John Williams

John Williams' accomplishments in achieving world-class sales productivity have been profiled in Newsweek, CRM Magazine, featured on CNN, reviewed in-depth in George Columbo's Sales Force Automation (McGraw Hill), and more. John is a 35-year veteran in the high tech marketplace, and is probably best known for the work he did while serving as Senior Executive Vice President for worldwide sales, marketing, and support for StorageTek. Prior to that, John was the Vice President of sales for Grid Systems, managing the company through its startup phase to ultimate acquisition by Tandy Corporation, and he also worked for Memorex. John has recently retired but still lectures on how to optimize sales force performance. When I interviewed him I asked him to review his experiences at StorageTek, since the issues he successfully dealt with there are the same challenges many sales organizations are facing today.

JD

At StorageTek, over a four-year period we took sales from $700 million to $2.2 billion, and we did this all through productivity gains—we did not add any additional sales people during that time. In retrospect, I think the main foundation of our success was that we concentrated on three things—Metrics, Process, and Tools.

We live in an era where increasing shareholder value is of critical importance in every boardroom across the nation, around the world. Each corporate officer is being turned to and asked to come up with new innovations to optimize the performance of his or her piece of the business to help contribute to that goal.

I'm a firm believer that today the biggest return on anything you can do in a company is to make your salespeople more productive. It is not optimizing back office processes more. It is not fine tuning finance more. It is not about improving the quality of manufacturing more. The biggest contribution you can generate to the bottom line comes from increasing the efficiency and effectiveness of the sales force. I say this from experience.

OUR OWN SALES EXCELLENCE CHALLENGE

When I took over all the front-offices functions for StorageTek worldwide, we were just coming out of bankruptcy. The focus of all of us on the executive management team was to rebuild our credibility with our customers, our investors, and Wall Street. Based on the current economic climate I would venture to guess that many other companies are facing those same issues today.

At StorageTek, each of us on the executive team made a personal commitment to ensure that our operations directly contributed to the success of the company going forward. For my part, I had a two-year window before our next generation technology would come to market. During that time I had to revamp the sales force and get them ready for a new age of business. We were looking at massive changes: new products, new ways of selling, and new tools.

Well, we survived that period of massive upheaval. I am personally very proud of the fact that over the next four years we tripled sales revenues, increased customer satisfaction, and actually reduced our cost of sales, not just in terms of sales as a percentage of revenues, but in fixed dollar costs as well. Perhaps some background on what we went through could be useful.

GETTING THE LAY OF THE LAND

When I took over the position of Senior Executive Vice President of Worldwide Field Operations, I was actually coming back to StorageTek. I had worked as a sales executive for the company in the 1980s, before leaving to start a PC hardware company.

While I had some previous knowledge regarding how things worked, and in fact had kept in touch with people in the company over the years, upon my return it occurred to me that it would be a mistake to let any of that influence my decision process on where to take things from here. I decided that I needed to do my own due diligence analysis of the company, as it existed today. I needed to get a current perspective on how operations were currently managed. So I personally visited every major sales offices, analyzed how we did business, and I was shocked at what I found.

Process Morass

First, the company's processes were very antiquated and overly complex. The sales process was full of inefficiencies. It took on average 50 calls to close an order. I am talking 50 'real' calls: face-to-face meetings with a customer, over an average sell cycle of nine months. We computed the expense and determined that each of these calls was costing us about $1,200.

Once we got an order, things didn't get any better. To fully understand the quote-to-cash cycle, we produced a workflow chart that documented everything that needed to be done to produce an order. I am not joking—the final document ended up being eight feet long, even after using miniature print. We calculated that it was costing us $700 to process the paperwork using these procedures. I actually put that chart up in my office, hanging from the ceiling, and I would look at it and shake my head.

Relationship vs. Solution Selling

The second thing I found was that I had good, solid sales people. The majority of the members of the sales force had been around the industry a long time. During that time they had developed very solid relationships with their customers. But an issue was that they relied very heavily on those relationships to close business.

The new products coming down the pipe were going to be more innovative and more complex than anything we had to sell before. Taking these new solutions to market was going to entail a much higher degree of strategic selling than any of the current team members had ever experienced, but it was clear we had to make that transition to be successful.

Dart Board Forecasting

We had no customer relationship management (CRM) tools in sales. Consequently, forecasting at best was black magic, with no consistent logic to the black magic. Worldwide, I had over 1,000 direct account executives doing business over 1,000 different ways. People were not even using the same rules in this guessing game.

Because of this, we were creating problems for other parts of the business. Finance never knew exactly when sales were going to close. Manufacturing never knew exactly what those orders would include. Services never knew exactly who would be needed where and when to get the units operational.

Even with all of this, the company was still fairly stable; we were making money. But I looked at our sales force and knew they were going to get killed in the future because they were not in a position to handle what was coming at them. There was a tsunami headed their way, and they didn't see it.

Based on the numbers we were going to have to put up on the board, it was obvious that we were going to have to turbo-charge sales; we needed a massive increase in productivity and effectiveness.

CHARTING THE NEW COURSE

As the top executive in sales, I made it clear that I was personally committed to champion the project. I explained to everyone the difference between 'committed' and 'contributing' by using the old ham-and-egg breakfast analogy. Regarding the breakfast, the chicken contributed, the pig was committed. This time I was willing to be the pig.

In optimizing sales in the past, I had looked at new ways to leverage people, process, and technology. It had already been made abundantly clear to me that I would not be getting any additional headcount for a long time to come, so process and technology became the two major items that we focused on.

Create the Vision of What 'Better' Looks Like

My first task was to create the vision for how we needed to sell going forward. The vision document reviewed the metrics of how we were presently performing; detailed the holes in the way we did business; laid out the new sales process; pointed out where efficiency, effectiveness, and communications improvements needed to be made to implement that process; and finally, defined the technology tools the team would need to support their work efforts.

Before rejoining StorageTek, I spent ten years running the sales operations for a laptop computer company, so I understood technology from both a software application and hardware standpoint. I put together the vision of how I wanted us to operate. My ultimate goal was to provide each of our sales people with a personal administrator and a personal engineer to support them; they would just happen to be in the form of a laptop computer.

I presented this vision to the board to get their approval. The initial plan called for spending $3.5 million—nearly $18,000 per sales user—for hardware, software, application customization, training, and support to equip the sales people in North America. Based on the success we achieved in the States, we would then roll the systems out worldwide.

As I said before, we were in a period of very austere budgeting at that time, not unlike today for many companies, so getting money for this project meant taking it away from other people's budget. Because of this, I had to develop a detailed project plan showing how we could generate an ROI for the project within 12 months.

I had to personally commit to achieve that number. I made sure I had a firm commitment for the funds before I said anything to the sales force. In addition, I had to sell other departments on why they should support me in this endeavor, so I gave a lot of thought into what was in it for them if my plans were put into action. Ultimately I gained complete support for this initiative.

Take a Phased Approach

The code name for the project was Apollo, since just like the moon-landing program, we were phasing our reengineering efforts in over time to minimize risk. Our first goal was to win the sales force's support for the initiative. To do that we needed to pick a few things, two or three, that could really make a difference to them, and do those extremely well.

We were not going for a Rolls Royce right out of the chute; we were going for a steady, reliable jeep. Something we could get out quickly, something that could go wherever the sales force went, something that added real value.

The initial rollout included a proposal generation system, a presentation system, and an opportunity manager that functioned as the sales people's right-hand desk drawer, holding all of their customer files, which allowed them to be more effective when working remotely. We also had a number of capabilities to support improving communications between the members of the sales force.

Get a Support Crew

To increase our chances for success, and to speed up the creation of the system, we enlisted outside help to make this project happen. When we started the initiative, Apple had what I considered to be the best laptops available. They not only provided the hardware, but they also gave us five of the best software engineers I ever met, and they wrote the software applications we needed to support this program and had them beta ready in about three months.

On the process side, we brought in what was then Andersen Consulting (now Accenture). One of their key partners, Phil Tamminga, was invaluable in helping us analyze our current operations and then define the new ways to do business. I am a big believer in getting some outside eyes involved in a project like this, because you need the involvement of some people who have no vested interest in the status quo, who are ready to look for innovation.

Push the Team

We have a very aggressive project time line. I had heard about two- and three-year implementations for CRM projects like this, and that was unacceptable. We needed problems solved now. Beta testing lasted two months. This was then followed by a one-month pilot where we trained a set of users across the States and had them kick the tires. A month later, we brought all the sales people together and did three full days of training to make sure they felt totally comfortable with the new processes and the tools.

Get User Buy-in

Notice I said sales people; the sales managers were not invited to the rollout. In fact, they had to stay back in the offices and cover the local accounts while the account execs came to HQ for the launch. We did this to make a statement that the tools, processes, and technology that the sales people were being given were truly meant to increase their productivity, their efficiency, their effectiveness. I had already seen too many of these projects fail when the sales teams perceived that what they were being given were things that had sales management's best interest at heart, and not necessarily theirs.

After training, during that first quarter of usage, we set aside a $50,000 budget to award success when using these tools. If someone gave us a story about how the systems helped him or her win a deal, they might get $1,000. Give us a great idea for how to improve the applications or processes and you'd get a $500 night on the town. We spent every cent of that money, and it was absolutely worth the investment.

Continuously Gather Metrics

Within two weeks of the launch we had a 55% adoption rate. By that, I mean sales people were using the tools on a daily basis. After six months we were up near 90%. All along the way we gathered new metrics on our performance so we could see if we really were improving or not.

After six months of active usage, I was able to go back to the board and show in hard dollars, to the CFO's satisfaction, that we had achieved the full ROI that we had set for the project. By focusing on new ways to do things, and giving sales people the information and tools they needed to do their jobs, we collapsed the sell cycle down from 50 calls to 35. We reduced the sell cycle length from nine months down to seven. We reduced the cost of a sales call by 60%. We dramatically increased our service revenues. Prior to starting the project, I would have been happy if we had achieved any of these numbers, and here we did them all in six months.

Repeat All Over Again

From that point on, I never had any problem getting money from the board. They saw the real returns their investments were generating. Over the next several years we rolled out a new release of the system every six months. Each phase of the project had the same objective; find three or four new problems still impacting the effectiveness of sales teams, design solutions for those challenges, train the people how to use the new tools and processes, and start all over again.

Over time we added tools to help the sales force do financial analysis, design the lay out of the floor space of a computer room, do detailed expense analysis, and we streamlined the sales order entry system. Yet with all of that, when I retired we still had plenty of areas for improvement. The vision kept expanding over time, based on new business needs, new technology, new competitors, sales force reorganization, and so on. So anyone starting down this road should be aware that this is a multi-year endeavor. You will continually be finding new ways to innovate.

LESSONS LEARNED

If I were going to give any advice to my peers, based on what we learned, first I would say that executive sponsorship is critical to the success of the project. As the sponsor, you have several roles. First, you need to set the vision—no one else can do that for you. If you do not have a corporate officer willing to take on this responsibility, then don't even start.

Second, you need to gather metrics before you do anything else. These are not always easy to get, they can be very time consuming to collect, but I don't know how you can build your vision for improvement without them.

Third, be ready to break some legs. I don't want to make it sound like everything went smoothly every day. It didn't. We did have some sales people and even some sales managers who pushed back against the changes we were making. If you find terrorists who are trying to sabotage the project—kill them. You cannot afford to keep these people around.

Fourth, make sure you know what the purpose of the pilot really is. Too many people think the goal of the pilot is to ensure the software and hardware works. Well, that is what alpha testing is for. The intent of the pilot is to prove that you can generate true business value using the tools. If you don't see a clear ROI during the pilot, stop the project and redesign the systems and processes until you do. Never give the users something that has no value.

Finally, fund the project appropriately. I know in the current business climate, we are all worried about spending money today, but this is an investment, not an expense. Figure out what it will cost to do the project the right way; calculate what you need to spend on training, consulting, tools, etc.

Next determine what your current levels of inefficiency and ineffectiveness are costing you. How many deals are you losing because you are slow to respond to opportunities? How much margin are you giving away because your sales people cannot sell the true value of your offerings? How much revenue are you losing because it takes a year or more to get new sales people productive? If you know these costs then you can figure out the payback, and if the numbers look right, then commit to invest the funds.

Back when we started down this road we were way ahead of the pack. The way we leveraged technology and process was a real competitive advantage for us. Now these systems are a matter of competitive survival. My message to other sales executives is prepare now for the tsunami coming to your industry. To delay today is to court disaster.