

“It is not just the economy and the events of last September that are causing massive changes in the world of sales. But make no mistake about it, the world of business-to-business sales has changed for ever.”

Research Findings in the World of Business-to-Business Sales

THERE ARE A NUMBER OF FACTORS THAT ARE ALWAYS GOING TO BE CONSTANT IN THE WORLD OF COMPLEX BUSINESS-TO-BUSINESS SALES: WE ALWAYS WANT BETTER LEADS, THERE ISN'T ENOUGH TIME IN THE DAY, AND THE COMPETITION IS FIERCE. HOWEVER, THERE MAY BE SOME SURPRISES IN TERMS OF WHAT IS CHANGING, AND INDEED THE ROOT CAUSES OF THESE CHALLENGES. BY UNDERSTANDING THIS NEW WORLD, MOST ORGANIZATIONS CAN GAIN AN ALMOST IMMEDIATE, AND SIGNIFICANT, INCREASE IN SALES EFFECTIVENESS AND OPERATING RESULTS.

Research Findings – Background

Since 1995 Market-Partners has been helping organizations design, manage, measure, and optimize their sales processes. The principal's of the company have worked with thousands of sales professionals, including many hundreds of sales managers. Organizations range from industry giants such as Oracle, PeopleSoft, and AlcaTel, through to many mid-sized, small, and even start-up companies. These companies all employ sales forces that concentrate on enterprise business-to-business sales. Although each organization has its own challenges, strengths, and weaknesses, a number of common and emerging trends were first detected in the late 1990's.

Market-Partners has used its own methodologies, processes, and tools to capture, and in many cases measure, a number of distinct factors that are changing in the world of complex business-to-

business sales. These sales processes are defined as:

- Sales cycles measured in weeks or months
- Selling relationships with more than one person involved in both the selling and buying organizations
- Discrete sales of products or services with typical average order sizes in excess of \$65,000

When these findings were consolidated, during the course of 2001, they illustrated that there were indeed a number of fundamental changes occurring in this world of sales. These factors are changing across various industries and impact organizations of all different sizes. The research was followed by academic study and numerous round table discussions with industry and thought leaders in the realms of business, sales, and marketing. The observations have been integrated into a set of ten assessments regarding new or changing factors in the world of sales. With these established, the working groups then set about isolating root causes

leading to these factors. Seven such driving forces have been identified.

Finally, with a clear understanding of these driving forces, we can examine the current health of today's sales organizations. It is unfortunate that many of these sales teams, despite their most sincere and committed efforts, are using outdated sales methodologies and assumptions that no longer match today's realities. It is only in the light of these new research findings that we can now truly change how we sell, and have any significant or sustained impact on sales effectiveness and thereby our sales results.

The authors of this paper have included a brief summary of what organizations must do in the light of these findings to embark upon the journey to maximizing sales force effectiveness.

Summary Research Findings

➤ Lengthening Customer Acquisition Cycles

It was found that not only are sales cycles growing in length, but also they are considerably longer than what management expect – often by a factor of three or four.

➤ Increasing Lead to Order Ratio

The number of leads required to generate just one order has increased, and is often five times the amount that has been planned for. A number of 50 to 100 leads to generate just one interested prospect is not uncommon.

➤ Lengthening Sales Ramp-up Times

The elapsed time for a sales professional to become effective, either as a new-hire, or with a new market offering, has increased and is usually two to three times what it previously had been.

➤ Productive Selling Time

Although organizations are investing in technology and productivity tools, the time that a sales person has to dedicate to productive sales activity has

decreased. It was found that the productive selling time is often no greater than 60 to 75% of what it is thought to be.

➤ Productive Sales Management Time

This is suffering along with the productive sales representative time. In a growing number of cases the sales manager is actually taking on the role of off-loading administration from the individual sales representatives, further handicapping their ability to dedicate time to developing their sales or their selling team. It was found that most sales managers dedicate a minimum of 17% of their workweek to administration. It should be noted that coaching, and training were not included as administrative activities such as forecasting, business reviews, sales activities.

➤ Forecasting

Despite the fact that most senior managers rated consistent and accurate forecasts of growing importance, it was seen that sales forecasts have significantly decreased in accuracy. It was found that most sales forecasts are based more in hope, optimism, or fear than a clear understanding of the business opportunities. It was also interesting to note that there is often more “pain” from decreasing the forecast prior to a quarter end, than simply missing the quarterly forecast: that is unless you manage the weakest performing area!

➤ Forward Visibility

Market trends are usually not detected until they hit the revenue line. However, it was found that indications of these trends were often quite apparent in the sales pipeline several months, and in some cases quarters, prior to actual revenue impact.

➤ Sales Skills

There is still a commonly held perception of the sales representative as the company pitch-person, and then the individual who persuades a prospect to buy. Although in some cases this was thought of as laughable, we still see marketing departments that dedicate a good percentage of their resources to

building ever better pitches for the selling teams to deliver to their prospects. It was discovered that listening and coordinating are the skills that contribute to overall success far more than a sales person's ability to present or persuade.

➤ Solution Selling

For two decades enterprise sales forces have been concerned with moving towards a solution or consultative-based selling approach, usually hand-in-hand with selling at the executive level. Despite investments in various selling methodologies and training programs, most organizations are still endeavoring to complete this transition.

➤ Technology

Despite millions invested in sales force automation and customer relationship management applications, these technologies still fail to deliver expected results. Although this is well documented, we often hear that sales people are techno phobic and their unwillingness to utilize these technologies is, at least partially, to blame. Our research discovered a slightly different picture. Sales people have indeed been the first to adopt new technologies in certain cases; the Palm Pilot would be a good example. If the technology is simple to use, meets the needs, and delivers value, it stands a far higher chance of being adopted than many of the technology implementations we have seen. We discovered that in many organizations, regardless of the significant investments made in these enterprise CRM systems, forecasting and sales reporting remains either a manual process or is conducted using home-grown spreadsheets.

Root Causes

1. Organizational Models

During the course of the late 80's and early 90's you could hardly read a business article without reading of empowerment, flattening hierarchies, or networked organizations. Ever wondered what happened? Essentially organizations have adopted these new models and styles. The extremes of self-

managed work groups may not have had sustained life, but today's organizations do act differently from those of 10 years ago.

These changes are reflected in the manner in which organizations buy. There is rarely a clear decision maker. Even if a sales professional gains a call with the CEO, unlike out-dated sales methods would have you believe, it would be rare that they alone would make a decision. It is far more likely that a loose network of individuals will all influence a decision in today's organization, than a senior executive make a lone decision.

2. Fully Deployed Resources

We have witnessed the return to the selling model of the ROI (return on investment) model. The notion is simply that, if the sales professional can present a compelling enough business case, who wouldn't buy! Unfortunately this is rarely the case today. We should be quick to point out that the ROI model is still a valuable and often effective selling tool, but it alone will rarely generate results. The issue lies simply with the fact that most organizations have fully deployed all their resources. Even if you can show them that an investment of x will generate a saving of 3x in 6 months, they simply haven't any x left over to invest.

In a similar fashion, organizations today have learnt the need to focus. When the sales professional calls with a new offer, the prospect already has their resources focused on chosen major initiatives. It is also worth reflecting that if companies stopped to evaluate each and every new opportunity that a sales professional brings their way, we doubt that they would be in business for long.

3. Role of Technology

Information technology, and especially the Internet, has not only made the prospect more informed, but has fundamentally changed the role of the sales professional. Prior to the days of the Internet, a prospect or client would meet with the sales person

to obtain the latest information about a company's offerings. If a cold call generated any interest, it would be natural to think that the sales professional would then schedule a meeting to review the proposed offerings in greater detail. Simply put, the sales professional was the conduit of information between the company and its prospects and customers.

The Internet is now fulfilling this role. Cold calls will often end with the prospect just asking for the url. There was an old adage in sales: *the selling stops when the brochure is delivered*. The concept expressed was that as soon as the prospect has the brochure, they are in control of the selling process, they can then decide if the product or service meets their needs, not the sales person. Today, it is extremely difficult to engage in a consultative sell, as the web site is supposed to provide the self-service answers to all the questions that a prospect may have. To return to that old adage, thanks to the Internet - often seen as a wonderful marketing tool - the selling has stopped.

4. Increased Business Demands

Organizations are under increasing pressure to deliver more with less. Departments have been reengineered and business processes have been mapped in the name of greater efficiencies and effectiveness. The sales department has been one of the last holdouts. However, we now see that the rallying call of "more with less" must spread to the sales force. The sales forecast, for example, is no longer just a management tool to discover what the sales people are doing; it has become a vital component of the overall demand chain.

5. Shorter Product Life Cycles

With shorter product life cycles the time to learn how best to position, offer, and close a sell, can now be longer than the total life of the product itself. The hit and miss techniques of selling employed by many organizations cannot learn and communicate best practices prior to those very practices becoming out-dated.

6. CRM's Inability to Deliver

Although there are many beneficiaries of a well-implemented CRM system, the front-line sales and sales management are rarely among them. Although the genesis of many CRM systems are firmly rooted in sales force automation, today's sales management needs are sadly lacking in the functionality of the CRM systems. Simple needs such as analyzing the change in the sales pipeline or preparing a sales management forecast are not integrated into these applications.

7. Inconsistent Sales Processes

Few organizations have a documented and consistent approach to selling across the organization. It is surprising to us how many managers try to gain greater selling effectiveness when they lack an understanding of, or the ability to measure, the current status. A good example is when we hear that there is a need to shorten a sales cycle, when the same organization has no real measure of how long current sales cycles are.

We have also seen that, with a lack of a documented sales process, roles and responsibilities are hashed out across the organization with each selling opportunity. In a similar fashion, management lacks the ability to have a common understanding of where specific sales opportunities are in the overall sales process.

Finally we see that most sales managers still have to manage by anecdote rather than by information.

So, what can we do about this?

Firstly the bad news, if it is indeed bad news. The ability to address these new selling challenges rarely lies in a number of the "silver bullet" cures we have seen some organizations turn to. Rarely does tweaking commission plans, organizational structures, or off-the-shelf sales training offerings provide for any sustained and positive impact upon results. The answer must lie in adopting new approaches to sales. The good news is that our recommendations need not cost more, in terms of

either dollars or time, than some of these alternative approaches. We recommend that organizations need to consider the following 5 steps.

1. Understand the existing sales process.

Whether documented or not, every organization adopts certain selling practices. We recommend that there is a close examination of how the organization is selling, and what is, and indeed what isn't, working. Such an evaluation should include why prospects do and why they do not buy. It should also carefully look at all the activities that comprise the selling cycle, and who does what.

2. Introduction of a consistent selling process.

With the knowledge of what does and what doesn't work, market trends, and buyer behavior, a sales process should be crafted that integrates best practices with the organization's own marketing strategy and directions. This should not be a generic off-the-shelf process, but a process that uses the organization's own language, reflects the maturity of the selling team, and aligns resources to the common goal of acquiring new business.

3. Engineer out the unproductive activity.

It is only once a measurable and manageable sales process is implemented that the organization can really see bottlenecks and redundant activity. With the sales process in place, every opportunity should be taken to engineer out any and all unproductive activities.

4. Match technology to user requirements, process maturity, and value provided back to the user.

The organization should carefully match the prioritized user requirements with technology investments. It is a wise approach to implement process first, and then technology. And technology investments must match the maturity level of the organization. Comprehensive enterprise CRM

solutions are rarely embraced by sales organizations that lack a discipline approach to selling. It is a common mistake to believe that the technology itself will either bring the discipline or the required behavioral changes to the organization.

5. Leverage sales management

One of the greatest assets in many sales organizations is also the most under-utilized. Sales managers were often among the best performing sales representatives, they understand the company's offerings, and have great field experience. Too many organizations then take these resources and turn them into managers with too many direct reports, and too much reporting and administration. Sales manager's time should be devoted to their two highest priority tasks: developing the business and developing their sales team.

Many organizations are experiencing the same trends as we have described here as our research findings. The magic lies in the ability to surf this wave of change, rather than be tossed around by the currents, perhaps eventually drowning. By understanding the root causes, and by careful attention to the recommended actions, organizations should be able to swiftly transform to a new model of selling that will yield surprisingly quick and significant results.

For more information regarding these research findings, and the implications they may have in your own sales force, contact the authors at research@market-partners.com or call (707) 575-4722. Your comments and feedback are always welcome at the same contact addresses.