



SALES LEADERSHIP: LINKING SALES STRATEGY TO SALES RESULTS



Sales Leadership: Linking Sales Strategy to Sales Results

For many organizations, the link between sales strategy goals and salesforce execution is often missing. Logical steps can be taken to ensure that execution actually supports the sales strategy.

“When all is said and done, too often, much is said and little is done.”

— Anonymous

Sales executives must coordinate myriad factors to successfully reach their desired market. They must have a product or service that meets customer needs and quality standards, is competitively priced, and has adequate distribution.

The sales exec has little direct control over most of these, but does control how effectively the salesforce touches and influences the customer. The sales exec can ensure that the field salesforce has all the capabilities and resources to sell to potential buyers, but how?

On a periodic basis, organizations establish marketplace strategies and expected sales goals. These may range from “launch new product X” to “maintain margins on product Y” to “open and penetrate new market Z” to “build market share for product A.”

These need to be linked to specific customer sales targets for each salesperson in the field. It requires effective sales understanding and leadership eliminate disconnects between the overall sales goals and specific execution by the front-line salesperson.



Figure I gives an overview of our sales leadership model. Here are seven questions that reflect the model, which can profoundly strengthen sales leadership by linking sales strategy to sales results. (See Figure I.)



Figure I

1. Is there a clear link between the overall organizational strategy and the sales team's specific sales strategy?

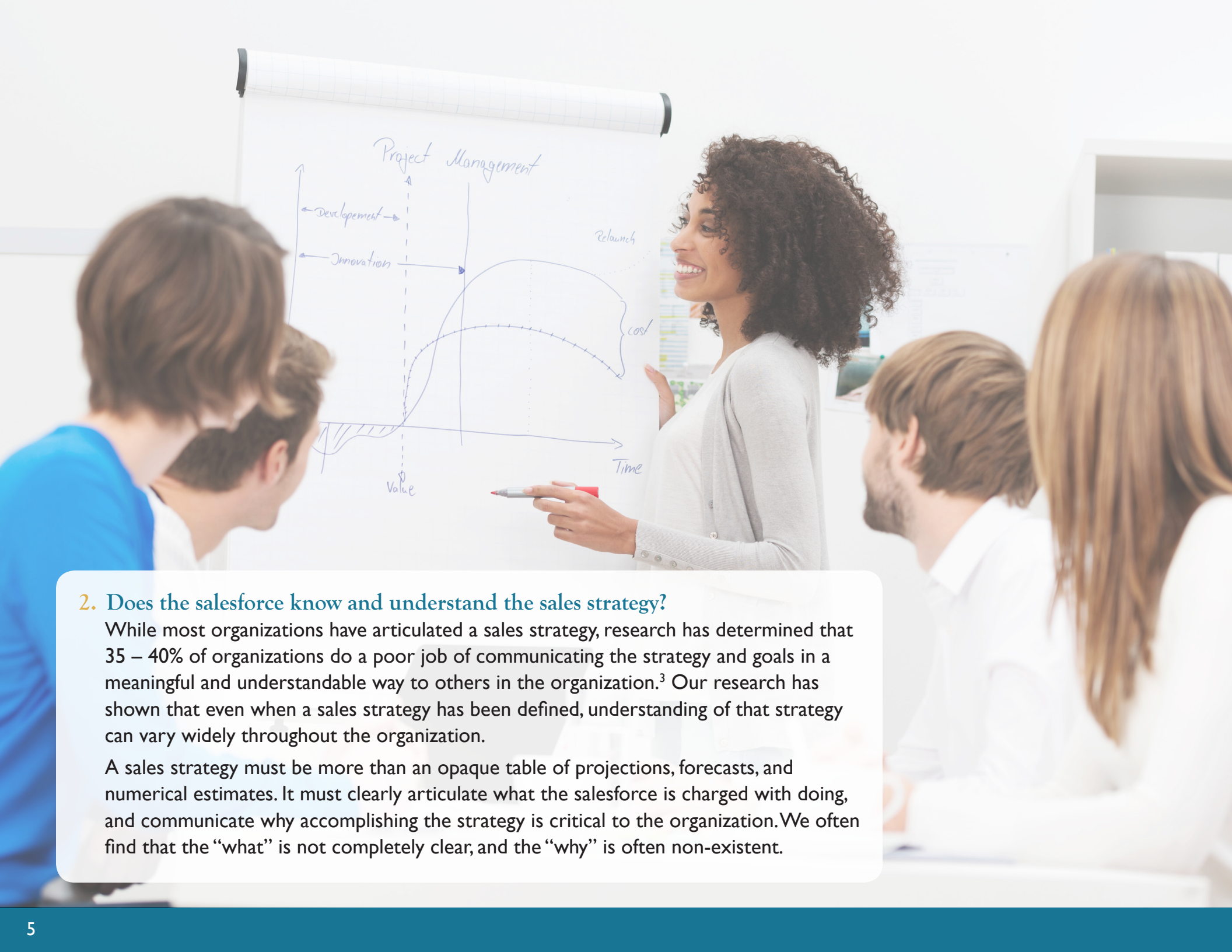
The sales team's strategy must be a direct outgrowth of the overall organization's strategy objectives. Senior sales execs must meet and develop a clear set of their sales goals in complete alignment with the organization's strategy. They must clearly identify not only specific sales strategy goals, but also the priority of each goal.

Our research has indicated that there are five primary business drivers that help define the sales strategy goals for a growth-minded organization.¹ They are:

- A. **Growth via Customers.** Acquiring new customers for present products and services.
- B. **Growth via Products & Services.** Introduction of new products and services to either new or existing customers, cross-selling opportunities.
- C. **Growth via Market Expansion.** New end markets and market segments, vertical and/or horizontal expansion of current markets into new areas.
- D. **Growth via Profitability.** Margin management, focus on high-margin products and services, cost of sale control, increased ROI/ROWC.
- E. **Growth via Brand-Building.** Product/service/channel/salesforce differentiation in new or existing markets.

Even when the senior team has already defined its sales goals, reviewing them in terms of these five categories often helps further clarify and prioritize them. The rest of the sales organization can then determine steps to take, such as creating ideal customer profiles, selecting prime customer targets, and developing strategies for selling to key customers.

If the organizational strategy is clear, sales strategies and goals can be derived and developed from the organization's overall direction. As John Byrnes has noted, "All companies have business plans, but often these plans, which feature mainly company and market analysis, sets of programs and numbers, are not adequate to guide a salesforce."² All too often, complex business strategies end up being communicated simplistically as "Sell more!"



2. Does the salesforce know and understand the sales strategy?

While most organizations have articulated a sales strategy, research has determined that 35 – 40% of organizations do a poor job of communicating the strategy and goals in a meaningful and understandable way to others in the organization.³ Our research has shown that even when a sales strategy has been defined, understanding of that strategy can vary widely throughout the organization.

A sales strategy must be more than an opaque table of projections, forecasts, and numerical estimates. It must clearly articulate what the salesforce is charged with doing, and communicate why accomplishing the strategy is critical to the organization. We often find that the “what” is not completely clear, and the “why” is often non-existent.

3. Does the salesforce have the capabilities required to execute the sales strategy?

This question should move the organization's focus to ground level. Does the salesforce have the skills and knowledge to effectively execute and achieve specific sales strategy goals? Capabilities within these three areas should be assessed:

A. Capabilities of Salespeople

Most organizations have salespeople who do “all the right things.” Salespeople tend to dress appropriately; they know their product or service; and they know their customer, the marketplace, and competition.

Most capability gaps occur in interpersonal skills, such as: *ability to develop product/service solutions for different customer needs; effective management of customer objections and concerns; or adapting the sales approach to customers' behaviors and personal needs.*

The ability to interact with the customer is vital. People skills are often a major differentiating factor. Gaps between current capabilities and those required to reach sales strategy goals call for developmental efforts.

B. Capabilities of First-Line Sales Managers

It is ironic that this pivotal group is frequently left out of the sales execution equation. Often, the first-line sales manager acts as an administrative arm of more senior management. Little value is placed on salesperson coaching skills. Yet, research indicates that a manager's ability to guide the salesperson's selling practices is a vital part of ensuring sales success.

Desirable interpersonal coaching capabilities include: *motivating and inspiring salespeople by understanding their needs and aspirations and coaching the salesperson on more effective ways to interface with the customer.* Even seemingly administrative tasks can require excellent coaching capability. Examples include *ensuring that salespeople have the necessary resources and tools to maximize selling effectiveness and gaining commitment to company directives, programs, and initiatives to maximize the achievement of sales strategy goals.*

C. Commitment Level of Senior Sales Management

The senior executive group must commit to the field salesforce's success in executing the strategy, making certain that policies and communications actively support field execution. Without it, efforts are often superficial, incomplete, and do not work. As Pfeffer and Sutton have pointed out in *The Knowing-Doing Gap*, “One of the main barriers to turning knowledge into action is the tendency to treat talking about something as equivalent to actually doing something about it.”⁴

Senior management must answer questions, such as: “Are sales managers recognized and rewarded for developing and coaching salespeople?” “Is hands-on observation, coaching, and development of salespeople by sales managers given a high priority?” “Does the job structure and specified responsibilities for sales managers allow adequate time, attention, and resources for coaching and development?”

Comparing how members of the salesforce answer these questions will uncover whether they agree that senior management will support their field sales efforts.

4. Does the sales strategy form the foundation for planning and focusing sales resources at field level?

Too often, this critical step is not a reality. John Byrnes notes that, “Effective business plans have three essential roles: first, to state clearly the company’s objectives; second, to specify new initiatives, required resources, and expected results; and third, to guide the day-to-day activities of the company toward maximum profitability. *In most companies, the first objective is usually met, the second is sometimes met, and the third is often neglected.* When this occurs, it causes the salesforce to be disconnected from profitability.”⁵

Final implementation must occur at the ground level. What happens between sales manager and salesperson and, between salesperson and customer, make or break even well-made plans. Sales managers must assess and coach individual salespeople in their sales executions; goals and expectations must be clear and unambiguous. This process gains salespeople’s commitment to what they need to do to achieve both individual targets and overall sales strategy goals.

This type of leadership and one-on-one planning is what moves the salesforce from talk to action. As Pfeffer and Sutton state, “Related to the mission and vision problem is the planning problem. Just as people confuse talk with action and mission statements with reality, they frequently confuse having a plan and doing planning with actually implementing the plan and learning something.”⁶



5. Do the sales organization's leadership policies and practices support the effective execution of mission-critical sales behaviors?

Whether a salesforce has only one head of sales, or has multiple levels of management spread out geographically across continents, the connection between sales strategy goals and the sales leadership at a first-line level is of utmost importance.

Sales strategy goals, roles, expectations, support, and accountability must remain aligned and executed as one moves down through levels to the first line. Close and constant monitoring can ensure that all levels are "walking the talk." Senior management, particularly, must set the tone and model accountability for all other levels.

It is the job of first-line sales managers to clarify expectations, provide necessary coaching and management support, and hold salespeople accountable for achieving sales objectives. The next level of sales management must then be doing the exact same thing for first-line sales managers. They need to know that providing expectations, support, and accountability for their people is a central expectation of their role.

If expectations, support, or accountability are missing at any level, execution begins to falter, and alignment of activities with strategy becomes problematic.



6. Do salespeople understand how their sales practices and behaviors help the organization achieve its sales strategy?

Our research has validated that clarity in expectations is essential to performing well in any endeavor. Unfortunately, clarity is often lacking.

In a 2005 study, performers were asked what one additional management action would be most helpful to them in improving their personal performance. Most often mentioned was “A clear understanding of what is expected of me.”⁷ In a similar fashion, research on performance expectations has established that while first-line managers claim that they give clear, set performance expectations 84% of the time, their direct reports say this occurs only 39% of the time — a huge gap.⁸

This gap occurs for several reasons. Since most salespeople have a sales quota, it’s easy to assume that “everyone knows what’s expected of them.”

Of course, the problem is that the sales quota doesn’t specify what prospects should be pursued, which accounts should be selected, what criteria should be used for qualifying prospects, what products/services should be emphasized, etc. These expectations align activity with strategy goals, not simply quotas.

Two measures help ensure that expectations are in line with the organizational sales strategy. First, clarity is achieved using the SMART criteria for goal setting. Most organizations are familiar with these. They specify that expectations should be *Specific, Measurable, Achievable, Realistic, and Timely*. Second, by using a performance support system in which salespeople can enter goals and action plans, both sales manager and salesperson can jointly track and monitor progress towards goal achievement.

Performance research has confirmed that expectations which are defined and tracked are far more likely to be achieved. This moves us closer to execution of a successful sales strategy.⁹



	Sale	Buy	Grow
Gold	\$377.00	\$462.20	22.60%
Platinum	\$277.00	\$366.19	32.20%
Silver	\$501.00	\$516.03	3.00%
Copper	\$370.00	\$517.26	39.80%
Steel	\$491.00	\$643.21	31.00%
Beryllium	\$371.00	\$455.59	22.80%
Manganese	\$205.00	\$240.26	17.20%
Aluminum	\$539.00	\$678.06	25.80%
Chrome	\$592.00	\$820.51	38.60%
Nickel	\$574.00	\$697.98	21.60%
Bauxite	\$369.00	\$507.74	37.60%
Cotton	\$190.00	\$197.22	3.80%
Flax	\$280.00	\$284.48	1.60%
Textiles	\$107.00	\$116.63	9.00%
Wool	\$156.00	\$192.19	23.20%
Fur	\$280.00	\$316.40	13.00%
Sateen	\$181.00	\$197.65	9.20%
Silk	\$188.00	\$198.53	5.60%
Oil	\$792.00	\$1,105.25	39.20%
Gas	\$192.00	\$283.68	34.20%
Electric power	\$599.00	\$718.83	17.20%



Gold	A	Manganese	B	Wool	E	Gold	A	Manganese	B	Wool	E
Platinum	B	Aluminum	V	Fur	GT	Platinum	B	Aluminum	V	Fur	GT
Silver	A	Chrome	A	Sateen	A	Silver	A	Chrome	A	Sateen	A
Copper	A	Nickel	D	Silk	AX	Copper	A	Nickel	D	Silk	AX
Bauxite	D	Bauxite	F	Oil	F	Bauxite	D	Bauxite	F	Oil	F



7. Is there a mechanism to track progress towards sales goals that ensures accountability for, and adherence to, sales practices and behaviors?

Once we have clarified what is critical for achieving the desired sales results, we need a mechanism to ensure effective execution across the salesforce.

Fortunately, the same performance system used for setting expectations and planning actions can also be used to track goal progress, ensuring that salespeople and sales managers do what they say they will do with key, high-potential customers.

In Conclusion

The path from setting sales strategy goals to obtaining measurable sales results requires support; commitment; accountability; execution; and, most of all, leadership. The majority of leadership and execution behaviors call for perspiration, not inspiration.

Providing a compelling and strategic sales strategy, gaining commitment to it, and keeping people engaged as they move toward achievement requires discipline and effort. The payoff, however, can be substantial. Any organization can achieve a competitive advantage by keeping a laser-like focus on implementing these common-sense steps.

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 - 4 Pfeffer, J. & Sutton, R., *The Knowing-Doing Gap*, Harvard Business School Press, 2000. P.30
 - 5 Byrnes, op. Cit.
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 - 8 Beane, William, *Engaging Performance: A Performance Leadership Handbook*, 2005 (In Press)
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