is critical. One way to accomplish this is to identify and share best practices of top performers within your own organization. We've provided some ideas in the article above, but our research highlights the fact that the opportunity for improvement in this activity exists in many companies. In our research, we identified a segment of top performers based on three criteria and named them "Winning Sales Organizations." Winning Sales Organizations are those who were able to increase revenue, average account billing, and grow new accounts by greater than 20 percent when compared to the previous year.

The study revealed that Winning Sales Organizations are 44 percent more likely to know why their top performers are succeeding and more than twice as likely to share that information to improve the performance of others on their team.

Top sales teams know that without careful attention to time and territory management, efforts will be duplicated, details are lost and communications missed. In a competitive, fast-paced world, a winning personality and the ability to charm a prospect are simply not enough. Without a strategic approach to selling and sound methodologies around time and territory management, there is a greater risk for missing opportunities, undermining efforts, and wasting valuable time and resources.

Granted, your options in an uncertain economy are different than in more prosperous times, but successful sales managers and leaders will make decisions that will sustain their teams through every market condition.

* Source: 2008 Miller Heiman Sales Best Practices Study