

Executive Summary
2011 Miller Heiman Sales Best Practices Study

SALES STRATEGIES FOR THRIVING IN A POST-RECESSION ECONOMY

Signs of a post-recession recovery are evident in the results from the *2011 Miller Heiman Sales Best Practices Study*. While the effects of the economic conditions of the past few years is still high on the minds of our most recent research participants, we saw some encouraging signs of optimism in the results.

What does World-Class look like in a Sales Organization?

Being a World-Class Sales Organization means you are producing significantly better results compared to other organizations. This includes sales performance measurements such as the ability to find and win new business, keep existing customers, and improve productivity among the sales team, all ultimately leading to increased revenue. World-Class Sales Organizations had 20 percent better year-over-year growth in these metrics when compared to other respondents in our study.

- Qualified opportunities
- Account acquisition
- Account retention
- Productivity per salesperson
- Quota achievement

The critical question our annual research seeks to answer is what were the activities that World-Class Sales Organizations applied more frequently to differentiate themselves and produce superior results?

This year, 6 percent of respondents qualified as World Class compared to 4.6 percent in 2010 and 7 percent in 2009.

Trends in Improving Sales Performance

Returning Focus to Best Practices

In our previous years' study, we saw a clear departure among most organizations from the established best practices in selling and sales management effectiveness. Companies reacted to a challenging economy by revisiting several activities that self-admittedly did not produce the desired results, including cold calling, increased discounting, and pursuing customers in non-traditional target markets.

In the analysis of this year's data, we saw a return to best practice activities. Some of the most significant year-over-year improvement across all responses was seen in customer-focused initiatives including:

- Formalizing a value proposition that is compelling to prospects
- Jointly setting long-term objectives with strategic accounts
- Collaborating across departments to pursue large opportunities and manage strategic accounts

"We get caught in the psychological doldrums from 2009 and not realize what 2011 will bring. The good news is, there are opportunities; clients are looking for providers to help them grow."

2011 Survey Participant –



Sales and Marketing Alignment

For the past five years of our study, we have included a question about sales and marketing sharing a common understanding of what customers want and need, World-Class Sales Organizations have consistently and significantly outperformed other organizations in this customer-focused achievement. As you will see in this report, this is one of the most significant activities noted for improving an organization's ability to drive year-over-year growth in qualified opportunities.

CRM Confidence

In the best-selling business book, "Good to Great," Jim Collins emphasized that in the outperforming organizations he studied, technology is an accelerator of momentum, not a creator of it. We are seeing a second generation of CRM as many companies are consolidating systems and increasing expectations from the data managed through these systems. Sales leaders are more likely to be driving the decision to implement and utilize CRM, rather than the IT-led initiatives of 10 years ago. Year-over-year confidence in CRM data among World-Class Sales Organizations jumped by 50 percent, while other organizations remained unchanged and reported less than a third of the confidence compared to top -performing organizations.

Sales Management Time and Value

The critical role of front-line sales management to drive productivity and performance is clear, but the many demands on these managers' time are viewed as a key inhibitor. As sales managers assume the responsibility for larger teams, the need for better time allocation will continue to be an important focus area.

When asked where sales managers are spending their time compared to the activities that were most valued, there is misalignment. Selling activities, reporting and internal meetings were noted as the top activities where sales managers are spending time, but the most highly-valued activities included regular one to one meetings with the sales team and selling activities.

Prioritizing time spent coaching the sales team results in greater scalability of the sales manager. There is likely an opportunity in most organizations to reduce the amount of time spent directly selling by the sales manager and transfer that time coaching the sales team to better manage opportunities. It may also be an issue of establishing clear criteria for when sales management gets involved in a selling role.

Top 12 Sales Initiatives for 2011

Improving growth in the metrics where World-Class Sales Organizations excel was shown to be most significantly linked to 12 questions in our study. Of the more than 50 activities included in this annual study, these are the 12 activities where we recommend sales leaders should focus their attention. The best investment of your time toward improving lead growth, account acquisition and retention, salesperson productivity, and quota attainment is in aligning with the 12 characteristics of World-Class Sales Organizations described below.

Defining a World-Class Sales Organization

World-Class Sales Organizations are companies that adhere to a broad array of best practices to ensure the best possible sales results. Here is a look at how the activities in this study are organized.

Creating Opportunities

World-Class Sales Organizations keep their sales funnels filled with high-quality opportunities by applying well-defined prospecting plans.

Managing Opportunities

World-Class Sales Organizations have a clearly defined methodology to guide them in winning new business.

Managing Relationships

World-Class Sales Organizations are proactive in managing relationships and spend more time with key accounts, especially at the executive level.

People and Organization

World-Class Sales Organizations know why their top performers are successful and use that information to improve their sales force's performance.

Support and Enablement

World-Class Sales Organizations utilize infrastructure, technology, and programs to enhance sales performance.

Management Execution

Management in World-Class Sales Organizations align their organization to meet the needs of their customers and executive leadership takes an active role in the sales process.



Increasing the Volume of Qualified Opportunities

In our analysis, lead growth was strongly tied to sales and marketing alignment and having a compelling value proposition. Qualified lead growth is an important leading indicator of revenue growth.

Top Initiatives for Increasing Qualified Leads

1. Sales and marketing are aligned in what our customers want and need.
2. We have a formalized value proposition that is very compelling to our prospects.

At the top of the sales funnel, the creation and continued growth of new opportunities is essential to maintain good funnel health. World-Class Sales Organizations are targeting and gaining access to qualified prospects. They develop consistent criteria for the types of accounts and opportunities they want to pursue and walk away from those that aren't a good fit.

A strong alignment between sales and marketing regarding customer needs is required to consistently create high-value, new opportunities. At a minimum, organizations that are succeeding in aligning their sales and marketing teams have created a collaborative environment:

- Open dialog. Marketing has clarity on the goals of the sales organization so it is able to generate leads that align with this strategy
- Agreement on a common lead definition
- Agreement on a definition of an Ideal Customer Profile

Formalized does not mean standardized when it comes to an organization's value proposition. The value to an individual client will vary, but an organization's key messages will be clearly understood by the entire organization. A strong value proposition will be based on the input of cross-functional team members. Adapt the key messages to communicate value that will be meaningful from the client's perspective.

Acquiring New Customers

Account acquisition among World-Class Sales Organizations was most strongly related to collaboration on deal pursuit and the use of social media to identify Key Buying Influences.

Top Initiatives for Increasing Account Acquisition

3. Our organization collaborates across departments to pursue large deals
4. Our use of social media has significantly increased as a tool to identify decision makers.

World-Class Sales Organizations effectively resource and manage opportunities through to close. This involves developing and executing a strategy necessary

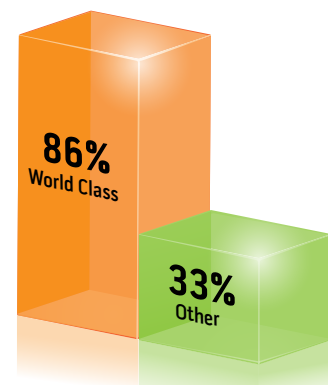
What do you see as the greatest risks and/or rewards for 2011 in your business?

REWARD: "We've built and proven our model. Now we are recruiting salespeople and driving marketing and sales activity. It's a year of growth and return on our investments."

RISK: "Not understanding the challenges our clients are facing and how they will measure their success of dealing with those challenges."

RISK: "Pace of economic recovery."

2011 Survey Participants —



Sales and marketing are aligned.

to win complex sales. They effectively identify the Buying Influences in the sales process, understand their issues, and use this understanding to build solutions. Communication about active opportunities is effective; salespeople provide early visibility to changes that may affect the outcome of a sale and sales management dedicates time to coaching individuals on the sales team.

Successful organizations recognize that competing to win in a complex selling environment is not just the result of strong individual performance; it is a team effort.

Social media's role in accelerating the sales process was a new addition to this year's study. Successful salespeople have added social media to their toolbox of resources to connect with executives who play a critical role in the outcome of their opportunities as well as an effective way to stay informed about changes in their customer's environment. Top performers do not ask questions that are easily answered through publicly available information – they invest time with an executive to better understand their needs and build credibility.

Managing Customer Relationships

The top-performing organizations are not only seeing better results in account retention, they are also successful in driving year-over-year revenue growth with existing accounts.

Top Initiatives for Increasing Account Retention & Year-over-Year Revenue Growth

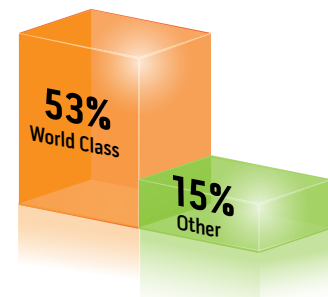
5. Our organization regularly collaborates across departments to manage strategic accounts.
6. We have relationships and dialog at the highest executive levels with all our strategic accounts.

Strategic accounts are identified and managed with rigor and discipline in World-Class Sales Organizations; they treat these accounts as corporate assets. They invest in their largest, most strategic accounts with corporate resources, including executive involvement. They understand their business, engage in joint planning, make focus investments that add value to their client's business and ensure their mutual success.

Competitors often seek to grow their business through acquiring clients who may feel underserved. If you are not coordinating cross-functional team members to keep a finger on the pulse of your customers' business, you will lose. The strategies to protect these assets must be customer driven; one size does not fit all. The top-performing organizations are not only seeing better results in account retention, they are also successful in driving year-over-year revenue growth.

RISK: "If we don't become more strategic and link to customer business objectives and align our processes and rewards, I fear we will miss opportunities and continue to be seen as a product-focused company by our customers."

2011 Survey Participant –



Use of social media has increased to identify decision makers.

Enabling a High-performance Sales Force

Salesperson productivity is a metric that is most significantly affected when focus is placed on leveraging and effectively coaching the members of your sales team.

Top Initiatives for Increasing Salesperson Productivity

7. We know why our top performers are successful.
8. Our management team is highly effective in helping our sales team advance sales opportunities.

Successful sales organizations require development and management to be successful. World-Class Sales Organizations know their people well and what differentiates high performers. They have distinct processes and tools for ensuring they have the right people in the right roles and understanding their current capabilities and areas for future development.

Success doesn't start with hiring good people, it starts with a solid customer management strategy and hiring to that strategy. Developing an expectation of the roles and critical skills necessary to execute against the strategy must emanate from understanding customer's first. This understanding will also enable sales managers to better understand what makes top performers successful. It is not as simple as asking top performers why they are successful, chances are high that they won't have a specific answer.

Sales managers must feel enabled and accountable to achieving performance through their team, rather than alongside their team, whether that is in the role of salesperson, coach, or strategist. A good sales manager plays all three roles.

Infrastructure to Enable Sales Productivity Improvement

Forecast accuracy was most significantly influenced by an organization that has measurements aligned with objectives and high confidence in CRM data. Forecast accuracy was 11 percent better among World-Class Sales Organizations.

Top Initiatives for Increasing Forecast Accuracy

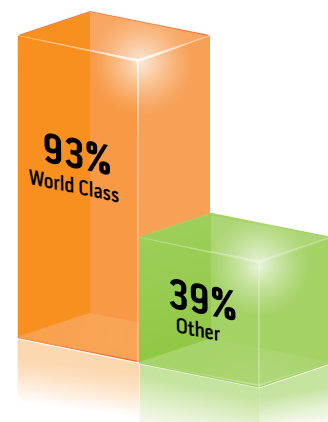
9. Our sales performance metrics are aligned with our business objectives.
10. Our sales management team is highly confident in the data available from our CRM system.

Reinforcement and support activities that enable sales productivity are requirements to drive consistent results. World-Class Sales Organizations know that business processes won't become part of an organization's culture if they are cumbersome to adopt or not reinforced by top executives. When the business

RISK: "We hired a number of new salespeople this past year. As a result, our biggest challenge is to make them productive as rapidly as possible and minimize sales turnover."



2011 Survey Participant —



Our management team is highly effective.

requirements and process are well-defined and implemented, technology becomes a more reliable tool for effective sales management and reporting. Data to support forecasting efforts is improving as three-quarters of World-Class Sales Organizations reported their sales management team is highly confident in the data available from their CRM system. This is a significant increase over last year's confidence number when just half reported a high level of confidence. And, World-Class Sales Organizations are nearly three and a half times more likely to report confidence in their CRM data than other organizations.

In 2011, organizations with greater confidence in their CRM data will see smarter decision making as managers find themselves support more people and need effective ways to improve forecast accuracy, identify coaching opportunities, and determine which deals they should be involved in.

Leveraging Leadership for Results

What would a 20 percent improvement in quota achievement mean for your organization? Leveraging the best practices of top performers and being flexible in adapting to customers were the distinguishing characteristics of World-Class Sales Organizations.

Top Initiatives for Increasing Quota Achievement

11. We leverage the best practices of our top performers to improve everyone else.
12. Our organization structure allows us to easily adapt to our customers' changing needs.

We find that the very best sales organizations rigorously execute on their strategy. They create metrics, track against these metrics and use the information to support decision making. Leadership and management use the metrics to drive the business and to drive accountability. Top-performing organizations readily adapt to their customers' changing needs by ensuring they are internally aligned to be able to effectively evaluate and demonstrate this flexibility for their customers.

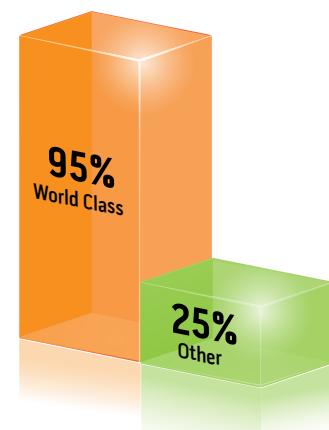
Being adaptable to the changing needs of customers does not mean changing your business with every request. It means being flexible and having a mechanism to communicate changes within your organization so you do not miss opportunities. Especially if you are an established market leader, the entry of smaller, risk-taking competitors creates a risk of being perceived as inflexible or slow to adapt. It is a potential vulnerability that your competitors will exploit.

Bottom line: know your customers. All strategy must emanate from the customer. Ensure a cross-functional understanding of your customer and establish multiple connection points with your customers.

RISK: "We are moving forward with increased goals but no clear plan on what we will do differently to achieve those goals."

RISK: Our most senior executive leadership often hesitates about full commitment to marketing and marketing budgets and resources.

2011 Survey Participants —



We leverage the best practices of our top performers to improve everyone else.

Looking Forward

When asked about the greatest risks and rewards our participants see ahead for 2011, a frequent response was economic conditions, most often as a negative, but many also pointed to the opportunities they are seeing as a result of weaker competitors exiting the market.

Other frequently mentioned risks for 2011 included competitive threats and the risk of either losing top salespeople or not being able to find qualified people as conditions improve and hiring activities resume.

Competitors were cited as being more willing to offer lower prices to win new business or steal customers, which is strongly related to additional comments about the risk of increasing commoditization and lower margins. Competitors who are still in place were recognized as growing stronger during the adverse conditions of the past few years. Competencies and responsiveness to customer requests were perceived as increasing over the past few years, a reminder that there is no room for complacency in a good strategy.

Rebuilding the sales force following the recession was noted as a risk. Even with high unemployment rates, it is never easy to find sales performers who can effectively drive desired results.

Ongoing in 2011, Miller Heiman expects to see a continued focus on driving salesperson productivity through improved front-line sales management effectiveness, more visibility to sales performance through CRM consolidation and adoption, and improving alignment between not only sales and marketing, but between every department that interacts with customers as a way to stay connected to the trends that will shape their success in the future.

REWARD: *"Our smaller competitors are exiting the marketplace; many of them are available for acquisition."*

RISK AND REWARD: *"Economic recovery brings opportunity for additional business but also a great exodus of top talent."*

RISK: *"Our greatest risk is underestimating our competitors and their ability to quickly respond to new opportunities."*

2011 Survey Participants —



About the 2011 Miller Heiman Sales Best Practices Study

The 2011 Miller Heiman Sales Best Practices Study engaged respondents ranging from account managers to high-level executives from around the world with the objective of analyzing how the behavior of a World-Class Sales Organization is different from that of the average sales organization. This research is conducted annually for the benefit of our clients to provide insights into the selling and sales management activities that are producing the greatest results, and to support our commitment to the ongoing development of products and services that will help our clients achieve their goals. The survey for the 2011 reports was conducted in the fall of 2010.

Objectives and Research

Objective:

To obtain a clear understanding of the complex selling environment, its challenges, and trends.

Scope

- Identify activities where World-Class Sales Organizations are outperforming the competition
- Prioritize activities to improve the effectiveness of the sales organization
- Provide insights on the trends facing sales organizations during 2010 and 2011

Research Method

The survey was designed as exploratory research to collect primary data using a structured design. Formal statistical procedures were employed to analyze the data. Such procedures included exploratory factor analysis, reliability analysis, regression analysis, and frequency analysis. This is the eighth year of this study.

Survey Instrument

After the broad issues and metrics were reviewed and discussed with key informants, the instrument was subjected to a pretest. The final instrument contained six sales activity sections and a customer environment section with a total of 56 closed-end questions based upon a 7-point Likert scale for responses of Strongly disagree, Disagree, Somewhat disagree, Neutral, Somewhat agree, Agree, Strongly agree. Sixteen metric-type questions were added to this study. Finally, six demographic questions were included.

More results from the 2011 Miller Heiman Sales Best Practices Study

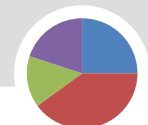
Research meets practical application.

A key finding from the current best practice research is featured each month in Miller Heiman's Sales Performance Spotlight newsletter. Subscribers receive data, charts, and commentary about how these highlights can be applied to improve performance in their organization and access to the data archives. Subscribe at <http://www.millerheiman.com/subscribe>



Participation by Industry

Technology	18.40%
Technology - Hardware	33.01%
Technology - Services	26.47%
Technology - Software	40.52%
Healthcare	13.23%
Healthcare - Capital	29.09%
Healthcare - Consumables	46.36%
Healthcare - Services	24.55%
Consulting & Professional Services	11.55%
Manufacturing	9.20%
Business Services	7.22%
Finance, Insurance & Banking	6.19%
Telecommunications	5.47%
Energy & Oil/Gas	4.63%
Industrial & Chemical	4.39%
Other	3.55%
Construction	2.65%
Pharmaceuticals	2.41%
Aerospace and Defense	2.22%
Transportation	2.04%
Consumer Products	1.86%
Government	1.74%
Education	1.68%
Wholesale	1.56%





Time Frame

Data were gathered from October 5, 2010 to November 13, 2010.

Population

Responses were solicited globally from sales professionals who are currently or have been in contact with Miller Heiman. However, the study was not limited to Miller Heiman clients. We actively pursued a cross section of participants, industry and geographic, for the study from a variety of databases owned by Miller Heiman and partner organizations.

The comparisons provided in this report include World-Class Sales Organizations compared to all other sales organizations in the study and perception gaps among C-Level, Sales Leaders, and Sales Force positions.

World-Class Sales Organizations

- 101 respondents qualify as World-Class Sales Organizations
- 6 percent of all respondents
- Complex sales only
- B2B selling environment

All Other Sales Organizations

- 1,699 respondents
- Complex sales only
- B2B selling environment