



Sales Process

The Key to Customer Acquisition Management

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Perhaps the last embodiment of myth and mystique in today's business world is that of the over-achieving "superstar" salesperson. Much of the lore and iconography of American business is steeped in the legends of the like of Joe Girard and Ross Perot; the success they achieved and the leverage they gained because they could sell their industry's equivalent of refrigerators in the Arctic. Just about every large company in today's business environment has at least one superstar on its sales team, the presence of which often prompts the usual question - how do they do it? This phenomenon can be distilled down to the single core wish of *why can't all my sales people be successful?*

Peter Drucker¹ said "There is only one valid definition of business purpose: *To create a customer.*"

There is currently much discussion regarding not just the role but perhaps even the necessity of the sales professional in the modern business world. Each new technological advancement, currently the Internet, always seems to bring with it dire warnings that the role of the salesperson as we know it is over. We believe very strongly however that in the business-to-business (B2B) world, and in many cases the business-to-consumer world, the fundamental goal of *creating and keeping a customer* is still very dependent on the sales professional.

Certainly there have been many pressures and changes to the traditional role of the sale professional, especially in terms of the application of technology. Indeed, this has now become the fastest growing business application market, usually defined as Sales Force Automation (SFA) and Customer Relationship Management (CRM). Business Week has forecasted this sector to increase at over 50% annual growth and to become an \$11.6 billion market by 2003. Adding into the mix, the exponential growth of the Internet, some industry pundits were even led to hastily declare that this combination might actually replace the role of the sales professional in its entirety. Before leaping to conclusions about the future of the sales force, it is worth considering what is actually going on in today's sales world.

What's Really Going On

We have worked with major international organizations, mid-sized companies, and start-ups. Through hundreds of interviews with sales professionals and management we have found that there exists far too many common misconceptions about what a sales person actually does, and what the overall sales role is really all about. Even senior managers with years of business experience often fail to

¹ Peter Drucker – *Management: Tasks, Responsibilities, Practices, 1973*



truly recognize and appreciate what is going on in their sales organization. The following list outlines the twelve most common misconceptions and/or unfulfilled expectations that we have found.

The Twelve Findings

1. New business acquisition cycle is often 3-4 times longer than expectations.
2. The number of leads required to generate an order is as much as 5 times higher than planned.
3. New salesperson ramp-up time is often 2-3 times longer than anticipated.
4. Actual productive selling time is often 60-80% of what had been previously assumed.
5. Sales people do not lack for supposedly necessary *non-selling* things to do.
6. Even many successful sales people do not always know what the specific activities are that lead to their success.
7. Sales management's time dedicated to getting information on pipeline management, forecasting, sales yields, territory assignments, etc, results in at best poor quality and at worst, no information at all.
8. Forecasting is usually based on unrealistic optimism, fear, or historic run-rates.
9. Market trends are not detected until they impact revenue, although the signs are usually apparent 6 to 9 months prior.
10. Even the best product offerings (ie. better mousetraps) do not automatically translate into new business.
11. Contrary to some common misconceptions, successful sales depend far more on listening and coordinating than on presenting and persuading.
12. Many organizations are still challenged to complete the transition to a solution-selling model.

The Selling Crisis

The above findings that we have discovered certainly do not paint a very reassuring picture. It is also significant to note that many of today's struggling or failing companies have had good products, experienced management teams, and dedicated hard working employees. Many promising startups had, at least to start out with, the funding that was required and yet they still failed. Paradoxically, many companies also have, or sadly had, a fiercely loyal customer base. Digital Equipment for example had tens of thousands of loyal customers, but even that was not enough to save DEC from its ignominious demise. One thing that all these companies did have in common was their *inability to attract new customers*. In fact we would hypothesize that these issues are symptoms of a major selling crisis – a crisis that stems from five primary root causes.

1. Firstly, the methodology of how prospect organizations approach purchasing has changed significantly over the last half-dozen years. For instance, due to the empowered, networked organiza-



tion, there is often no clear decision maker and to compound the complexity, many more decision influencers are involved in the decision. Even if the sales professional could secure a meeting with the CEO and present a very compelling value proposition, the CEO could quite often point to others in the organization who are now responsible for that activity, and possibly offer a number of other names of individuals that they would like involved in the decision process.

We are also seeing that despite “Sales Training 101”, most prospects are not waiting, checkbook in hand, for sales representatives to come along and show them how to solve their business problems. Indeed the task of selling, despite the best solution and consultative selling skills, has become far more complex.

2. Secondly, technology, especially the Internet, has had a dramatic impact on the sales equation. No longer is the sales person the single conduit of information between their company and that of the prospects. Gone are the days where the prospect relied on the sales person to provide product information. And gone are the days where the sales person could make a living from delivering, or even controlling, the flow of information. Technology has now changed the nature of the relationship between existing customers and the organization, largely freeing the sales professional from such duties as order administration, proposal preparation, configuration, and pricing. The sales professional is now free, in fact many would say challenged, to concentrate on the primary mission of identifying leads and transforming them into signed up and profitable customers.
3. Thirdly, due to increased pressure to perform and meet productivity and shareholder expectations, organizations simply have to demand more from their sales forces. There is obviously the continuous drive for greater productivity, higher yields, and to do more with less, but there are other demands which we have seen increase. The sales forecast is no longer just a way to see what the sales individual is up to – it has become a critical component in managing the overall supply chain. We are also seeing that the sales professionals need to coordinate and leverage far more organizational and partner resources than ever before.
4. The fourth root cause for the selling crisis is that product cycles are getting increasingly shorter. Because many selling styles are based on osmosis, history, and/or other informal means, there is no longer time for the sales force to learn the successful selling formula required for the new product.
5. And finally, the lack of a definable sales process in most sales organizations, *despite what they might say or believe*. And before proceeding, we should be very clear what we mean by the sales process. The sales process is not a selling approach, or a series of techniques or tools that are applied by the selling team at various steps. The sales process is the optimal sequence of events that leads the selling team through the process of identifying a prospect and transforming the appropriate prospects into satisfied and profitable customers. The sales process is the roadmap that coordinates and aligns all activities and resources to the critical goal of acquiring and keeping a customer.

What Can Be Done?



If we look to see if we can mitigate this crisis, it quickly becomes apparent that we do not have a lot of flexibility as most of the factors are out of our control. Let's summarize what can be done.

1. The new styles of buying are with us for the foreseeable future, and indeed we can exhibit little control over how our prospects are choosing to conduct their purchase processes.
2. The rate of change and adoption of technology is hardly going to slow. We can expect that these factors will only continue to impact us.
3. We don't see many companies that are going to ease up on the demands they are placing on their sales organizations. In fact, we fully expect that the cry of "more with less" will only become louder over the next two years.
4. The speed at which products can be brought to market and the encroachment rate of obsolescence will only increase.
5. So that leaves us with the sales process. Here is the only one of the five factors that we can do something about. Here is the one area that we believe can contribute the single largest gain in results for the vast majority of today's enterprise sales forces.

Why A Sales Process

If you expect to succeed in today's arena of complex B2B sales, you cannot engage the marketplace with anything less than a totally engineered and scientific approach. And as revolutionary and cutting-edge as this may sound, the proposition that process in sales is a necessary and beneficial, is not a new idea.

The industrious polymath William Penn was moved in 1693 to note the following; "Method goes far to prevent trouble in business for it makes the task easy, hinders confusion, saves abundance of time, and instructs those that have business depending, both what to do and what to hope."²

"When you consider the many facets the salesperson must control, from the ferreting out of prospects through to a successful close, you have to conclude the subject of selling is somewhat overwhelming." How D. Forbes Ley³ outlines the complexity of sales in today's world.

Miller-Heiman⁴ point out that "The hit-and-miss pitch techniques that were the mainstay of selling in calmer years can't even begin to address ... sales in today's super-heated markets"

And Jim Dickie of the Insight Technology Group in explaining why fully two-thirds of CRM implementations fail to meet expectations. "If there are no CRM processes in place, it is impossible to implement a sophisticated CRM system, as there is nothing to automate. The better defined your processes are, the greater the chances of success in leveraging CRM technology." In short, if we start with poorly defined and practiced processes, automation will only allow us to do a bad job quicker.

² William Penn (1644–1718) - *Some Fruits of Solitude*, 1693

³ D. Forbes Ley – *The Best Seller*, 1984

⁴ Miller-Heiman – *Strategic Selling*, 1985



Four Degrees of Revenue Generation

In the July 2000 issue of CRM Magazine, Jim Dickie defined what he calls sales *process prowess*. This is made up of four distinct levels of sales process maturity that generally exist in today's selling organizations. Going from worst to best, they are the following.

1. Ad hoc

- *I did it my way*
- Sales individuals behave as CEO's of mini-companies
- Informal use of approaches and tools
- Unreliable forecasting
- We know that someone will make quota only when they do

2. Replicable

- A level of control exists
- Somewhat dependant on folklore and war stories
- The sales team generally knows who and what can help them
- Numbers and forecasts acceptable

3. Focused

- Roles and responsibilities are clear
- Forecasting is accurate
- Performance issues are identified and addressed
- Formalized and embraced process
- Skills and knowledge are focused to the task

4. Dominant

- Processes are continually optimized
- Market trends are detected early
- Best practices are shared
- Channels are harmonized
- Data is gathered, information analyzed, and knowledge is leveraged

Mr. Dickie's evidence from his research, and our own observation would support that as the organization moves from level one to level four, a number of factors change. Yields and forecast accuracy increase. Roles and responsibilities become clearer. The organization is better able to adapt to meet



new market demands and opportunities. At level three, sales process becomes a way of life, and at level four, data is collected, information analyzed, and knowledge is leveraged.

The Sales Process and Customer Acquisition Management (CAM)

Upon accepting the truth embodied in the twelve findings, and after determining what level of process prowess their sales team resides in, companies can then start to understand what is actually happening in their sales organization. In many cases they will understand for the first time, the pressures and challenges facing that group and the results that they are or are not getting. It is at this point that they can begin to logically and pragmatically consider the benefits of the engineered sales process, its place in their sales organization, and its place in the larger discipline that we have defined as *customer acquisition management (CAM)*. It is this discipline, embodied by the engineered sales process that will fully facilitate a sales organization's transition to true solution/consultative selling.

Once we start talking about applying process to sales, there are usually two underlying anxieties that make their presence known. First, is sales an art or a science, and secondly, will sales professionals ever allow themselves to be "processed". These are extremely relevant for they both strike at the very heart of all the perceptions and misconceptions about successful sales people.

The concept of sales as an art, some would even say a "black" art, is well entrenched in the folklore of North American business. The image of the superstar sales rep with the "just leave me alone and sign my commission checks" attitude has a foothold in almost every sales organization, probably because there has always been one or two of these in most large sales groups. Sales managers outwardly love the idea of a maintenance-free, over-achieving sales person taking a lion's share of the budget. They're never seen them hanging around the office, their forecasts are invariably accurate, and the final bonus – their customers love them. The only downside is the big question that they engender in the hearts and minds of senior management – why can't all my sales reps be this good?

This is where the legend arises of the successful sales person as an artist; nobody knows how or why it happens (including more than occasionally, the stars themselves), they earn big money (and often spend as conspicuously, or so legend would have it), and invariably all of them have a distinct, indeed almost psychopathic hatred of paperwork. So whenever there is mention of inserting, adding, or applying any sort of process, the sales manager's first thought is usually the potential displeasure and perhaps even loss of his or her superstar performer. You will notice that we referred only to *successful* sales people as candidates for artistic sainthood, and indeed their managers would agree on this point. Nobody refers to an average sales rep as an "average artist", so this could be a situation where the needs of a few may outweigh the needs of many, and we are left with the tail wagging the dog.

Secondly, although the superstars may not outwardly be able to explain their success, a careful inspection of their routines and habits usually betrays the presence of, dare we say it, a process. It is worthwhile to remember that at least up until the mid-20th century, all artists including musicians, composers, writers, painters, etc, were always possessing of a solid foundation in their discipline. Painters spent years studying anatomy, musicians practiced scales, great authors wrote newspaper obituaries, but always with an eye to improving their technique, their skill at their chosen discipline, so that when the true inspiration of their muse visited, the art could be realized without having to worry about



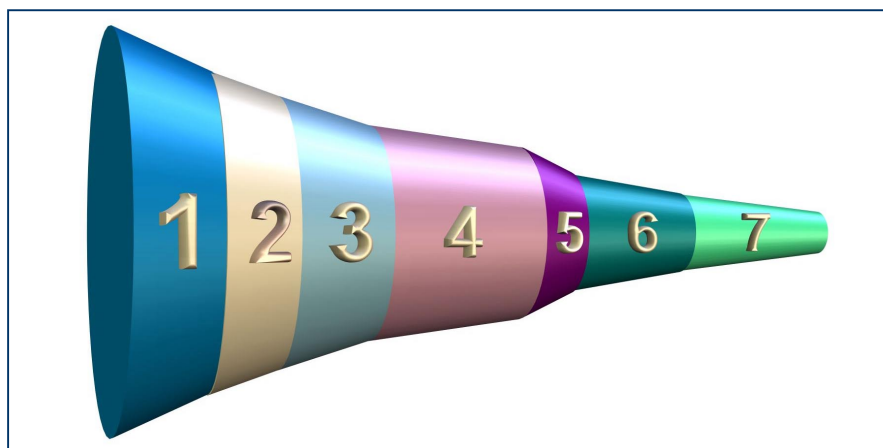
the technique. Indeed, the great pianist Artur Rubinstein said that if he didn't practice for one day, he noticed; if he missed two days, his manager noticed; and if he missed three days of practice, the audience noticed. The foundation of technique, or process in this case, is what the true artist builds upon.

We spoke earlier of senior managers asking why all the reps couldn't be this good, but do they really mean that they want a roomful of "leave me alone", egotistical superstars? It is more likely that the question really should be why can't all the reps *produce* at the same level. The lone eagle over-achiever will always be with us, but it is the task of bringing the rank and file up to a higher level of productivity that really is the goal here. And this is where the process of customer acquisition management comes to the fore.

So is sales an art or a science? Well, like a Renoir painting or a Beethoven symphony, it can be a generous combination of both. In the case of Renoir, it is a divine visual inspiration applied on a foundation of learned technique and a scientific assemblage of pigments and chemicals. With Beethoven, a similar inspired genius but applied to years of study of harmony, counterpoint, and the mathematics of musical theory. It is our belief that when properly presented, process in the sales function will be wholly embraced by both the average and the exceptional. It is the foundation of clarity and understanding that the average sales person will welcome as the key to their improvement and success.

What is the Sales Process?

The sales process identifies, defines, and collates all of the activities required to acquiring a new customer, forging them into a systematic chain of events that is measurable, repeatable and sustainable. The process becomes a roadmap, leading sales people through the labyrinth of a complex sales cycle, determining the best route to the close, and enabling the full transition to solution selling.



- Sales Process Steps**
1. New Leads
 2. Research
 3. Contact
 4. Determine opportunity
 5. Discover details
 6. Design & present offer
 7. Negotiate & close

Days -	7	5	8	25	5	10	15
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20 Leads	→	16	→	14	→	10	→	4	→	2	→	1 Customer
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This is an example of a simple sales process in the standard “funnel” format that is generally accepted in the literature. It is important to note that the sales process is not a sales methodology or an endeavor to “script” the sales professional. It is, as mentioned earlier, a roadmap that shows the major milestones of how the sales opportunity is developed. For each step in the process, there will be documented data outlining typical activities associated with the step, who is involved and who owns the step, what do get from the customer at this point, what do we give to the customer, and how do we know we are ready to continue on to the next step in the process.

On a wider level, the sales process (or indeed processes - many companies will have several for different products, new or existing customers, national vs. local accounts, etc.) should encompass all existing methodologies, tools, and practices. It should work hand-in-glove with existing CRM applications, with the order-entry and delivery systems. It will take into account all peripheral staff that, while perhaps not directly involved in the sales organization, still has a vested interest in time and effort in the sales operation. It is therefore worth noting that, by this definition, the sales process must be unique, as opposed to some broad-brush sales methodology, for each organization, and for each market situation.

Measuring the Sales Process

When the subject of applying measurements and metrics to the sales process comes up, there is still argument that surely you can't apply this level of precision to something so variable as a sales cycle. In many ways however, sales managers do it every day, but they usually do it more subjectively. We would hypothesize that with appropriate tools and methodologies, we would be in a position to place more objective indications into the process, allowing trends to be detected earlier, sales skills to be assessed more precisely, and abnormalities to be identified and managed far more accurately and objectively than previously thought possible.

Looking at the above example, we can see that when the process is numerically diagrammed, it lends itself to measurement. For each data point shown, full analysis can be developed regarding lag time, time on task, drop-off rates, closing ratios, profitability, and many more.

It is no longer enough for sales managers to rely on history, instinct, and “gut feel”. Though this style of management has been prevalent for many years, it does in fact fail to meet the real-life demands of today's marketplace. The reason is simple; different sales situations that require different sales processes will yield different metrics. For example, if we are selling an established and accepted product to an existing customer, we are going to see a very different sales cycle than when we are selling a new and unproven product to an organization that has yet to do any business with us. There are many controllable and non-controllable factors that may impact the sales process metrics.. Our objective then, is to isolate the non-controllable factors to the greatest possible extent and focus on what can be done proactively to manage and optimize the selling process.

Managing and Optimizing the Sales Process

The first goal of implementing sales process metrics must be to gain a baseline upon which to observe and measure meaningful variances. For instance through observation, we may determine that,



through observation, the proposal stage of the sales process takes an average of 4 weeks. The variability of the data may indicate that variances of a few days from the average are not necessarily significant, but if we see that in one division of the company, this step in the sales process varies from the norm by one or more standard deviations, it could well be telling us that there is perhaps a different market dynamic, a new best practice, or an internal performance issue that must be dealt with and therefore bears further investigation. Further analysis would then enable us to “zero in” on the problem or opportunity and determine the suitable solution or adjustment. Similarly, if through analysis we detect meaningful variances across a sales process, for example in a specific product line, it could well be signaling a changing market condition that undetected could cause significant shortfalls in overall sales in that particular area. We have successfully used these forms of analysis to detect market trends that otherwise would not have been otherwise apparent for several months or even quarters into the future. Given the overwhelming amounts of data, the challenge of course is to find a way to streamline or partially automate this analysis process.

These real-life complexities, while daunting on the surface, can be managed through the efficacious use of technology, thereby allowing us to maintain and apply different metrics to each unique selling situation. Through a data gathering tool and statistical analysis we can examine and detect meaningful trends and variances and over time we can build a knowledge base of ever-increasing effectiveness upon which to further refine these analytics.

Current research and development is aimed at investing in adaptive techniques to explore how quickly these trends can be identified, and how further knowledge can be gained as a result of historic analysis. It is certainly not inconceivable that massive increases in both sales effectiveness and sales forecasting accuracy will be gained by the application of technology to the emerging and increasingly important field of sales process metrics management.

At the end of the day however, we must be cognizant that it is the sales manager that requires this information on a day-to-day basis in order to make informed decisions that will positively impact the organization’s sales performance. Technology should be used to not only handle all of these real-life complexities, but also hide them from the user. The sales manager, marketing analyst, or company executive should not have to deal with anything more complex than a simple “dashboard” that will allow an optimal level of objective planning, managing, and implementation to occur.

The Benefits of Sales Process

The evidence would certainly point to numerous benefits that would accrue to organizations that can design implement, manage and optimize a sales process including:

- Integration of existing technologies, practices, and methodologies
- Shorter sales cycles
- Greater forecast accuracy
- Faster detection and response to market trends
- Skills and performance needs and analysis



- Massively increased sales productivity
- Aligned and coordinated resources
- Increased, *predictable* revenue
- Decreased costs

The design and implementation of an engineered sales process will also engender a new style of sales management, not just based in exception-management and firefighting, but allowing managers to manage from the viewpoint of the “big picture”.

- Managing the process
 - Managing the activities rather than the results
 - Managing the development of the sales opportunities
 - Coordinating the team around the process
- Managing the resources
 - Utilizing best practices
 - Utilizing resources at the most critical times and for the best opportunities
 - Performance management
 - Skills development
 - Hiring/recruiting practices
- Managing the business
 - Accurate and reliable forecasting
 - Spotting and reacting to market trends before the damage is done, or the opportunity missed
 - Accurate and timely business planning and sales resource planning

What remains to be thoroughly researched is the degree to which automated tools can help in the management and optimization phases of the selling process.

Conclusion

Considering the continual battle of people vs. process, artist vs. scientist, free spirit vs. robot, it may seem almost paradoxical that a sales organization would thrive on an engineered sales process. But a growing body of evidence would suggest that if developed and implemented in a sane and appropriate manner and with the availability of an appropriate feedback mechanism, the application of process to the activities of business development can yield remarkable results.

Our experience would suggest that for too long, too many companies have viewed sales as a mysterious black box. They have poured endless resources into the box, trained and re-trained the sales force, changed commission structures, and all manner of initiatives aimed at gaining more output from



the sales efforts. Indications are however that true success will only come to those who take the lid off the box and start to understand the mechanisms of the sales engine. These organizations can then design, implement, measure, manage, and optimize a world-class sales operation. In today's highly competitive world, we know that even the best mousetrap can founder in the marketplace without an excellent sales and marketing team. For those organizations engaged in complex B2B selling, their very livelihood will depend on their ability to build and maintain a high performance sales organization through the design, implementation, and management of the optimal sales process.