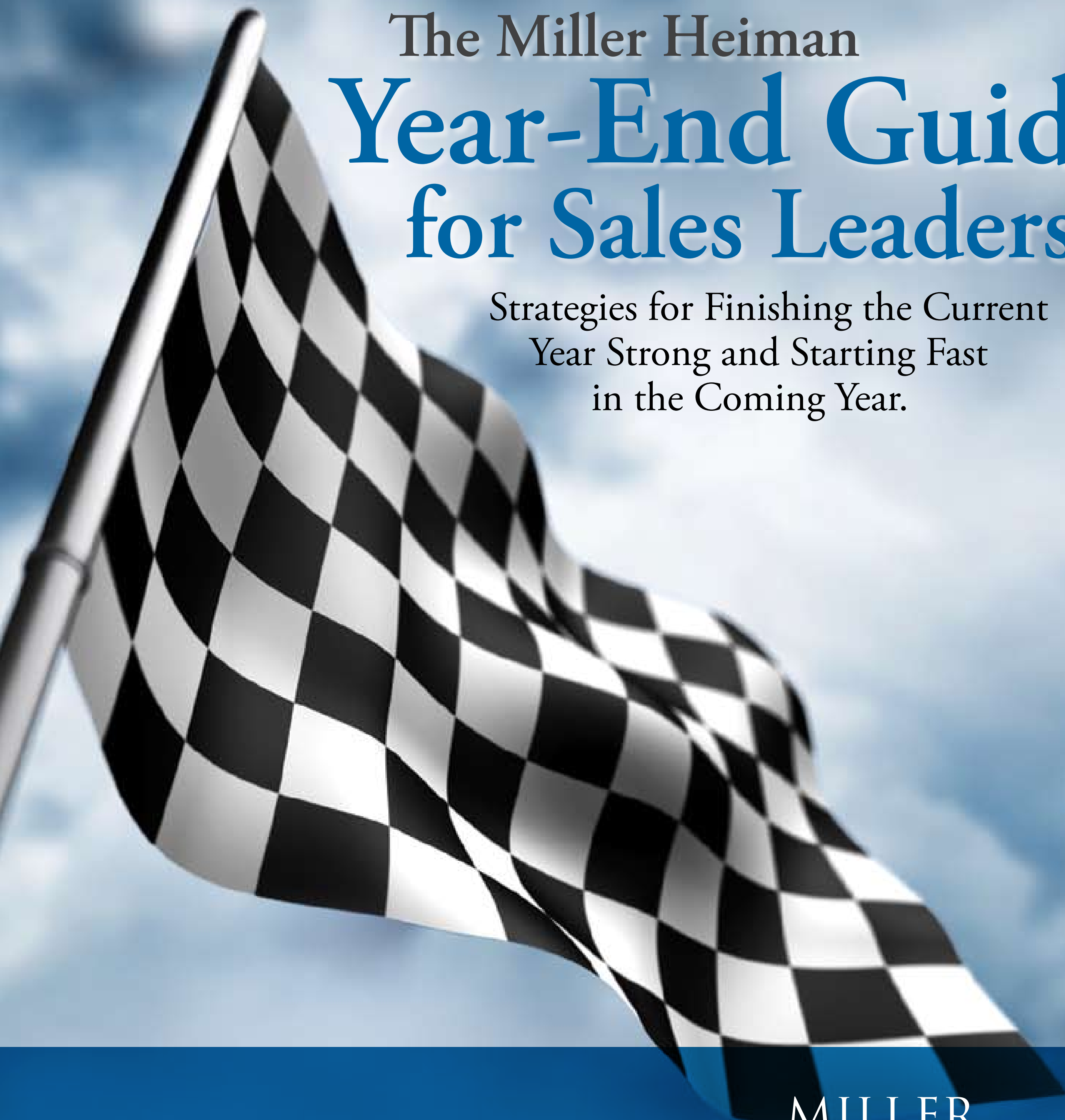
The Miller Heiman Year-End Guide for Sales Leaders

Strategies for Finishing the Current Year Strong and Starting Fast in the Coming Year.



MILLER HEIMAN®

The Sales Performance Company

The Miller Heiman

Year-End Guide for Sales Leaders

Strategies for Finishing the Current Year Strong and Starting Fast in the Coming Year.

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Optimizing Opportunities

Seven Essential Steps to Help You Hit Year-End Numbers

Article Highlights:

- Focusing on quality rather than quantity
- Determining which deals are likely to close by year-end
- Knowing the business issues that key customers want to address
- Aligning your sales process with customers buying processes
- Involving and engaging your salespeople
- Assessing the value you are providing your best customers

It's the 3rd quarter. For most sales executives, panic mode has set in so that they now pound on their teams to close as many deals as possible to achieve sales goals.

This may not be the best approach to achieve sales goals. In fact, it may hurt the company in the long run. Sam Reese, president and CEO of Miller Heiman, writes about why this time of year is the best time to focus on two things: 1.) prioritizing resources, and 2.) staying focused on customers. He offers seven steps that can help you achieve both these goals—and, as a result, move toward hitting your milestones when the year comes to a close.

Seven Essential Steps

The way I see it, the real end-of-the-year push starts in the third quarter. I remember competing in races consisting of quarter-mile laps, and the key to being a world-class miler lies in the third lap. That third lap puts you in a position to win. That's where you build the momentum you need to come out ahead in the fourth. The same strategy holds true for selling—and managing and motivating a sales team—through the end of the year: Start gearing up now to guarantee a strong finish. This is the time to prioritize.

Just as important, this is the time to stay focused on the customer.

Following are seven steps to help you achieve both those goals—and, as a result, move toward hitting your milestones when the year comes to a close.

1. Identify and Prioritize Your Best Opportunities.

Too many sales executives make the mistake of giving in to their natural sense of urgency as the fourth quarter approaches insisting that their staffs try to close as many deals as possible before the year ends. Focusing on quality, rather than quantity, is a far more effective approach.

Sales organizations have to be especially careful about how they allocate their resources at this time. They need to make sure their salespeople are spending the right amount of time on the right deals.

That determination requires taking a systematic and collaborative approach to identifying the best opportunities, starting with the ones already in your sales funnel. Focus on those closest to your "sweet spot"—that is, the ones that best match your company's target audience and your capabilities for delivering exactly what those customers need.

Then estimate the likelihood of closing each important deal by year's end. You need to really understand what's happening with your high-priority deals. Take a look at where each of those deals is today and what you need to do to advance it.

Working with facts rather than gut feelings, estimate the odds of closing the most promising deals by year's end.

For any given opportunity, is the likelihood fifty percent? Seventy-five percent? Ninety-five percent? Making such determinations will help you pinpoint the high-priority opportunities and set the strategy to move them forward.

2. Know the Business Issues that Key Customers Want to Address.

Examine each deal not only from your own perspective, but from your customer's point of view. Figure out how urgent their issue is to them. You really can't prioritize an existing opportunity if you don't know the client's concept—what they're trying to fix, accomplish or avoid.

In fact, trying to move ahead without such knowledge is a common mistake, especially during the year-end push. Salespeople sometimes push too hard too early, trying to close the deal while the customer is still trying to figure out the problem. You have to address that issue first. You need to understand what exactly they're trying to do and why. If you can't quickly articulate the business issue they're trying to address, you aren't ready to close the deal.

If you're trying to close customers when they still don't know exactly what their problem is, it creates a big sense of dissonance. In other words, you might get the short-term gain of a quick sale, but possibly at the expense of jeopardizing future opportunities with that particular customer.

3. Align your sales process with your clients' buying processes.

It's also important to understand each client's decision making process—who's involved, who the key stakeholders are and who makes the final call. With that information, you can understand the specific obstacles you're facing, and you can figure out the specific actions you need to take to overcome them. Then you can craft a plan to move the deal forward—again, focusing on the customer's desired business results rather than on your own.

In the long run, trying to "jam" through a deal won't benefit you or the customer. Don't short-cut the sales process in order to try to expedite things. The sales process and the client's buying process have to stay in alignment. If you lose the deal today, it also falls out of the pipeline for the future.

4. Always Be Creating.

It's important to prospect for and develop new business throughout the second half, as opposed to just pushing through existing opportunities in hopes of hitting great year-end numbers. You still need to build a robust pipeline to next year.

That may seem like common sense, but it's not all that common. Most people nod their heads and say, "Of course, we do that"—but few really do it. The rationale: People assume that if they don't close in the fourth quarter, the business will spill over into the following year and they'll have the whole first quarter to catch up. No wonder the second and third quarters are often weak.

Change the old sales cliché "ABC" from "Always Be Closing" to "Always Be Creating." Regardless of the time of year, all sales team members should constantly spend time working on new opportunities and relationships.

Develop some programs to keep the prospects growing. Such initiatives aren't necessarily formal, complex or time-consuming. They can be so simple. Just encourage people to schedule a little time specifically for identifying new opportunities—even just two hours a week. Then make sure sales managers have good systems in place for talking about those efforts—not necessarily official reports, but regularly scheduled discussions about how and when to proceed.

5. Remember your existing customers.

Everyone knows that it takes far more time and energy to develop a new customer than to keep one you've already got. But it's surprising how often salespeople forget that in their dash to the fourth-quarter finish line.

People often get so busy with new deals that they forget about their largest existing customers. But, it's very important to remember your biggest clients as you push toward the end of the year.

Why bother, if they're already your best customers? As you continue to strengthen those relationships, other opportunities will start to emerge. Meanwhile, letting your biggest clients coast puts those relationships at risk.

For those reasons, sales organizations should constantly assess the value they're providing to their best clients. That way, they can suggest additional solutions that solve those clients' problems or help them achieve their goals. When you do that, you become a trusted advisor rather than just a provider of goods or services—and that's likely to pay off with even more business.

One way to gain deeper knowledge about your best clients: Collaborate with colleagues in other departments who also deal with them. They can help you develop comprehensive profiles of those accounts that will, in turn, let you get a better handle on what those customers need—perhaps even before the customers know themselves.

6. Involve and engage your salespeople.

In discussing how managers can keep their employees growing as they push toward the fourth quarter, there are three key sales process categories:

- Identifying and creating opportunities
- Pursuing existing opportunities
- Managing important relationships

At one time or another, everyone on the sales team should get experience with all those processes. Rather than risk having people become stagnant or too specialized, let them spread their wings: Mixing up those activities from time to time will create freshness and prompt some creative new thinking.

7. Rekindle the passion.

Contests, bonuses and other incentives are time-honored traditions for motivating salespeople. However, all too often, such activities fall under the heading of "hygiene factors"—that is, they're nice to have and may even work to some extent. But such short-term initiatives aren't the most effective way to generate long-term momentum and drive results.

Instead, tap into salespeople's core values to remind them what about the profession excites them: helping customers solve problems and achieve, even exceed, their goals.

Salespeople need to get back the passion for what they do, and for understanding what their clients are trying to do and how they can help them.

I'm meeting with my own sales vice presidents this week. The only thing on the agenda, all we'll be talking about, is their customers. I want to know everything about their customers: What are they using us for? Why are they excited about doing business with us? Who else like them might want to do business with us, too?

Such discussions should go a long way toward firing up any good sales team: After all, if you can't get excited about answering those kinds of questions, you're probably in the wrong business.

By Sam Reese, President and CEO Miller Heiman

The Nuts and Bolts of Deal Review

Article Highlights:

- The importance of mandatory attendance
- The two extremes of funnel management
- The customer-validation process
- Re-energizing superstars with public recognition
- Pairing low performers with stars
- Prioritizing each deal from customer's buying perspective

The final quarter: It's time for a big push. Salespeople scramble to meet their numbers, and sales leaders expect people on their team to cross the finish line aggressively. To avoid getting into a situation where desperate salespeople jam product (thereby putting at risk the opportunity for long-term relationships with clients), systemize your deal review process.

Past, Present and Future

There are three reasons to embark on a deal review process, according to Rob West, sales consultant for Miller Heiman:

1. To look back and reflect on performance versus goals.
2. To look at current activity levels from two perspectives:
    - Explore whether the amount of selling activity is sufficient to support sales targets
    - Discover to what extent the activities are balanced across the different types of selling work being done (prospecting, qualifying and closing, as examples)
3. To look at the forward pipeline or funnel in terms of what's coming down the pike.

While all three categories of funnel review are critical for growth, forward-looking deal review processes help you plan for meeting your sales team's end-of year forecasts.

The Process: Mandatory Attendance

Deal review process attendance is mandatory for sales leadership because they provide counsel on which deals to pursue, and what resources are appropriate.

And, as West comments, "A lot of breakdowns can take place when resource commitments are made without the participation of the people who own the resources." What happens then? If salespeople come up with strategies without consulting those responsible for resources—marketing or product development, for example—and the resources aren't available, then it's back to square one.

"Whoever has their hands on the trigger of resources should be involved," West says.

The Process: Two Extremes

Imagine these two scenarios as described by West: One of your account managers has 20 deals in his funnel; another account manager has only three deals in hers. The deal review process will be very different for each example because each manager will have to take different sets of action to accomplish his or her goals.

For the account manager with only three deals, the conversation can focus on understanding the actions required to move each deal through the funnel. On the other hand, the account manager with 20 deals in his funnel needs objective criteria to help him choose where best to spend his efforts.

Critical Steps to Hit Year-end Goals

1. Classify Your Ideal Customers

Determine where your sales team's time is best spent by taking steps to identify ideal customers for your company. West explains that in the Miller Heiman process to establish top criteria, your company should ask questions that are a blend of demographics (hard issues) and psychographic factors that tend to be less tangible, but can be more telling.

Demographic question samples:

- How much revenue potential does the customer bring to the service-provider or vendor?
- How many locations does the company have?
- How many employees does the company have?

Psychographic question samples:

- Is the company innovative or conservative?
- Is the company an innovator or follower?
- Is the company loyal to its vendors, or does it choose vendors by price alone?

Organizations should identify which criteria describe an ideal customer, and then compare the results, deal by deal, to pinpoint which deals are most desirable to pursue.

2. Drive Sales

When it comes down to the wire, West recommends taking a straightforward approach. "If you have a customer that accepts your value proposition, but the deal isn't moving forward due to time or resource constraints, you can say something like, 'Look, we both have tangible goals we want to achieve by the end of the year. To that end, we'd like to give you an incentive to take action more quickly.'"

The critical distinction is the customer-validation process, according to West: When the customer has already validated and acknowledged their need for your product or service, you're in a safe place to make that offer, but "if the deal is still in play and has not been validated, that move [offering an incentive] comes across as a negotiation ploy, which undermines your value because you're defining yourself in terms of the financial piece."

3. Leverage Top Performers

To re-energize superstars who have been bringing deals in consistently throughout the year, West suggests a recognition program. "Announce the top sellers on a regular basis—guaranteed, your salespeople will begin to actively compete. Recognition programs help bring things front and center for the short term."

And to light a fire under those who aren't making significant strides, partner them with thriving peers.

As West says, "Sometimes people who are struggling react well to the stick, some react well to the carrot, and some react to neither if it comes from management—but they react strongly when someone in their own peer group takes ownership to help them along."

A mentorship program has the added benefit of encouraging the mentor, as well, since it can be flattering to be perceived by leadership as someone good enough to help those who need it.

It's Not Just About You: Customer Consequences

A deal that's in the 30-day funnel must be a deal that will close in 30 days, says West. That may seem like common sense, but optimism can lead salespeople to underestimate the amount of time it will take to close a deal. Bottom line: If there are no consequences for the customer, there's less urgency—and no solid date on which the deal can be won.

Customer consequences can range from compliance to cost-savings to revenue growth. Salespeople operating on year-end deadlines need to realize which deals are imminent—not from a selling perspective, but from the customer's buying perspective. Then, West says, salespeople should focus on deals in which there are consequences, or focus their energy on creating consequences.

"A lot of salespeople fall prey to letting their quota—or the timelines through which the company measures its own financial performance—dictate their sales activity," West says. Clearly, it's important for salespeople to hit numbers, but they also must respect the customer's own decision-making process.

Strategic Planning and Sales Growth

Levers for Strategic Planning and Sales Growth

Article Highlights:

- Hitting the ground running in Q1
- Establishing a solid platform for strategic planning
- The salesperson's role in the customer relationship
- Setting "stretch targets"
- Planning for new, existing, and churn business

We've barely entered the third quarter, but it's time to think hard about next fiscal year. Right now is the right time for intensive growth planning and strategizing. That way, when the new year rolls around, you and your sales team can hit the ground running.

Of course, that's easier said than done. Many organizations rely on inadequate, fragmented methods of preparing for a future that will be here all too soon.

Often, the biggest problem is the large gap between those working up from the bottom—that is, the field team—and those working down from the top—the corporate leadership team.

The field tends to forecast conservatively, worrying about actually making its numbers.

Leadership, on the other hand, is usually more generous with its projections because it's rewarded for its overall sales wins.

The two teams should meet in the middle, but all too often, that doesn't happen. Instead, they cobble together a compromise that's reached without solid information or critical thought. That creates tension between the two groups as they work toward those numbers—and the conflict is likely to escalate down the road as they work toward those somewhat arbitrary numbers.

It doesn't have to be that way. Obviously, it's important for leaders to push the field team to steadily increase their sales, but it's equally important to do so based on accurate, well-thought-out information.

Obtaining that information starts with understanding exactly where your organization invests in growth. That knowledge provides everyone involved with a solid platform for strategic planning for the year ahead.

According to a classic study by leading management firm McKinsey & Company, there are really just seven strategies, or "levers," for growing profitable sales.

They are:

1. Improving products by enhancing existing offerings so they look more attractive, work better or last longer; developing new options and lines.
2. Improving marketing by changing the message, the mix, the media and the spend as needed.
3. Improving pricing by, for instance, deciding whether to bundle, offer discounts or establish loyalty programs.
4. Improving customer service by increasing availability, adding new capabilities and promoting higher quality interactions.
5. Improving distribution by expanding existing channels while adding new ones.
6. Improving customer relationships by striving to enhance and deepen them while offering greater value.
7. Improving sales effectiveness by providing training, organizational learning and other tools to help representatives not only sell more, but to sell well.

Any overarching organizational growth plan should consider all seven levers, setting individual priorities and goals for each. But those last two—customer relationships and sales effectiveness—are, in fact, the most reliable strategies for increasing your profitable sales. If you assume that either or both will happen naturally, you're missing opportunities to position your organization for strong, steady growth.

The Customer Relationship Lever

Driving growth via the customer-relationship lever involves more than promoting continuous improvement in your customer-service organization. It requires investing in your sales team's customer-relationship skills as well.

The effort begins by promoting—and gaining everyone's buy-in to—the mission of moving beyond simply providing commodities to their clients. The new goal: having each salesperson evolve into the role of trusted advisor, becoming a true partner who contributes to customers' business objectives and, ultimately, to their growth.

You and your sales team must get to the heart of the concept of what each client wants to fix, accomplish or avoid. Once you understand their business and their needs, you'll also understand much more clearly exactly how you can help them. You'll be able to prescribe relevant, targeted solutions, rather than responding to a product request or handing over a Band-Aid. Ultimately, knowing as much as possible about each customer—particularly those making up your key accounts—will help create predictable revenue streams and more abundant opportunities.

Obtaining that knowledge requires giving salespeople the tools they need to develop deeper, wider customer relationships. For instance, consider training them in how to make executive-level calls so they can build stronger relationships with the leadership teams at their key accounts. Or help them develop a quarterly business review process, in which they sit down with executives of each customer company to evaluate the quality of whatever your organization provides to them.

This exercise accomplishes two important things:

1. It allows you to measure the value of what you're giving your clients and, if necessary, to make course adjustments fairly early on.

2. It opens up an opportunity for talking about additional ways in which you can help them solve problems, build business, outdo their competitors and achieve other goals.

One tip for moving that discussion forward: Ask your clients, "What have you budgeted for our products and services for the next year?" You'll learn a great deal from their answers, and you'll have a realistic starting point for thinking about what more you might offer them.

The Sales Force Effectiveness Lever

Mark Twain, the famous 19th-century author and humorist, is widely quoted as observing that "everyone talks about the weather, but nobody does anything about it." At many companies, the same might be said of leadership attitudes about improving sales force effectiveness: Executives and managers say they want their salespeople to do better, but they don't do anything—or they don't do the right things—to make that happen.

Often, the problem stems from reluctance to invest in improvement initiatives. In such cases, sales leadership typically assumes that those first five growth levers—products, marketing, pricing, customer service and distribution—inherently make it easier for the sales force to sell. In other words, this line of thinking goes: If our pricing is on target, if we offer stellar service and so on, that should automatically drive strong sales.

Unfortunately, what typically happens (to the sales leadership's surprise and disappointment) is that market pressures force them to discount their pricing, or they find that their service quality isn't as big a competitive advantage as they initially thought. Meanwhile, the sales force still needs help.

An active approach will produce much better results. Decide what your sales force most needs to boost its effectiveness, such as executive-level calling skills or more sophisticated processes for managing and growing key accounts.

Then, level with your salespeople about what you're providing and why, positioning the initiative as a collaborative effort designed to benefit the entire organization. Explain that you're investing in their development with plans for strong returns. Make sure they understand that you expect to see measurable results: improved productivity, better close rates, bigger deals or accelerated sales cycles.

Finally, push the sales force to help you build a stronger growth plan by developing forecasts that are more ambitious but still achievable. For instance, let's say salespeople initially predict they'll each do about $6 million in business next year, an estimate you consider a bit too cautious. In that case, you might ask your reps whether their new skills and knowledge might reasonably enable a slightly higher forecast—perhaps $6.5 or even $7 million.

Another way to boost those forecasts: Let salespeople develop "stretch targets," in which they strive to exceed their basic sales goals—but aren't penalized if they ultimately don't hit those higher numbers. In other words, for stretch targets to succeed, you must position them as goals rather than as quotas. Talking about quotas will make people anxious and fearful that they've set themselves up. Instead, encourage them to follow this advice from another well-known author, the contemporary motivational speaker Les Brown: "Shoot for the moon. Even if you miss, you'll land among the stars."

A Trio of Questions

In addition to pulling those two levers, successful strategic planning requires that you consider three important questions that can be easily summed up by the acronym NEC (for New, Existing and Churn):

- How much new business can we expect?

- How much existing business can we expect? What kind of growth can we expect from our current customers, especially those in our key accounts?

- How much churn should we expect? How much business isn't going to repeat; how much attrition from existing accounts are we likely to experience—and what can we do to prevent it, compensate for it or turn it around?

Answering the NEC questions provides more building blocks for your planning platform and helps reveal where you should concentrate your growth efforts.

As just one example, your plan's new-business section might hinge on an aggressive prospecting plan; its existing-business section might involve an intensive product push, and the churn element might call for launching a highly targeted campaign to win back important lost customers.

The other critical step at this stage: reviewing the sales pipeline. Determining exactly what's in the funnel—and exactly where each item stands right now—will also shine a light on where you should invest your time and energy. Then you can incorporate your plans for executing on each piece of business based on the priorities you've set.

Looking Ahead

Suddenly, the new year doesn't seem all that far away, does it? But that certainly shouldn't be cause for panic if you begin planning intensively and taking a few key action steps right now:

- Work on closing the gap between leadership and field-team forecasts.
- Know where your organization is investing in growth; incorporate those priorities into next year's plan.
- Invest in ways to help salespeople build strong customer relationships.
- Invest in ways to help salespeople improve their performance.
- Encourage salespeople to aim high; assure them that they won't be penalized if they don't hit their ambitious stretch targets.
- Determine the amount of new business, existing business and churn you expect next year; make sure your plan includes specific strategies for addressing each.
- Review the sales pipeline and set priorities about which opportunities to pursue.

Together, those steps will go a long way toward making the new year be exactly what it should be: an exciting time brimming with fresh opportunities for growth.

By Sam Reese, President and CEO Miller Heiman

Strategic Planning For Dummies and Experts Alike

Article Highlights:

- The Strategic Planning Process
- Determining if the strategic plan is sound
- The importance of involving sales in strategic planning
- Operational support issues to consider

The bottom line: Sales is responsible for delivering the company's top line growth. While hitting the numbers is important, says Erica Olsen, vice president for M3 Planning and author of *Strategic Planning for Dummies*, salespeople are often so busy working to deliver year-end goals that they're left out of the strategic planning loop, either by choice or circumstance.

Sales leaders and their teams bring knowledge about client needs and wants to the table that can help keep the company from making costly missteps, Olsen suggests. And, sales leaders can make sure future plans are in alignment with its department's resources.

Sales Performance Journal asked Olsen, who has helped a wide range of clients craft and implement strategic plans, to explain. The edited exchange follows.

Sales Performance Journal: You're a huge proponent of strategic planning in general. Why is it so important?

Erica Olsen: Well, it's only important if a company wants to grow. If a company wants to grow, they need a strategic plan. And if they're forecasting growth, the sales organization really needs to be involved in the development of revenue goals, because sales is responsible for that top line growth.

In the boardroom, we toss out numbers—10, 20, 30 percent—but we may not think through the impact of the goal on sales or support.

There's one organization I know of where sales was given a goal of 30 percent growth. The sales organization delivered. The rest of the operation couldn't support it! The realistic goal on the manufacturing side of the house was only about three percent. So sales can't fulfill contracts to retailers, sales gets incentives based on deliveries… the entire organization is a mess.

The sales were made, but revenue goals weren't reached. It's a case of left hand/right hand, of not really paying attention. Sales was successful but no one asked the tough question, "Can we deliver?"

SPJ: How can sales help avoid disasters like this one?

EO: They can help determine if a strategic plan is sound. They can use a Balanced Scorecard [a strategic planning system developed by Drs. Robert Kaplan and David Norton that examines organizations from four angles: learning and growth, business process, customer and financial perspectives] as a kind of "sniff test" to see if the strategy will work. They can ask: Do we have the people to support the operations? Are we delivering value to customers to meet financial goals? Do we have the right people in the right places in the operation to deliver what we're selling to provide value to our customers?

Look at the strategy. Really get connected with the rest of the organization. Get strategic planning to a point here everyone can say confidently: yes the market is there, yes the organization is behind us to fulfill what we're selling, and yes we have the right people in the right roles to get there [reach the revenue target]. It takes the unknown out of it. It's much less "pie in the sky" when you ask those questions. These are the questions the Fortune 100 asks.

SPJ: So sales will help drive the profitability of the organization by doing more than just selling.

EO: If sales is at the table and engaged in a way they can make a difference, they'll have a huge impact on their department and overall profitability. Sales has a ton of customer information. They have any number of customer touch points, whether the information is gathered in a formal manner or not. What are the trends? They can actually affect the product they'll be selling next year with this information.

[For this to work,] sales must view [the strategic planning effort] as a benefit and not as wasted time. Sales will waste more time in the long run because they didn't take that day [to attend planning sessions]. Sales leaders must review the numbers, ask the questions and make sure there is alignment.

Realizing the true role the sales force can play should be very exciting for anyone in a leadership role. The result is empowering. Looking at sales as strategic rather than tactical is ultimately empowering.

SPJ: And the results?

EO: Strategic planning works. [We've seen that] just getting people talking—even if the plan is ultimately faulty in some way—results in an average growth rate of 12 percent. Failure to plan is planning to fail.

Strategic Planning Reality Checklist for Sales Leaders

Article Highlights

- Identifying alignment gaps
- Internal metrics to benchmark
- Building alignment to support execution

A strategic plan starts with good intentions, but is virtually useless without implementation. Achieving solid results depends on a plan that is attainable and based in fact. The following checklist will help you avoid some common traps that come back to haunt sales leaders over the course of the year.

1. Know Your External, Market-Driven Factors

If you have aspirations of growing—by going after new market segments or launching products, for example—you must firmly establish business objectives and align the sales force with those objectives. Establish a clear baseline and identify the gaps in alignment.

New vs. Existing Regions

- What is the revenue potential in these existing and new regions?
- Based on our competition, how much market share can we achieve and how quickly?

New vs. Existing Accounts

- What is the revenue potential in these existing and prospective accounts?
- How much carryover business do we have already booked and are there any multiyear contribution effects?
- What is our risk of losing a strategic account to a challenger?

New vs. Existing Products

- What is the market potential for existing and new products?
- Based on our competition, how much market share can we achieve and how quickly?
- What marketing support do we need to be successful?

2. Know Your Internal, Organization-Driven Factors

Even if the market potential exists, you need to have the people and organization in place to execute the plan. Overall, in terms of recruiting and development, you should use metrics as benchmarks—whether that's for attrition rate, or the length of time it takes to fill a sales position or ramp up a new hire to full productivity—to base your implementation plans on solid facts.

Current Production

- How much does the typical rep sell in a year?
- How does this production vary across regions, products and key accounts?

Sales Rep Attrition

- What is our voluntary, involuntary and total turnover rate?
- What is the opportunity cost of an open territory?
- Are we at risk of losing a top producer?
- Why have we lost top producers in the past?

Time to Recruit

- How long does it take us to fill an empty position?
- What investments can we make to shorten recruitment time without compromising quality?

Time to Ramp-up

- How long does it take to bring a new rep to full productivity?
- What is the reps' productivity during the ramp-up period?
- What investments can we make to shorten time to full productivity?

Time for Excellence

- What capabilities do our reps need to be truly successful?
- What skills do they have today and what are the gaps?

3. Align the Organization to Execute the Plan

Once there is a clear understanding of the external and internal factors, then the next step is to build alignment to support successful execution.

Coverage

Based on our growth plans and the talent-related factors, how many reps do we need to hire?

Based on ramp-up time and productivity, how much can we except new hires to contribute in the new fiscal year?

Penetration

Based on the risk and opportunities in our strategic accounts, what focus investments are needed to protect and grow these accounts, and when can we expect a return on these investments?

Specialization

Based on new markets and new products, does the existing sales force have the capability and motivation to realize the potential, or do we need to develop specialists?

Alignment

Even if the market potential exists and we can hire and deploy a sales force, can we create sufficient awareness, fulfill demand and satisfy our customers?

Some Final Thoughts…

Gauge your present situation and make sure you have the right information to set accurate and attainable objectives. Involve department leaders to ensure buy-in across the company, and to demonstrate to all employees that the company intends to follow the plan and effect change. Then, keep checking your progress against the plan, for a map to guide your company to change and growth.

By Dario Priolo and Brendan Hawkins

Research

Best Practices of Winning Sales Organizations

Article Highlights:

- Leveraging Best Practices of Top Performers
- Engaging Executive Leadership in Sales Process
- Percentage of Sales Requiring Discounting
- Aligning Sales Performance Metrics with Business Objectives
- Measuring Performance Against Peer Groups

The Miller Heiman annual research study of sales practices, success metrics, and Winning Sales Organizations has become recognized as the largest, continuous research project dedicated to sales performance in the world. Since the study was launched in 2003, more than 12,000 sales professionals have participated.

Each year, we survey sales professionals on the activities required to effectively manage opportunities and relationships. We then compare how companies who are achieving 20 percent or greater growth in the following categories compare to the other participants:

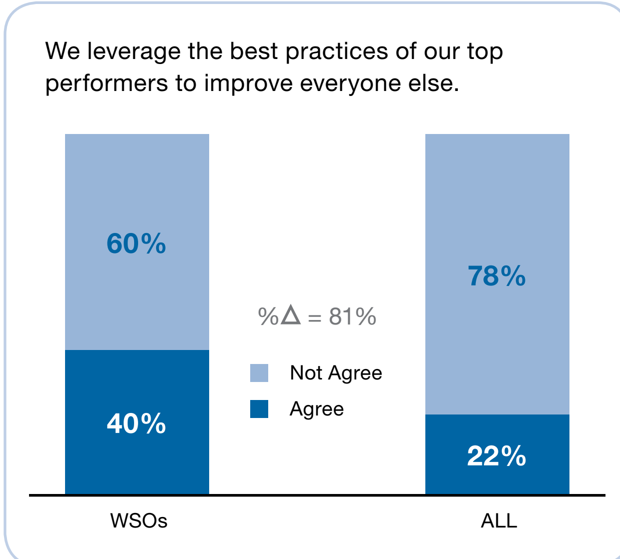
- Revenue growth compared to previous year
- New account acquisition compared to previous year
- Average account billing compared to previous year

We've identified these top-performing companies as "Winning Sales Organizations."

In this guide, we've included five benchmarks established by these companies to provide a look at how other companies are performing to assist sales leaders in building strategies for the coming year.

Leveraging best practices of top performers

We found that Winning Sales Organizations leverage the best practices of their top performers to benefit other members of their team 81 percent more often than other companies. Although, there is still room for improvement for all companies as less than half of even the top-performing companies are sharing best practices across the organization. Salespeople like to learn from what their most successful peers are doing. It is a low-cost, high value activity that is not implemented often enough.



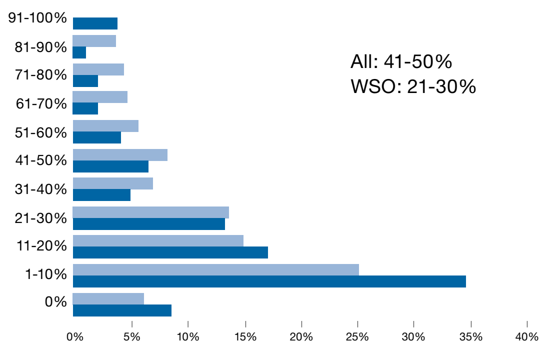
Engaging executive leadership in sales process

Top-performing organizations have an executive leadership team that is 58 percent more likely to be involved in the sales process. There should be clear definition around when and how this resource can be effectively leveraged, and it shouldn't just be when the opportunity is in jeopardy.

Percentage of sales requiring discounting

The solution to reduce discounting is differentiation. When there is no way in the customer's mind to differentiate, they will do it on price. Arm your sales force with tools to avoid this situation or at least be able to get something of comparable value from the customer in return for a price concession.

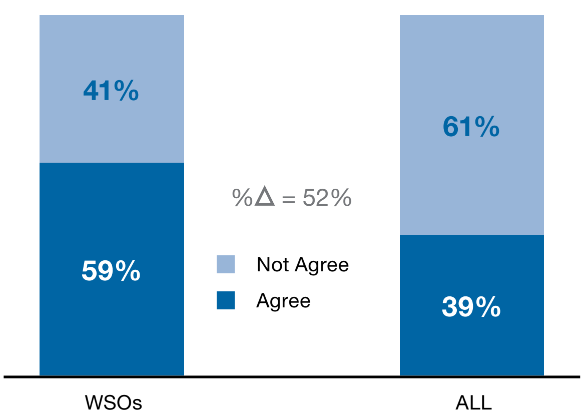
What percentage of deals must your salespeople discount to win the opportunity?



Aligning sales performance metrics with business objectives

Winning Sales Organizations are 52 percent more likely to establish this connection than other organizations. When sales force performance is linked to the business objectives everyone is pulling in the same direction. This requires good communication throughout the organization and executive visibility and accountability to the results.

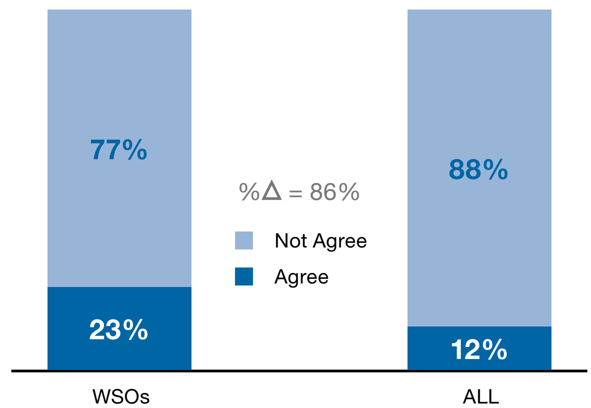
Our sales performance metrics are aligned with our business objectives.



Measuring performance against peer groups

Many more companies measure themselves internally than externally. The problem with only comparing your performance against an internal benchmark is that you do not have an accurate picture of what success looks like. A company that hits 150 percent of quota may just have quota set too low or maybe economic conditions are driving competitors to hit 200 percent of quota. By comparing results to others within your industry, you can see the bigger picture.

We regularly benchmark our performance and productivity against external peer groups.



Appendix

About Miller Heiman

For nearly 30 years, Miller Heiman has helped thousands of companies, their salespeople, and executive teams overcome the most significant challenges that affect sales productivity and top-line growth.

We help our clients move beyond treating symptoms by applying *The Miller Heiman Sales System*™ and our world-renowned benchmarking database to diagnose the root cause of their issues. Because we have the tools, data and experience, we can move much more quickly than traditional consulting firms from diagnosis and validation through implementation and results.

Typical sales performance problems we solve include:

- Improving Sales Force Productivity
- Managing Sales Talent
- Transitioning from Product-led to Solution-led Selling
- Winning High-value, Complex Deals
- Shortening Sales Cycles
- Improving Sales Forecast Accuracy
- Evaluating and Integrating Sales Forces Pre-and-Post Merger
- Protecting and Growing Strategic Accounts

Free Consultation with a Sales Expert

We appreciate your interest in Miller Heiman. We'd like the opportunity to discuss your organization's fiscal year-end challenges and opportunities. Please contact us to schedule a free consultation.

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