

Psychological Associates' Webinar Series

Improve Your Sales Effectiveness in Today's Down Economy

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YES

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YES

Improve Your Sales Effectiveness in Today's Down Economy

Dr. William Beane, Senior Vice President
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From Sales Strategy to Sales Results

Our purpose today . . .

- ▶ Discuss rapidly changing sales strategy
- ▶ Link sales strategy with sales results
- ▶ Identify and analyze disconnects between strategy and ground-level execution
- ▶ Learn how to eliminate the disconnects
- ▶ Review predominant downturn strategies

From Strategy to Sales Results

Organizational Strategy



Sales Strategy



Clarity & Understanding



Capabilities



Expectations



Sales Results

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Changing Sales Strategies . . .

Strategic changes required by current economy

- ▶ Deploying sales resources and activity
- ▶ Reallocating marketing resources (immediacy)
- ▶ Protecting your current customer base
- ▶ Top-line management (revenue base)
- ▶ Bottom-line management (cost effectiveness)
- ▶ Product and pricing strategies
- ▶ Product/service thrust . . . unbundling

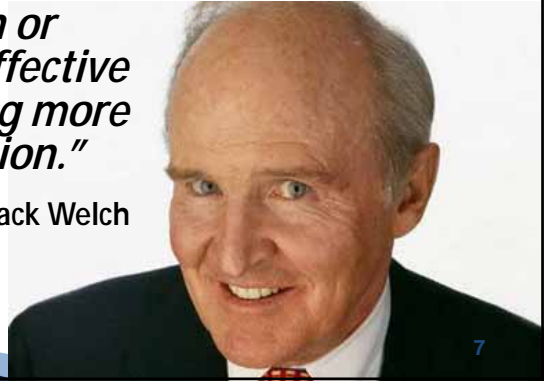
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Changing Sales Strategies . . .

Changes are initiated at a senior level . . .
but are enacted at ground level . . .

“The best vision or strategy, without effective execution, is nothing more than a hallucination.”

— Jack Welch



Strategy — Execution Pitfalls

- ▶ Changes don't reflect overall strategy
- ▶ Changes are not well understood
- ▶ Commitment to changes is ambivalent
- ▶ Changes may actually be inconsistent or unrealistic
- ▶ Salesforce expectations and priorities aren't aligned with the changes
- ▶ Changes perceived as “optional”

The Outcome:

Your strategy fails to deliver needed results



Strategy — Execution Pitfalls

For example:

- ▶ We often find that sales strategies are not well understood
- ▶ We often find inconsistent messages:
 1. Build relationships/stay close to customers
 2. Enforce credit policies/margin management

From Strategy to Sales Results

Organizational Strategy



Sales Strategy



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Sales Results

Strategy — Execution Disconnects

Our Research: Five Primary Disconnects

1. Organizational strategy with sales strategy
2. Sales strategy communication and understanding
3. Measuring strategy impact at ground level
4. Salesforce (managers & salespeople) capability
5. Actual vs. perceived sales behavior expectations

Disconnect #1: Organizational Strategy with Sales Strategy

The Issue:

Sales strategy is either missing, vague, or misaligned with organizational strategy

The Remedy:

Clarify or develop a sales strategy that is congruent with organizational strategy

Disconnect #1: Organizational Strategy with Sales Strategy

Test fit with organizational strategy:

- ▶ Congruence with longer-term strategy (3 – 5 years)
- ▶ Support for shorter-term economic strategy:
 - Deploying sales resources and activity
 - Reallocating marketing resources (immediacy)
 - Protecting your current customer base
 - Top-line management (revenue base)
 - Bottom-line management (cost effectiveness)
 - Product and pricing strategies
 - Product/service thrust . . . unbundling

Disconnect #2: Sales Strategy Communication and Understanding

The Issue:

Sales strategy is vague or missing

The Remedy:

Develop a sales strategy that can be communicated clearly and understood by the entire salesforce

Disconnect #2: Sales Strategy Communication and Understanding

**The Five Drivers of
Sales Performance**

Research with senior sales executives has identified the five primary strategic drivers that support achievement of an organization's overall sales strategy. The five drivers of sales performance are:

Driver	Influenced By
Growth via Customers	Selection, acquisition, penetration, retention, diversification, partners/distributors
Growth via Products & Services	New product introduction, optimal product mix, value differentiation, selling products & services separately
Growth via Market Expansion	New end markets, vertical expansion, horizontal expansion
Profitability	Customer selection, increasing margin, cost of sale, increased ROI/ROWC
Brand-Building	Company differentiation, professional sales performance

Disconnect #2: Sales Strategy Communication and Understanding

A prototype sales strategy statement:

“Our collective driving force is to deliver sustained profitability and growth through the creation of total customer satisfaction. We will accomplish this by focusing on our partners’ individual needs and exceeding all their expectations so as to be their unquestionable supplier of choice.”

Disconnect #3: Measuring Sales Strategy Impact at Ground Level

Our **collective driving force** is to deliver **sustained profitability** and **growth** through the creation of **total customer satisfaction**. We will accomplish this by focusing on our **partners' individual needs** and **exceeding all their expectations** so as to be their unquestionable **supplier of choice**.

Disconnect #2: Sales Strategy Communication and Understanding

Our collective driving force is to deliver sustained profitability and growth through the creation of total customer satisfaction. We will accomplish this by focusing on our partners' individual needs and exceeding all their expectations so as to be their unquestionable supplier of choice.

Key Phrase	Points
1. Collective Driving Force	One aligned voice
2. Sustained Profitability	<ul style="list-style-type: none"> • Inventory management • Margin management • Product selection • Market segments • Customer segment selection • Cost of sales
3. Sustained Growth	<ul style="list-style-type: none"> • Organic growth • Growing with a customer
4. Total Customer Satisfaction	<ul style="list-style-type: none"> • On-time delivery date • Available inventory • Proactive communication • Customer-centric culture
5. Partners' Individual Needs	Customer plans
6. Exceeding All Their Expectations	Differentiation from competitors
7. Supplier of Choice	<ul style="list-style-type: none"> • Percent of participation • Integrity

Disconnect #3: Measuring Sales Strategy Impact at Ground Level

The Issue:

Sales strategies are often worded in lofty conceptual terms that defy easy measurement

The Remedy:

- ▶ Explicate the key components of each concept
- ▶ Develop measures for each key component

Disconnect #3: Measuring Sales Strategy Impact at Ground Level

Key Phrase	Points	Measured By
1. Collective Driving Force	One aligned voice	Engagement Survey
2. Sustained Profitability	<ul style="list-style-type: none"> • Inventory management • Margin management • Product selection • Market segments • Customer segment selection • Cost of sales 	<ul style="list-style-type: none"> • ROCE (Return on Capital Employed) • EBITDA (Earnings Before Income Taxes, Depreciation, and Amortization)
3. Sustained Growth	<ul style="list-style-type: none"> • Organic growth • Growing with a customer 	Against Vision 2013 Plan
4. Total Customer Satisfaction	<ul style="list-style-type: none"> • On-time delivery date • Available inventory • Proactive communication • Customer-centric culture 	<ul style="list-style-type: none"> • Customer survey • On-time delivery
5. Partners' Individual Needs	Customer plans	<ul style="list-style-type: none"> • % of customer plans completed • % of customer plans implemented
6. Exceeding All Their Expectations	Differentiation from competitors	Customer survey
7. Supplier of Choice	<ul style="list-style-type: none"> • Percent of participation • Integrity 	<ul style="list-style-type: none"> • Percent of customers' business (share of wallet) • Customer survey • Market share monitoring

Disconnect #4: Salesforce Capability Meeting Strategy Requirements

The Issue:

There may be capability issues with:









- ▶ Salespeople
- ▶ Sales managers who block effective execution of sales strategy

The Remedy:

- ▶ Assess capabilities
- ▶ Apply appropriate training, coaching, or mentoring to build the required capabilities










Disconnect #4: Salesforce Capability Meeting Strategy Requirements

Salesperson capability

Question	Rank	Average	Bar Graph
Developing strategic sales plan for each identified account.	1	3	
	5	2	
Opening sales calls/engaging customer attention.	2	2.75	
	5	2	
Exploring, identifying, clarifying, strengthening, and prioritizing customer needs.	3	2.25	
	5	2	
Adapting sales approach to customers' behaviors and personal needs.	4	2	
	5	2	

Disconnect #4: Salesforce Capability Meeting Strategy Requirements

Sales manager capability

Question	Rank	Average	Bar Graph
Taking an active interest in salespeople and their career development.	4	2.73	
	3	2.75	
	7	2	
Minimizing non-selling activities to optimize selling time.	9	1.5	
	1	3	
	4	2.53	
Providing the necessary information, knowledge, resources, and tools to maximize selling effectiveness.	7	2.5	
	1	3	
	3	2.67	

Disconnect #5: Actual vs. Perceived Sales Behavior Expectations

The Issue:

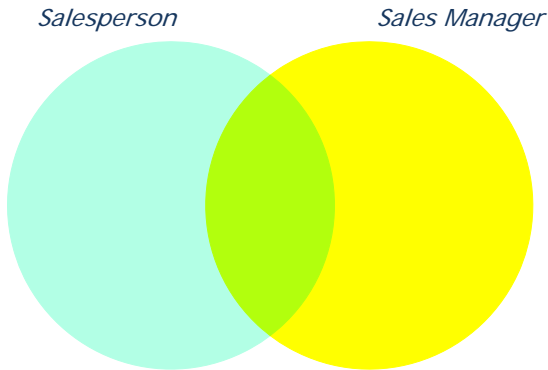
Typically, expectations at ground level are either vague, missing, or misunderstood

The Remedy:

Sales managers must be accountable for clarifying expectations for strategy achievement

Disconnect #5: Expectations

Every salesperson has a picture of expectations



Disconnect #5: Expectations

Watch out for "should"

They will try to figure them out

Outcome: *They think they know . . .*



Disconnect #5: Expectations

Why aren't expectations discussed?

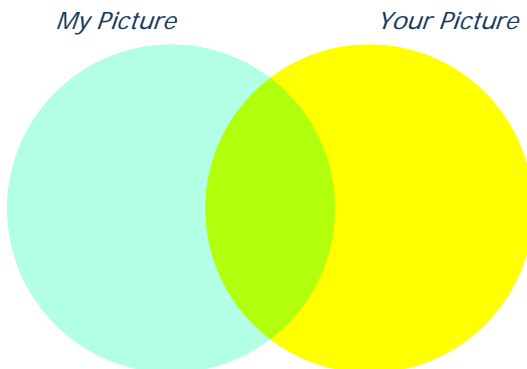
Managers think others (**should**)
already know them . . .

Employees believe they actually
do know them . . .

Therefore . . . expectations
don't get clarified!

Disconnect #5: Expectations

Every salesperson has a picture of expectations



Disconnect #5: Expectations

Top Five

1. _____
2. _____
3. _____
4. _____
5. _____

Disconnect #5: Expectations

“Tappers” and “Listeners”

Tappers estimated 50 – 60%

Actual success % was <2%

Disconnect #5: Expectations

“The Curse of Knowledge”

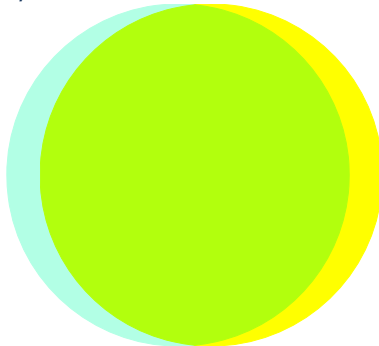
Once you know something . . .
it's impossible to understand what
it's like to not know it

Disconnect #5: Expectations

Every salesperson has a picture of expectations

Salesperson

Sales Manager



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Predominant Downturn Strategies

1. "Glue yourself" to your customers
2. Stress added-value . . . not price
3. Vigilantly defend your market share from hungry competitors
4. Exploit competitor vulnerabilities

In Summary . . .

▶ Ensure strategy drives behaviors:



▶ Glue yourself to your customers:

1. Understand and utilize customer needs . . . not simply product or service needs
2. Learn second-stage customer needs: Your impact on your customers' value to their customers
3. Use advanced influence principles

Learn More

▶ Web site:

- www.psychologicalassociates.com

▶ Books

- *Effective Selling Through Psychology* (V.R. Buzzotta, R.E. Lefton, & Manuel Sherberg)
- *Influence: The Psychology of Modern Persuasion* (Robert. B. Cialdini)
- *Sense of Urgency* (John P. Kotter)
- *The Sales Quality Audit* (George Smith, Jr.)
- *The Sales Manager's Handbook* (Asherman & Asherman)

Psychological Associates' Webinar Series

Coming in April & May:
"Leading in Turbulent Times"

Part 1: **Dr. Pam Franta**, VP and Performance Consultant

Part 2: **Dr. Ann Beatty**, President



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