



# Managing the Sales Process across the Extended Enterprise

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**T**he majority of companies engaged in business-to-business sales utilize at least some form of third-party channel in their overall sales strategy. These channel partners may include distributors, resellers, value-added resellers, or OEMs. In many cases there is a growing percentage of an organization's total business being captured, fulfilled, or managed by a third-party.

It has also become apparent that success with a channel partner in today's competitive world is a far cry from simply signing-up a distributor, providing some product training, and perhaps some leads. There has to be a closer working relationship to support the channel partner in the development of the overall business. Managing this relationship introduces significant additional complexity into the overall sales management model. The following challenges are among those that need to be considered and addressed.



1. Managing a channel sales process is different from managing a direct process.
2. Aspects of the process that need to be managed may include some, or all, of the following:
  - a. Market and lead development
  - b. Definition of a target customer
  - c. Defining a customer's needs
  - d. Building and configuring solutions
  - e. Pricing, quoting, and proposal generation
  - f. Managing and handling objections
  - g. Up-selling and cross-selling
3. Like any selling activity, the indirect sales process benefits from the definition of a repeatable process.
4. There must be effective synchronization of effort between the direct and the indirect selling activity.
5. While certain information should be shared between the organization and the channel partner, there is other information that should remain proprietary to each party.
6. CRM systems, to this point in time, have not been optimized to support the requisite integration between an organization and its channel partners.

Despite these challenges, there are significant benefits to be gained from designing and implementing a management framework that allows for the effective harmonization and management of an organization's total sales process across the extended enterprise. The objective of this paper is to present such a management framework.

We begin by reviewing the reason for, and benefits of, introducing defined sales processes into any sales activities. We then examine the challenges of extending such sales process thinking to the extended enterprise. We present a typical situation as a model to understand the challenges of managing a unified sales process across channel organizations. Building from this foundation, we then share the five fundamentals for a successful extended enterprise sales process management framework. The paper concludes by summarizing the benefits of adopting such an approach.

## Managing the Sales Process

Many organizations engaged in business-to-business complex sales are realizing the benefits of establishing, and then managing, an end-to-end sales process. As the business environment becomes more competitive, customers become more knowledgeable, and product life cycles shorter, such a sales process becomes not only beneficial but also practically mandatory for survival. Organizations can no longer rely on independent sales heroes to develop the business in whatever manner appears to work. In order to profitably grow revenue and market-share, organizations must align and coordinate all of their



resources and energies to engage the market in a manner that will consistently deliver results.

The benefits of introducing and managing a consistent end-to-end sales process include:

- Increased win ratios
- Decreased length of sales cycles
- Increased sales forecasting accuracy
- Clarity across the organization of roles and responsibilities
- Decreased ramp-up time for new hires, or the training in new market offerings
- Increased morale
- Enhanced team work

These benefits translate into success by way of increased revenue, reduced cost, and a faster time to market.

With the sales process defined, and a common understanding of the steps of the process adopted across the organization, it is then possible to start monitoring and managing the “flow” of sales opportunities into and through the sales pipeline. Effective sales management is founded upon the ability to understand what is changing in the sales funnel, and to evaluate how various sales opportunities are moving through the sales funnel, or process. It is by understanding these vectors of the shape and velocity of the sales funnel that sales and market dynamics can be detected and managed. Examples of Sales Process/Funnel Management include the ability to:

- quantify how many leads are required to generate certain revenue goals
- identify a bottleneck at a certain stage of the sales process, perhaps pointing to a need for additional training or tools
- detect a general decline in win ratios, maybe suggesting a new competitive threat in the marketplace

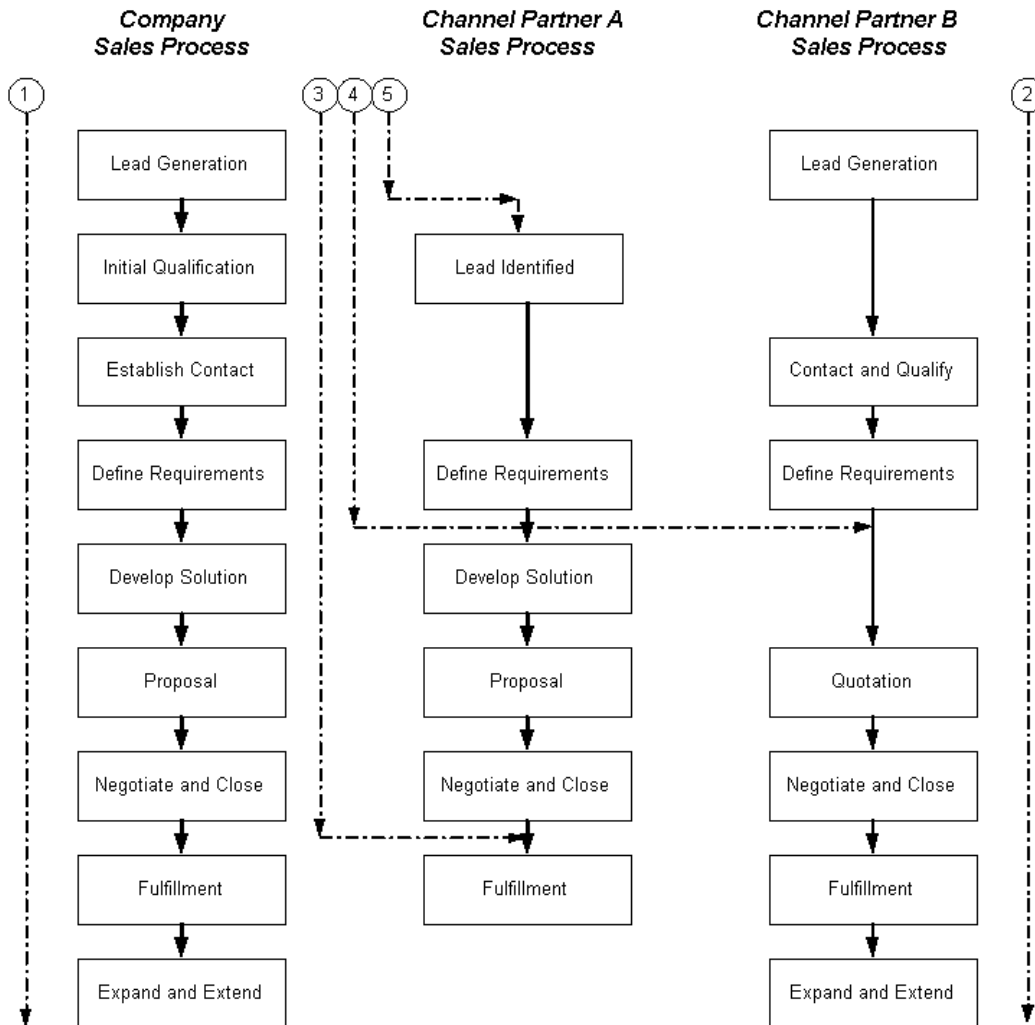
## Sales Process Management through the Extended Enterprise

As organizations have started to introduce and manage these more disciplined approaches to selling, they have also realized that there would be significant benefit to applying these approaches across their extended enterprise, i.e. their channel partners. There are, however, a number of barriers that need to be considered. In order to understand these challenges and to present an optimal management framework, the diagram on the following page offers an example of an extended enterprise environment.

This diagram shows a company with a nine-step sales process: from Lead Generation to Expand and Extend. It would be great to think that all the channel partners would adopt this same sales process. Reality suggests however that this is unlikely to be the case. Channel partners may already have their own sales process, or may find the supplier’s sales process too complex for their purposes. For this reason, the diagram illustrates two



channel partners, each with their own different sales process. Channel Partner A has a six-step process, and Channel Partner B has a seven-step sales process. There are a number of ways in which a particular sales opportunity may progress through this model. Five of these “selling flows” are shown by the dashed lines on the diagram.



(x) Represents typical selling motions

Selling flow “1” is a direct sell with no channel partner being involved, on the other hand “2” is the opposite - a selling flow that is totally managed by a specific channel. Selling flow “3” would represent a sales situation that is largely handled by the direct sales force, but is turned over to a channel partner for fulfillment. Selling flow “4” is managed by the direct sales force until the customer’s needs are understood, and then is turned over to a channel at the quoting stage, likely as a result of the size or nature of the customer requirement. Finally, selling flow “5” represents perhaps a marketing program that is run



by the organization where leads that are generated are immediately passed to a channel partner.

## The Extended Enterprise Sales Process Management Framework

Given the above challenges and complexities we would offer a framework for the introduction of an extended enterprise sales process management approach comprised of the following five fundamentals.

### 1. The Channel Sales Process

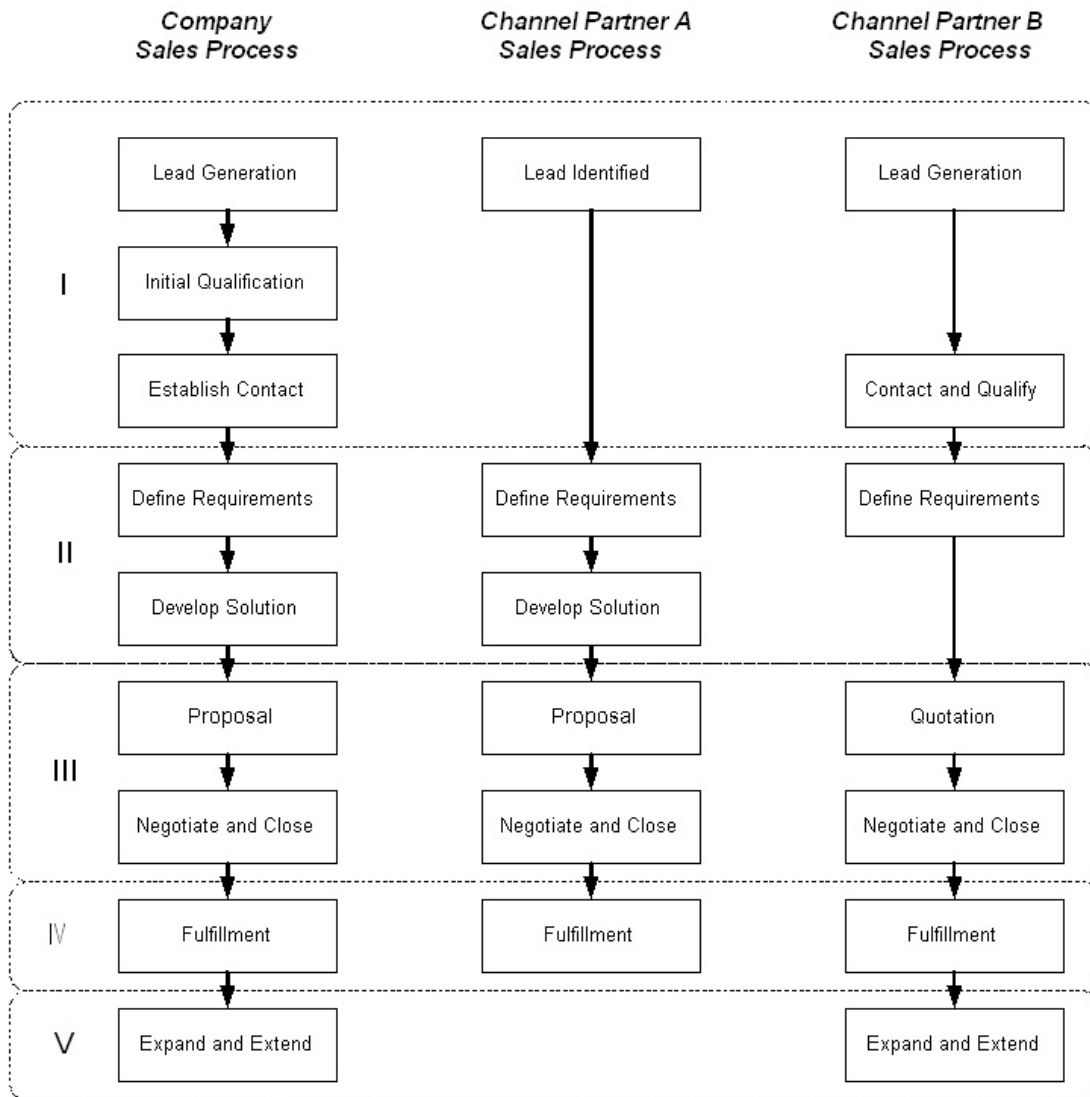
As illustrated in the example above, a channel partner may already have adopted their own sales process. However, in the case where a channel partner has no formal sales process there is a great benefit in being able to offer that third-party a basic sales process. For a variety of reasons it is likely preferable that the channel sales process is a less detailed and more generic approach than the organization's own sales process. When positioned appropriately, the channel partner should welcome the introduction of such a sales process into their own selling organization.

### 2. Harmonized Sales Processes

The framework must have the ability to harmonize different sales processes into an overall view of the business. Using the example that was illustrated in the previous diagram, the organization may blend the differing sales processes into an overall five-phase management view of the business, as represented in the diagram on the following page by the five boxes. In this example, these five "phases" provide enough detail for management to understand and manage the business. These five phases then become a meta-sales process as in the following table:

<b>SALES PROCESS PHASE</b>	<b>DESCRIPTION</b>
I	Lead generation and first contact
II	Understand requirements and design the solution
III	Propose, negotiate, and close
IV	Fulfillment
V	Expand and extend the opportunity

By blending different sales processes into one overall meta-process in this fashion a consistent view of the business can be attained across the extended enterprise.



### 3. Defining the Selling Flows

As was given in the above example, the Extended Enterprise Sales Management Framework should include the definitions of the various selling flows. These definitions should also include the business rules of when a certain selling flow would be adopted over another. As an example, why and when should a selling opportunity be passed to a channel partner?

### 4. Roles and Responsibilities

Given that the extended enterprise would now have a series of harmonized sales processes, and that the organization has defined the various selling motions through those sales processes, there is great benefit in now defining the roles and responsibilities of the principal players for each of the sales process phases for each of the selling motions.



Such a series of roles and responsibilities then provides the playbook or “rules of engagement” for managing sales opportunities across the various channels. For example, what role should the organization play in supporting a channel when that channel is fulfilling an order that was taken directly by the organization? Conversely, what role and responsibility does a channel partner have in following up on a lead that was received from the organization?

## **5. Leveraging CRM Technologies**

Hand-in-hand with the implementation of more formalized sales processes we have seen the introduction of CRM technology. There are many functional areas that CRM seeks to automate for the selling teams. Among these would be calendar, contact, information, and opportunity management. It is the last of these, i.e. opportunity management, which lies at the heart of sales process management. Key to understanding, and managing the sales process is the ability to monitor the development of sales opportunities through the stages of the sales process.

The Extended Enterprise Sales Management Framework must leverage the benefits of such technology, but must also be able to respond to the previously stated challenges. Forcing a channel partner to adopt a certain CRM approach will rarely be successful. There is also the very significant issue of providing an assurance to a third-party that the data within their CRM system would be kept confidential.

The Extended Enterprise Sales Management Framework is not based upon utilizing a common CRM platform, but on sharing just the key aspects of information. It is proposed that each channel partner is free to utilize whatever CRM application that they choose, and that only a limited amount of information is then passed from that CRM application back to the supplier. In order to exhibit best practice sales process management surprisingly little data is actually required. For example, a weekly snapshot of the channel partner’s sales funnel can be taken that just includes - for each opportunity - the customer, project name, current sales process step, perhaps the product or solution being proposed, and the forecast close date and dollar value. In some cases, even the customer and project names could be omitted. It should be emphasized that the scope of this argument is purely focused upon the sales/opportunity management dimensions of the relationship. There may be significantly different and more sophisticated needs that need to be met in the overall supply chain and logistics area.

In cases where a channel partner has not invested in a CRM system, a much simpler Opportunity Management System (OMS) can be utilized. Such a system allows the partner the benefits of being able to enter and track sales opportunities, but does not come with the same level of complexity and investment required for a full CRM implementation.



This information, when analyzed correctly, offers the organization the ability to view and manage their sales process across the entire extended enterprise. The analysis of this information could offer the organization the ability to:

- Detect market trends by territory, product, or channel partner
- Isolate specific areas for supporting a channel partner to accelerate business development
- Discover where additional programs, support, or training could yield high results, either across, or within specific, channel partners

## Summary

It has been previously stated that organizations are discovering the benefits of adopting a more disciplined approach to sales process, and that it is fast becoming a business necessity to adopt more rigor in the management of selling activity. By designing and implementing the proposed Extended Enterprise Sales Management Framework, an organization can extend these practices further than simply the direct business. The benefits of doing so are tremendous, for both the organization and the channel partners.

The benefits for the channel partner include:

- An effective approach to selling, with the associated benefits of adopting a disciplined sales process
- Enhanced and specific training and support programs
- Automatic registration of sales opportunities
- Reduced administration and reporting
- A more effective sales force

And, for the organization:

- A common selling approach across the extended enterprise
- Unified market presence
- Introduction of “Next Generation” channel support
  - Lead tracking
  - Closed loop management (including the ability to measure and manage from lead generation through all stages of the sales process)
  - Metrics and measurement through the entire sales process across the extended enterprise
  - Ability to pinpoint specific support and training requirements by sales process step or by channel partner
  - Enhanced channel partner coaching
  - Pinpoint the highest returns for the investment of channel partner program investments
- Automated lead passing to channel partners
- Streamlined opportunity registration