The Miller Heiman

YEAR-END GUIDE FOR SALES LEADERS

Strategies for Finishing the Current Year Strong and Starting Fast in the Coming Year

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SEVEN ESSENTIAL STEPS TO HELP YOU HIT YEAR-END NUMBERS

By Sam Reese, CEO, Miller Heiman

The way I see it, the real end-of-the-year push starts in the third quarter. I remember competing in races consisting of quarter-mile laps, and the key to being a world-class miler lies in the third lap. That third lap puts you in a position to win. That's where you build the momentum you need to come out ahead in the fourth. The same strategy holds true for selling—and managing and motivating a sales team—through the end of the year: Start gearing up now to guarantee a strong finish. This is the time to prioritize.

Just as important, this is the time to stay focused on the customer. Understanding the issues of the customer is the key strategic pivot point for all top sales organizations. There are so many initiatives that sales leaders can get focused on improving, but everything will be out of balance unless there is a clear customer-management process in place that reliably creates new opportunities, helps manage opportunities to closure and manages existing customer relationships.

Following are seven steps to help you achieve both those goals—and, as a result, move toward hitting your milestones when the year comes to a close.

1. Identify and Prioritize Your Best Opportunities

Too many sales executives make the mistake of giving in to their natural sense of urgency as the fourth quarter approaches, pushing their staff try to close as many deals as possible before the year ends. Focusing on quality, rather than quantity, is a far more effective approach.

Sales organizations have to be especially careful about how they allocate their resources at this time. They need to make sure their salespeople are spending the right amount of time on the right deals.

This requires taking a systematic and collaborative approach to identify the best opportunities, starting with the ones already in your sales funnel. Focus on those closest to your "sweet spot"— that is, the ones that best match your company's target audience and your capabilities for delivering exactly what those customers need.

Then estimate the likelihood of closing each important deal by year's end. You need to really understand what's happening with your high-priority deals. Take a look at where each of those deals is today and what you need to do to advance it.

Working with facts rather than gut feelings, assess the odds of closing the most promising deals by year's end. Is the likelihood 50 percent? Seventy-five percent? Ninety-five percent? Making such determinations will help you pinpoint the high-priority opportunities and set the strategy to move them forward.

2. Know the Business Issues that Key Customers Want to Address

Examine each deal not only from your own perspective, but from your customer's point of view.

Figure out how urgent their issue is to them. You really can't prioritize an existing opportunity if you don't know the client's concept—what they're trying to fix, accomplish or avoid.

In fact, trying to move ahead without this knowledge is a common mistake, especially during the year-end push. Salespeople sometimes push too hard too early, trying to close the deal while the customer is still trying to figure out the problem. You have to address that issue first. You need to understand what exactly they're trying to do and why. If you can't quickly articulate the business issue they're trying to address, you aren't ready to close the deal.

If you're trying to close customers when they still don't know exactly what their problem is, it creates a sense of dissonance. You might get the short-term gain of a quick sale, but possibly at the expense of future opportunities with that particular customer.

3. Align Your Sales Process with Your Clients' Buying Processes

Trying to "jam" through a deal won't benefit you or the customer. Don't short-cut the sales process in attempts to expedite things. The sales process and the client's buying process have to stay in alignment. If you lose the deal today, it also falls out of the future funnel.

4. Always Be Creating

It's important to prospect for and develop new business throughout the second half, as opposed to just pushing through existing opportunities in hopes of hitting great year-end numbers. You still need to build a robust pipeline to next year.

We all nod our head that says all this makes sense, but it's tough to execute on. The rationale: People assume that if they don't close in the fourth quarter, the business will spill over into the following year and they'll have the whole first quarter to catch up. No wonder the second and third quarters are often weak.

Change the old sales cliché "ABC" from "Always Be Closing" to "Always Be Creating." Regardless of the time of year, all sales team members should constantly spend time working on new opportunities and relationships.

Develop some programs to keep the prospects growing. Such initiatives aren't necessarily formal, complex or time-consuming. It could be as simple as encouraging people to schedule a little time specifically for identifying new opportunities—even just two hours a week. Then make sure sales managers have good systems in place for talking about those efforts—not necessarily official reports, but regularly-scheduled discussions about how and when to proceed.

Focus on those closest to your "sweet spot"—that is, the ones that best match your company's target audience and your capabilities for delivering exactly what those customers need.

5. Remember Your Existing Customers

It's surprising how often salespeople forget about their largest existing customers in their dash to the fourth-quarter finish line.

Why bother, if they're already your best customers? As you continue to strengthen those relationships, other opportunities will start to emerge. Meanwhile, letting your biggest clients coast puts those relationships at risk.

For those reasons, sales organizations should constantly assess the value they're providing to their best clients. That way, they can suggest additional solutions that solve those clients' problems or help them achieve their goals. When you do that, you become a trusted advisor rather than just a provider of goods or services—and that's likely to pay off with even more business.

One way to gain deeper knowledge about your best clients: Collaborate with other departments that also deal with them. They can help you develop comprehensive profiles of those accounts that will, in turn, let you get a better handle on what those customers need—perhaps even before the customers know themselves.

6. Involve and Engage Your Salespeople

Sales cannot be automated. It would be a great thing if there was an "app" to magically provide the right answer or the perfect question for every sales situation. But, every customer makes every decision a little differently every time. Selling excellence requires a lot of situational fluency and business acumen that can be leveraged differently in each different situation.

In discussing how managers can keep their employees growing as they push toward the fourth quarter, there are three key sales process categories:

- Identifying and creating opportunities
- Pursuing existing opportunities
- Managing important relationships

At one time or another, everyone on the sales team should get experience with all those processes. Rather than risk having people become stagnant or too specialized, let them spread their wings: Mixing up those activities from time to time will create freshness and prompt some creative new thinking.

7. Rekindle the Passion.

Contests, bonuses and other incentives are time-honored traditions for motivating salespeople. While they're nice to have and may even work to some extent, all too often, such short-term initiatives don't generate long-term momentum and drive results.

Instead, tap into salespeople's core values to remind them what about the profession excites them: helping customers solve problems and achieve, even exceed, their goals.

Salespeople need to get back the passion for what they do — and for understanding what their clients are trying to do and how they can help them. I meet with my own sales vice presidents regularly. The only thing on the agenda: their customers. I want to know everything about their customers. What are they using us for? Why are they excited about doing business with us? Who else like them might want to do business with us, too?

Such discussions should go a long way toward firing up any good sales team: After all, if you can't get excited about answering those kinds of questions, you're probably in the wrong business.

FINISH STRONG
4 FAIL-PROOF STRATEGIES

Tensions run high in the third quarter for sales leaders. They know where they are, and know where they need to be by year end, and for some that's a big problem. The question, and the challenge, is how to make those goals happen.

A sales leader's success depends on making visible and measurable impacts that meet or exceed company goals, so when sales numbers lag, the sense of urgency rises.

"All organizations start the year with a plan to meet sales targets. They've examined the resources, evaluated the industry and customers, gathered input from the teams, aligned goals with corporate strategy and built a roadmap to execute against. It seems like a great plan in Q1," said Nattalie Hoch, Miller Heiman Vice President of Sales for North America.

Yet, right now, for a lot of sales leaders the numbers just aren't adding up.

"You know where we should be for the year. If you are way off, now's the time to take a step backward and evaluate the roadmap that got you here" said Hoch.

Very few people will be at 100 percent of plan in the third quarter. For those at 75 percent, most are where they should be and often can stay the course and come out on plan. For those behind plan, it is time to work harder and in this group, a slow burn starts to roil inside experienced sales leaders. They know that to keep from shifting into full-scale panic mode, this is the time to revisit every aspect of the sales year and find a way to pull up the numbers.

"If I'm not where I need to be when Q3 ends, Q4 has to produce even more for me to make my numbers and my quota for the year," she said

Hoch recommends sales leaders start by looking at their original plan – the one that seemed so logical and doable at the beginning of the year – and ask questions.

"Look not only at what customers are buying, but also at how they are buying it."

— Nattalie Hoch
Vice President of Sales for North America, Miller Heiman

"If I'm not way above plan, I go back to the strategic plan and evaluate. How did we think we were getting to our sales targets? I look at where we expected revenue and sales to come from. Where am I drastically off?" she said.

Too many sales executives look at the numbers and blindly insist that their sales forces focus strictly on closing as many deals as they can, regardless of whether the deal is a favorable to the customer and the sales organization.

1. Revisit What Works

Instead, start by revisiting what sells, recommends Hoch.

- Are the numbers higher in an unexpected category?
- Could this point to a potential new market or a trend to pursue?

"I ask where I'm over-achieving, and think about whether I can capitalize in those areas even more now. I need to look at the real opportunities on the table – and where new opportunities may come from," she said.

2. Refocus Resources

"I really look at what has worked in the first three quarters, and start with that. If I find a trend, I may redirect resources to that to make my goals," she said.

Despite the urgency to finish the year strong, Hoch says this doesn't mean chasing every opportunity. The last thing you need is wasted resources. Taking a systematic approach to evaluating the deals already in the sales funnel will reveal the ones that best match the sales organization's ideal customer profile – and the ones most likely to close.

3. Heed the Stats

Sales organizations with strong sales processes feeding reliable data into a CRM system can quickly pull up reports to examine sales metrics for the current year. These numbers can provide real-time visibility into sales performance numbers, which can reveal the "why" behind where an organization or sales team is today. These metrics can pinpoint the causes of underperformance or successes in certain areas that leaders can quickly take action against to correct or replicate. Sales leaders in organizations without these tools must do their own detective work and use their experience to evaluate what moves to make now.

"Look not only at *what* customers are buying, but also at *how* they are buying it. Do you see opportunities where additional coaching could drive performance in these areas and yield a win? Go there," Hoch said.

4. Tap into Creativity

Who are the strongest performers in your organization? Tap into the creativity and ingenuity these salespeople use. Ask them what they are doing differently that provides value to each customer interaction. How do they get clients through the funnel process? Then focus on having frontline managers coach salespeople on the best practices of your top performers.

Being behind coming out of the third quarter doesn't necessarily doom the year. Evaluating and adjusting to the new reality can inspire creative solutions. Go back to the plan and adjust accordingly.

"If it didn't work, throw it out the window. You can still get to your numbers but now is the time to make it happen. Organizationally, a win is a win. If it wasn't in the mix (of the original plan), keep an open mind and be willing to adjust," Hoch said.

STRATEGIC PLANNING:
A REALITY CHECKLIST FOR SALES LEADERS

A strategic plan starts with good intentions, but is virtually useless without implementation. Achieving solid results depends on a plan that is attainable and fact-based. Answering the questions in this checklist will help you avoid some common traps that come back to haunt sales leaders over the course of the year.

1. Know Your External, Market-Driven Factors

If you have aspirations of growing—by going after new market segments or launching products, for example—you must firmly establish business objectives and align the sales force with those objectives. Establish a clear baseline and identify the gaps in alignment.

New vs. Existing Regions

- What is the revenue potential in these existing and new regions?
- Based on our competition, how much market share can we achieve and how quickly?

New vs. Existing Accounts

- What is the revenue potential in these existing and prospective accounts?
- How much carryover business have we have already booked and are there any multiyear contribution effects?
- What is our risk of losing a strategic account to a challenger?

New vs. Existing Products

- What is the market potential for existing and new products?
- Based on our competition, how much market share can we achieve and how quickly?
- What marketing support do we need to be successful?

2. Know Your Internal, Organization-Driven Factors

Even if the market potential exists, you need to have the people and organization in place to execute the plan. Overall, in terms of recruiting and development, you should use metrics as benchmarks—whether that's for attrition rate, for the length of time it takes to fill a sales position or to ramp up a new hire to full productivity. The metrics allow you to o base your implementation plans on facts.

Current Production

- How much does the typical salesperson sell in a year?
- How does this production vary across regions, products and key accounts?

Sales Force Attrition

- What is our voluntary, involuntary and total turnover rate?
- What is the opportunity cost of an open territory?

- Are we at risk of losing a top producer?
- Why have we lost top producers in the past?

Time to Recruit

- How long does it take us to fill an empty position?
- What investments can we make to shorten recruitment time without compromising quality?

Time to Ramp-up

- How long does it take to bring a new salesperson to full productivity?
- What is that salesperson's productivity during the ramp-up period?
- What investments can we make to shorten time to full productivity?

Time for Excellence

- What capabilities do our salespeople need to be truly successful?
- What skills do they have today and what are the gaps?

3. Align the Organization to Execute the Plan

Once there you have a clear understanding of these external and internal factors, the next step is to build alignment to support successful execution.

Coverage

- Based on our growth plans and the talent-related factors, how many salespeople do we need to hire?
- Based on ramp-up time and productivity, how much can we expect new hires to contribute in the new fiscal year?

Penetration

- Based on the risk and opportunities in our strategic accounts, what Focus Investments are needed to protect and grow these accounts?
- When can we expect a return on these investments?

Specialization

- Based on new markets and new products, does the existing sales force have the capability and motivation to realize the potential, or do we need to develop specialists?

Alignment

- Even if the market potential exists and we can hire and deploy a sales force, can we create sufficient awareness, fulfill demand and satisfy our customers?

Some Final Thoughts...

Gauge your present situation and make sure you have the right information to set accurate and attainable objectives. Involve other department leaders to ensure buy-in across the company, and to demonstrate to all employees that the company intends to follow the plan and effect change. Then, keep checking your progress against the plan, for a map to guide your company to change and growth.

NUTS AND BOLTS OF DEAL REVIEW

The final quarter: It's time for a big push. Salespeople scramble to meet their numbers, and sales leaders expect people on their team to cross the finish line aggressively. To avoid getting into a situation where desperate salespeople jam product (thereby putting at risk the opportunity for long-term relationships with clients), establish, or re-emphasize, a systemize deal-review process.

Past, Present and Future

While valuable throughout the year, in the third quarter, deal reviews can give insights on the best opportunities to pull revenue in revenue sooner. Here are three reasons to embark on a deal review process:

1. To look back and reflect on performance versus goals
2. To look at current activity levels from two perspectives:
   a. Exploring whether the amount of selling activity is sufficient to support sales targets
   b. Discovering to what extent the activities are balanced across the different types of selling work being done (prospecting, qualifying and closing)
3. To look at the forward sales funnel in terms of what's coming down the pike

While all three categories of funnel review are critical for growth, forward-looking deal review processes help you plan for meeting your sales team's end-of-year forecasts.

The Process: Mandatory Attendance

Deal review process attendance must be mandatory for sales leadership because they provide counsel on which deals to pursue and on what resources are appropriate.

"A lot of breakdowns can take place when resource commitments are made without the participation of the people who own the resources," says Miller Heiman Sales Consultant Rob West. What happens then? If salespeople come up with strategies without consulting those responsible for resources— marketing or product development, for example—and the resources aren't available, then it's back to square one.

"Whoever has their hands on the trigger of resources should be involved," West says.

The Process: Two Extremes

West offers two diverse scenarios: One of your account managers has 20 deals in his funnel. Another account manager has only three deals in hers.

The deal review process will be very different for each example because each manager will have to take different sets of action to accomplish his or her goals.

For the account manager with only three deals, the review process conversation can focus on understanding the actions required to move each deal through the funnel, and whether those actions can happened by yearend.

By contrast, the account manager with 20 deals in his funnel needs objective criteria to help him choose where best to spend his efforts to pull revenue into this fiscal year.

"A lot of breakdowns can take place when resource commitments are made without the participation of the people who own the resources."

— Rob West, Miller Heiman Sales Consultant

Critical Steps to Hit Year-End Goals

1. Classify Your Ideal Customers

Determine where your sales team's time is best spent by taking steps to identify ideal customers for your company.

West explains that in the Miller Heiman process to establish top criteria, your company should ask questions that are a blend of demographics, hard issues and psychographic factors, which tend to be less tangible but more relevant when determining an "ideal customer" profile fit.

Demographic question samples:

- How much revenue potential does the customer bring to the service provider or vendor?
- How many locations does the company have?
- How many employees does the company have?

Psychographic question samples:

- Is the company innovative or conservative?
- Is the company an innovator or follower?
- Is the company loyal to its vendors, or does it select vendors by price alone?

Organizations should identify which criteria describe an ideal customer, and then compare the results, deal by deal, to pinpoint which are most desirable to pursue.

2. Drive Sales

When it comes down to the wire, West recommends taking a straightforward approach. "If you have a customer who accepts your value proposition, but the deal isn't moving forward due to time or resource constraints, you can say something like, 'Look, we both have tangible goals we want to achieve by the end of the year. To that end, we'd like to give you an incentive to take action more quickly.'"

The critical distinction is the customer-validation process, according to West: When the customer has already validated and acknowledged his or her need for your product or service, you're in a safe place to make that offer, but "if the deal is still in play and has not been validated, that move [offering an incentive] comes across as a negotiation ploy, which undermines your value because you're defining yourself in terms of the financial piece."

3. Leverage Top Performers

To re-energize superstars who have been bringing deals in consistently throughout the year, West suggests a recognition program. "Announce the top sellers on a regular basis—guaranteed, your salespeople will begin to actively compete. Recognition programs help bring things front and center for the short term."

And to light a fire under those who aren't making significant strides, partner them with thriving peers.

As West says, "Sometimes people who are struggling react well to the stick, some react well to the carrot, and some react to neither if it comes from management—but they react strongly when someone in their own peer group takes ownership to help them along."

A mentorship program has the added benefit of encouraging the mentor, as well, since it can be flattering to be perceived by leadership as someone good enough to help those who need it.

It's Not Just About You: Customer Consequences

An opportunity that's in the 30-day funnel must be a deal that will close in 30 days, says West. That may seem like common sense, but optimism can lead salespeople to underestimate the amount of time it will take to close a deal. Bottom line: If there are no consequences for the customer, there's less urgency—and no solid date on which the deal can be won.

Customer consequences can range from compliance to cost-savings to revenue growth. Salespeople operating on year-end deadlines need to realize which deals are imminent—not from a selling perspective, but from the customer's buying perspective. Then, West says, salespeople should focus on deals in which there are consequences, or focus their energy on creating consequences.

"A lot of salespeople fall prey to letting their quota—or the timelines through which the company measures its own financial performance—dictate their sales activity," West says. Clearly, it's important for salespeople to hit numbers, but they also must respect the customer's own decision-making process.

AVOIDING THE HAIL-MARY STRATEGY

In the world of sports, a "Hail Mary" is considered to be a long shot, last second, desperate attempt to overcome what looks to be an inevitable defeat. The same can be said in the world of professional selling. Although in sports the attempt is at least made while there is time remaining on the clock, some sales professionals wait until the customer already said no before bringing in their C-Level executives. They pull their "Hail Mary" long after the defeat has already happened.

Waiting until all other resources have been exhausted, and the client has already said they are headed in another direction, is not the time to bring in a top executive to try to save the day.

Waiting until all other resources have been exhausted, and the client has already said they are headed in another direction, is not the time to bring in a top executive to try to save the day. The tactic rarely works, yet it seems to be standard protocol at sales organizations of all sizes and all industries. The thinking often is: If a big deal is going to be lost then one must bring in the top execs so they can, in effect, be part of the losing effort.

Give the Boss a Fighting Chance

Your ultimate goal is to win the business. When you bring an executive into the game, they will want to win too. It is up to you to give them a fighting chance to do so. Enlist your executive by:

- **Bringing them in earlier in the sales process.** Provide on-going visibility on important opportunities and strategic accounts so they remain connected. That way it is much easier to involve them if needed. You can do this verbally, in writing, via presentations or email. If your executives are in the loop on the information flow, then they are likely to be proactive in reaching out to the sales executive to provide ideas and suggestions. They want to be involved before the deal is lost.
- **Developing a strong Valid Business Reason to bring an executive to the client.** Don't wait too long to bring them in and don't have the call be around the fact that you already lost and now you want your executive to try and turn everything around in one call. Your best chance is to involve the executive earlier (point #1), then have them speak to a specific concern or issue.

If, for example, your client is not satisfied with your international strategy, set up a phone call with them to let them know that your C-Level exec will take the time to outline the company's strategy and provide insights into the direction moving forward. This also helps keep your executives on point and helps them avoid having to play the role of salesperson.

Don't Play Deception Games

If you involve a very senior executive in one of your opportunities, then he later finds out that the deal was already lost, prepare for some difficult discussions. When a senior executive isn't given an accurate picture of the account, he will feel that he's been set up as the person who just could not close the deal. Be factual. Executives need to understand exactly how the company is positioned.

If after you have tried all the strategies above, and the client ultimately elects to go a different direction, bow out gracefully. If you are truly committed to helping customers solve problems and capitalize on opportunities, then even if you do not win, you need to hope that the client has success moving forward. It is much more important to move on with integrity and professionalism if you ever expect that client to consider doing business with you in the future.

It can be a great idea to bring your CEO into an opportunity, even when you are just barely holding on. But if you wait too long, you will still lose the sale – and create professional pitfalls. ■

LEVERS FOR STRATEGIC PLANNING AND SALES GROWTH

By Sam Reese, CEO, Miller Heiman

It's time to think hard about next fiscal year. Now is the right time for intensive growth planning and strategizing. That way, when the new fiscal year rolls around, you and your sales team can hit the ground running.

I realize that's easier said than done. Many organizations rely on inadequate, fragmented methods of preparing for a future that will be here all too soon. Often, the biggest problem is the large gap between those working up from the bottom—that is, the field team— and those working down from the top—the corporate leadership team.

The field tends to forecast conservatively, worrying about actually making its numbers. Leadership, on the other hand, is usually more generous with its projections because it's rewarded for its overall sales wins.

The two teams should meet in the middle, but all too often, that doesn't happen. Instead, they cobble together a compromise that's reached without solid information or critical thought. That creates tension and sets up potential conflict down the road as the two groups work to hit those somewhat arbitrary numbers.

It doesn't have to be that way.

Obviously, it's important for leaders to push the field team to steadily increase their sales, but it's equally important that they do so based on accurate, well-thought-out information.

That starts with understanding exactly where and how your organization invests in growth. This provides everyone involved with a solid platform for strategic planning for the year ahead. I always go back to a classic study by leading management firm McKinsey & Company that discusses the seven strategies, or "levers," for growing profitable sales:

1. **Products –** Enhancing existing offerings so they look more attractive, work better or last longer; developing new options and lines.

2. **Marketing** – Changing the message, the mix, the media and the budget as needed.

3. **Pricing** – Deciding whether to bundle, offer discounts, establish loyalty programs or make other adjustments.

4. **Customer service** – Increasing availability, adding new capabilities and promoting higher quality interactions.

5. **Distribution** –Expanding existing channels while adding new ones.

6. **Customer relationships** – Striving to enhance and deepen them while offering greater value.

7. **Sales effectiveness** – Providing training, organizational learning and other tools to help representatives not only sell more, but to sell well.

Any overarching organizational growth plan should consider all seven levers, setting individual priorities and goals for each.

Most CEOs are comfortable with the first five. But the last two levers – customer relationships and sales effectiveness – are, in fact, the fastest path to results, and usually the least expensive. If you assume that either or both will happen naturally, you're missing opportunities to position your organization for strong, steady growth.

The Customer Relationship Lever

Driving growth via the customer relationship lever involves more than promoting continuous improvement in your customer-service organization. It requires investing in your sales team's customer-relationship skills as well.

The effort begins by promoting and gaining everyone's buy-in to the mission of moving beyond simply providing commodities to their clients. The new goal: having each salesperson evolve into the role of trusted advisor, becoming a true partner who contributes to customers' business objectives and, ultimately, to their growth.

You and your sales team must get to the heart of the concept of what each client wants to fix, accomplish or avoid. Once you understand their business and their needs, you'll also more clearly understand how you can help them. You'll be able to prescribe relevant, targeted solutions, rather than responding to a product request or handing over a Band-Aid. Ultimately, knowing as much as possible about each customer—particularly those making up your key accounts—will help create predictable revenue streams and more abundant opportunities.

Salespeople need tools to develop deeper and wider customer relationships. For instance, consider training them in making executive-level calls so they can build stronger relationships with the leadership teams at their key accounts. Or help them develop a quarterly business review process, in which they sit down with executives of each customer company to evaluate the quality of whatever your organization provides to them.

This exercise accomplishes two important things:

1. It allows you to measure the value of what you're giving your clients and, if necessary, to make course adjustments fairly early on.

2. It opens up an opportunity to talk about additional ways in which you can help them solve problems, build business, outdo their competitors and achieve other goals.

One tip for moving that discussion forward: Ask your clients, "What have you budgeted for our products and services for the next year?" You'll learn a great deal from their answers, and you'll have a realistic starting point for thinking about what more you might offer them.

Push the sales force to help you build a stronger growth plan by developing forecasts that are ambitious yet still achievable.

The Sales Force Effectiveness Lever

Mark Twain, the famous 19th-century author and humorist, is widely quoted as observing that "everyone talks about the weather, but nobody does anything about it." At many companies, the same might be said of leadership's attitude about improving sales force effectiveness: Executives and managers say they want their salespeople to do better, but they don't do anything—or they don't do the right things—to make that happen.

- The problem often stems from reluctance to invest in improvement initiatives. In such cases, sales leadership typically assumes that the first five growth levers— products, marketing, pricing, customer service and distribution—inherently make it easier for the sales force to sell. In other words, this line of thinking goes: If our pricing is on target, if we offer stellar service and so on, that should automatically drive strong sales.

Unfortunately, what typically happens (to the sales leadership's surprise and disappointment) is that market pressures force them to discount their pricing, or they find that their service quality isn't as big a competitive advantage as they thought.

- Instead, using a more active approach produces much better results. Decide what your sales force needs most to boost its effectiveness. This could be coaching them on executive-level calling skills or evaluating data analytics from your CRM to manage and grow key accounts.

Then, level with your salespeople about what you're providing and why, positioning the initiative as a collaborative effort designed to benefit the entire organization. Explain that you're investing in their development with plans for strong returns. Make sure they understand that you expect to see measurable results: improved productivity, better close rates, bigger deals or accelerated sales cycles.

- Finally, push the sales force to help you build a stronger growth plan by developing forecasts that are ambitious yet still achievable. For instance, let's say salespeople initially predict they'll each do about $6 million in business next year, an estimate you consider a bit too cautious. In that case, you might ask them whether their new skills and knowledge might reasonably enable a slightly higher forecast—perhaps $6.5 or even $7 million.

Another way to boost those forecasts: Let salespeople develop "stretch targets," in which they strive to exceed their basic sales goals—but aren't penalized if they ultimately don't hit those higher numbers. In other words, for stretch targets to succeed, you must position them as goals rather than as quotas. Talking about quotas will make people anxious and fearful that they've set themselves up.

Three More Questions

In addition to pulling those two levers, successful strategic planning includes three important questions summed up by the acronym NEC (for New, Existing and Churn):

1. How much new business can we expect?
2. How much existing business can we expect? What kind of growth can we expect from our current customers, especially those in our key accounts?
3. How much churn should we expect? How much business isn't going to repeat; how much attrition from existing accounts are we likely to experience—and what can we do to prevent it, compensate for it or turn it around?

Answering the NEC questions provides more building blocks for your planning platform and helps reveal where you should concentrate your growth efforts.

The other critical step at this stage: Reviewing the sales funnel. Determining what's in the funnel—and where each item really stands right now— shines a light on where you should invest your time and energy. Then you can incorporate your plans for executing on each piece of business based on the priorities you've set.

Action Steps to Take Now

Suddenly, the new fiscal year doesn't seem all that far away, does it? But that certainly shouldn't be cause for panic if you take a these action steps right now:

- **Work** on closing the gap between leadership and field-team forecasts.
- **Know** where your organization is investing in growth and incorporate those priorities into next year's plan.
- **Invest** in helping salespeople build strong customer relationships.
- **Invest** in helping salespeople improve their performance.

- **Encourage** salespeople to aim high; assure them that they won't be penalized if they don't hit their ambitious stretch targets.
- **Determine** the amount of new business, existing business and churn you expect next year; make sure your plan includes specific strategies for addressing each.
- **Review** the sales funnel and set priorities about which opportunities to pursue.

Together, those steps will go a long way toward making the new fiscal year be exactly what it should be: an exciting time brimming with fresh opportunities for growth.

STRATEGIC PRIORITIES FOR SALES ORGANIZATIONS

By Joe Galvin, Chief Research Officer, Miller Heiman Research Institute

Strategic Decision

Sales infrastructure is at the core of every sales organization. Sales operations, training, enablement and technology are all strategic infrastructure capabilities that power the sales organization. These capabilities must evolve as the organization grows and selling becomes increasingly complex. Each function must address a unique set of issues to improve its ability to drive productivity and impact performance.

Strategic Issue

How will sales organizations improve their productivity?

Strategic Issue: A complex question that requires research, data, perspective, knowledge and context to answer.

Infrastructure Strategy

Every game we play has an element of strategy. That's what makes it fun. Whether attacking your opponent's backhand in tennis or bidding three hearts in bridge, we make strategic decisions to influence the course of the game and give ourselves the best opportunity to win. In the game of sales, the sales leader's strategic decisions have a direct bearing on their ability to win the quota game and remain employed to play again next year.

Sales infrastructure, including sales operations, training, enablement and technology, powers the sales organization. Improving productivity, launching new initiatives and addressing the challenges of growth require sales infrastructure functions to execute if the strategy is to succeed. Sales infrastructure must also continue to evolve in pursuit of sales productivity gains by optimizing responsibilities and supporting new strategies. In this brief, we will explore the strategic themes for each of these functions and identify the issues they face.

Sales Operations: Sales Performance Management

Sales operations is transforming from a financial reporting function to a strategic contributor to productivity. Central to that evolution is the development of a Sales Performance Management (SPM) strategy that measures, predicts and influences sales performance. Reporting performance has long been at the core of sales operations. Predicting performance with forecasts and funnel analysis is an emerging science as evidenced by the fact that just 46 percent of sales organizations achieve more than 80 percent forecast accuracy.[1] Strategy, when properly executed, influences performance. Defining and managing territories determines where the salesperson will operate, compensation plans align sales behaviors with organizational goals and quota allocation sets performance expectations.

Integrated data from financial (measure), sales force automation (predict), and incentive compensation management (influence) systems, forms the foundation for SPM. In order to be a key contributor to sales strategy, sales operations must develop an SPM strategy to provide sales management with fact based, data driven analysis of sales performance and insight to opportunities for growth and improvement.

Sales Operations Strategic Issues

- What is your strategy for sales performance management?
- How do you measure sales productivity?
- Do you have confidence in forecast and funnel data?

Sales Training: Investments in Training

Sales training focuses on sales force development. In partnership with sales operations for sales process and sales enablement for product information, sales training provides the learning platform for sales execution and knowledge exchange. Traditional responsibilities for new hire, product, process and skills training are combined with developmental programs to improve business acumen and promote professional development.

Sales Training Strategic Issues

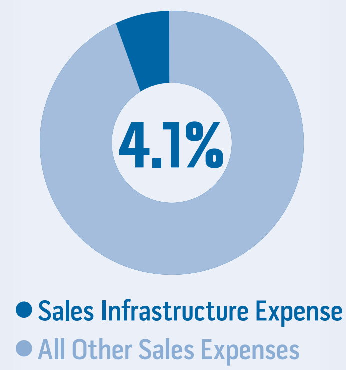
- How much do you invest in performance improvement?
- Which training investments will improve performance?
- How do you leverage technology to improve learning and development?

According to our research, 48 percent of sales organizations were projected to increase their investment in sales training for 2013, up from 37 percent in 2012, while 53 percent of sales organizations spend

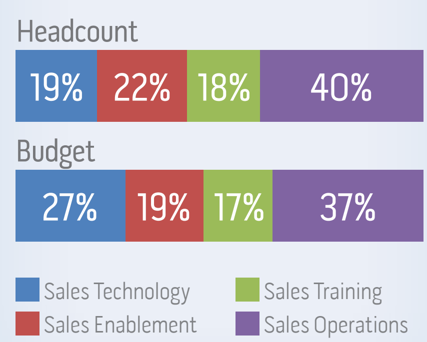
Strategic Data

Investments in sales infrastructure will pay dividends in sales productivity. The appropriate mix of resources and cost must be determined based on performance, programs and productivity initiatives that require execution.

Investments in sales infrastructure average 4.1% of the sales budget.



Sales operations functions lead with 40 percent of headcount and 38 percent of budget.



SOURCE: *2013 Miller Heiman Sales Performance and Productivity Survey* more than $1,000 per salesperson per year.[1] There is a direct connection between training investments and sales performance, but determining where and how to apply these investments is critical. Defining a competency model for each sales role provides the framework. Clarifying the elements of sales methodology, knowledge and resources a salesperson needs to create and manage opportunities as well as to manage customer relationships provides the basis for investment decisions.

Sales Enablement: Knowledge Exchange

Sales enablement has become the flashpoint for many organizations. Improving the salesperson's access to knowledge sources for information, data, content, resources and intelligence is crucial when selling to Buyer 2.0.[2] Quick, easy access through a sales portal makes customer facing and internal, "eyes only" content available to the salesperson. Mobility solutions, which make the data available on multiple platforms such as smartphones, tablets and laptops, improve accessibility. Training on product capabilities and market positioning prepare the salesperson to engage with customers, while collaboration capabilities allow them to reach out to subject matter experts and peers to exchange insight and tactics.

Sales Enablement Strategic Issues

- Where do your salespeople go to access content and knowledge?
- How do salespeople collaborate in your organization?
- How do sales and marketing align for knowledge exchange?

Sales enablement has become the focal point for sales and marketing integration. Following lead generation (29%), marketing's greatest potential to impact sales productivity is with knowledge management (27%) and collaboration (26%).[1] Alignment of the sales and marketing message must begin at the demand creation level with the same messages being used with marketing sourced leads and sales generated opportunities.

While sales typically takes the lead in enablement, marketing is a close partner and technology plays a leading role in marketing's contribution. Advanced knowledge management applications improve the speed with wugh competency for knowledge exchange, and the collaboration capabilities in knowledge management applications facilitate effective connections.

Sales Technology: SFA Adoption

Sales Force Automation (SFA) is deployed in 88 percent of all sales organizations for account, contact and opportunity data. Our research also shows that 52 percent of sales organizations were in the process of or planning to migrate to a new SFA system in 2013.[1] Yet, forecast accuracy and funnel confidence has not improved. Organizations spend between $1,000 and $4,500 per salesperson on SFA per year and have little evidence to demonstrate a positive impact from the investment.

SFA Adoption continues to be the largest obstacle to realizing benefits and is most commonly cast as a

Sales Technology Strategic Issues

- How do you measure and improve adoption?
- What is your sales technology strategy?
- Which sales applications will improve productivity?

sales issue. The salesperson finds little value in the system and defaults to the bare minimum usage level. Meanwhile, managers work around the system, leaving sales management with questionable data upon which to base their analyses.

Before technology can improve productivity, it must be used and the processes it supports adopted. This requires commitment from all three levels of the sales organization: sales management, sales managers and salespeople. An adoption framework, as part of a change management strategy, clarifies what is expected from each level by establishing the standards and expectations for required levels of usage. It further identifies recommended activities and outlines behaviors which lead to world-class performance. ■

1.Miller Heiman Research Institute, Sales Performance and Productivity Survey, 2012.

2 Miller Heiman Research Institute Note, Buyer 2.0: Embrace the Chaos, June 2012.

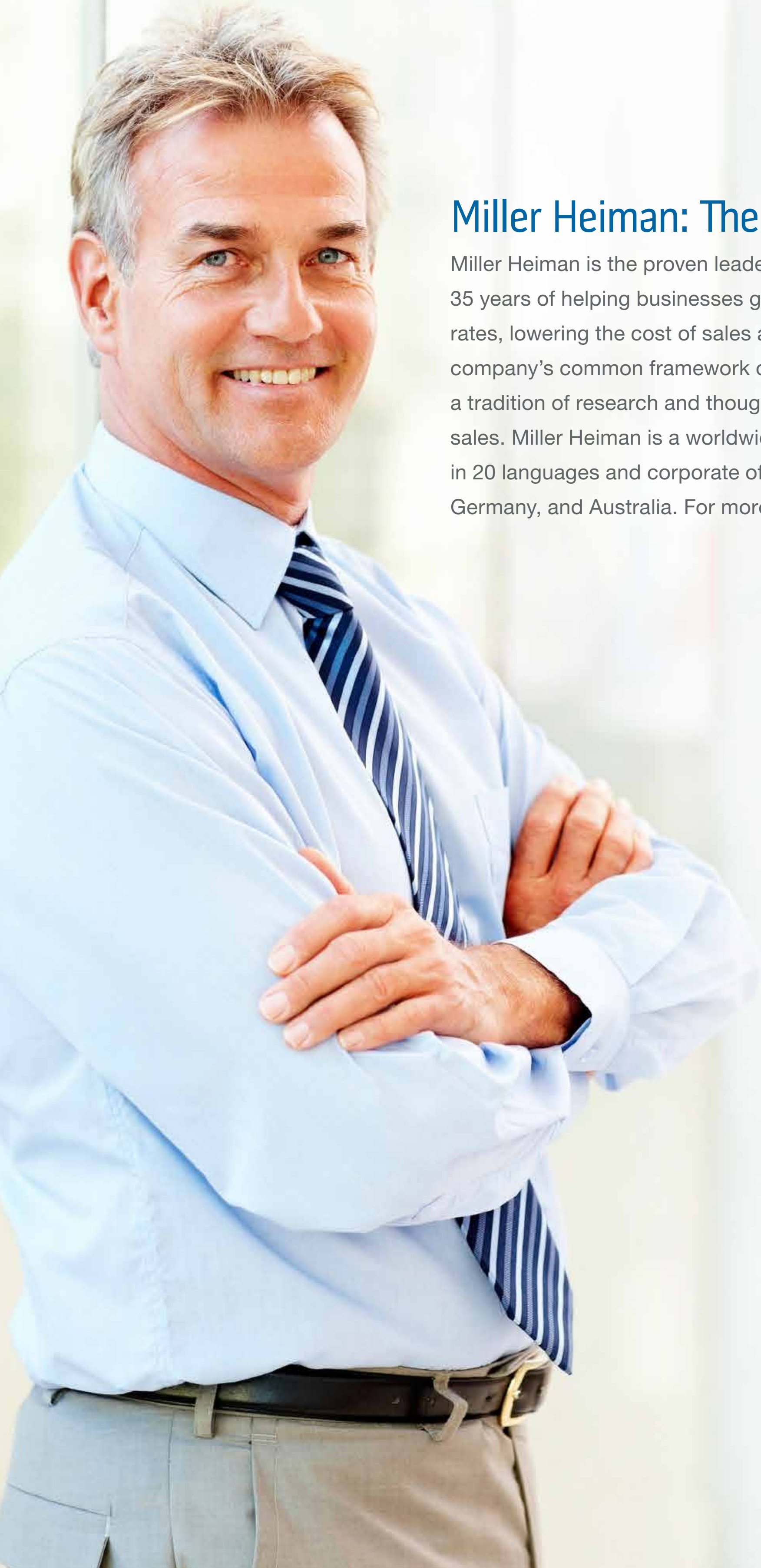
About the Miller Heiman Research Institute

The Miller Heiman Research Institute is a research organization dedicated to improving the performance and productivity of complex B2B sales organizations. We help members develop and hone sales strategies by providing thought-leading research, critical analysis, benchmarking against world-class sales organizations and customized insight to their strategic issues through our advisory services. Through our extensive research into the best practices, strategies and decision frameworks of World-Class Sales Organizations, we help our clients apply these insights to their organization through published research, keynotes and presentations as well as analyst inquiry.

Contact our Director of Member Experience or call 775-284-9035.

Miller Heiman: The Sales Performance Company

Miller Heiman is the proven leader and innovator in sales execution with more than 35 years of helping businesses grow profitable sales by increasing their close rates, lowering the cost of sales and reducing the length of the sales cycle. The company's common framework of easily repeatable methodologies, combined with a tradition of research and thought leadership, helps firms of all sizes win complex sales. Miller Heiman is a worldwide leader in sales performance with programs in 20 languages and corporate offices in the United States, United Kingdom, Germany, and Australia. For more information, visit www.millerheiman.com.



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