



# ***Sales Effectiveness: How to Reach New Levels of Sales Performance***



## A SIGN OF THE TIMES

The business headlines in 2009 have been littered with earnings releases stating sales are down year-over-year and confirming corporate lay-offs, cutting bonus pay programs and slashed budgets. Companies went to great lengths to reduce their cost structure to align expenses with declining revenues. Now with another financial reporting period and earnings season looming, the word on the street is that while companies have managed to adjust their costs they are struggling to achieve sales and revenue targets.

There has never been a more important time for sales organizations to identify methods for improving sales performance, but many Chief Sales Officers are wrestling with imposing trends. Outlined below are just a few interesting barometer readings on the state of the sales landscape:

- The CMO Council states that “Less than 25% of marketing and sales leaders are satisfied with their sales team’s ability to articulate value.”
- Sirius Decisions states that “82% of executives surveyed say that sales reps are unprepared for meeting with them and waste their time.”
- Industry analyst IDC states that “Sales cycles have increased and the number of decision makers involved in the sales cycle has increased to 7.”
- According to Nucleus Research: “Salespeople spend from 3 to 5 hours per week searching for information within the company. They search at least 5 different corporate systems to find what they need and 67% are overwhelmed by the volume of information available.”
- Research from the American Society for Training and Development (ASDT) shows that “only 13% of information delivered in training courses was retained after the first week of training delivery.”

Probably the most daunting trend is the one we collectively need to address. In their 2009 Sales Performance Optimization Survey of more than 1800 firms, industry analysts CSO Insights found that the percentage of salespeople meeting their quota dropped in 2009 from the previous two years to only 58.8%, signaling difficult times ahead. The top two initiatives Sales Executives called out for 2009 were to increase sales (hardly surprising) and to increase sales effectiveness.

The same survey posed some interesting conclusions on this point: “We do not believe that success in 2009 will be achieved by making more sales calls. The number of calls—face-to-face meetings or on the phone—has already been increasing over the past few years with minimal impact on sales results. The real objective is going to be how to make great calls: motivating stakeholders to meet with you; creating a sense of urgency that moves evaluating your solutions to the top of their priority list; differentiating yourself from the competition; selling value rather than discounting prices; creating a compelling business case to get the project approved now. These will require your salespeople to be more effective at selling than they were in 2008.”

## DEFINING SALES EFFECTIVENESS

So the business objective is clear - **Increase sales results**. And the method for achieving these results is laid out – **Improve sales effectiveness**. But questions remain. What is sales effectiveness? Is it a fad that will pass as the economy improves or something of substance and sustaining value? It's certainly been a hot topic of discussion within our professional trade. Many articles have been written in trade magazines and sales effectiveness has been a popular topic at trade shows and conferences. It's been blogged about and many vendors' advertising has shifted toward this topic. In fact, vendors and service providers are clamoring to tell us about their sales effectiveness products and services. This only seems to further confuse our understanding of what sales effectiveness is and how sales organizations can harness their people and processes to achieve improved business results.

For example, sales training companies often refer to themselves as sales effectiveness solution providers. These training companies may provide programs designed to improve sales skills such as prospecting, opportunity management, negotiating, or closing techniques, but reinforcing these programs and integrating them into your business culture is difficult after the point of training. And how do we really know our distributed sales force is really practicing those new principles in the field, the call center or on the retail floor? To further complicate the matter, software application vendors as broad as Sales Force Automation (SFA) vendors and others as narrow as Incentive Compensation Vendors have begun to hitch their marketing wagon to the sales effectiveness concept – It's no wonder we as sales professionals (consumers) are confused on what sales effectiveness is and the business value it can contribute.

One way to address the confusion is to clarify the role vendors, trainers and consultants play in sales effectiveness. The supply side of the market provides sales enablement methods and tools; while sales professionals on the demand side of the market apply these enabling tools to strategy and business processes in a hope to improve the execution of individual contributors and thereby achieve improved sales effectiveness. So now that we know what sales effectiveness isn't, then what is it?

Sales Effectiveness is the ability to achieve preferred or optimal operational performance throughout each stage of the company's selling process as well as the prospect's or customer's buying process. When sales effectiveness strategies are optimized, they apply across the broadest spectrum of the sales organization and become relevant to all of the enterprise's revenue generating activities. This also applies to the extended value chain such as channels and partners, not just discrete user groups or niches. Proper sales effectiveness strategies are relevant to rookie sales reps and tenured overachievers alike and the broader the applicability, the greater the business value.

## WHY IS SALES EFFECTIVENESS SO IMPORTANT NOW?

To some, this concept of driving sales effectiveness suddenly appeared on the radar much like a tornado suddenly appearing in a thunderstorm. But it really wasn't that dramatic. In fact, we can see the making of this phenomenon just like the appearance of the perfect storm. There were several contributing factors that converged over the past several quarters which made sales effectiveness a topical matter. The economic crisis has played a major role in the trend to sales effectiveness solutions and the investments we previously made in people, process and technologies also shaped this conversation.

The knock-down effect imposed on sales operations has forced many organizations to assess how to get the most out of the existing resources. With hundreds of thousands, if not millions of dollars, pounds and euros invested into technology enablement products, many sales leaders find themselves frustrated that their sunk cost investments cannot be better utilized to drive improved sales performance. Let us explain why.

In the mid-1990s, Tom Siebel changed the face of sales by integrating an array of powerful sales force automation technologies. His company, Siebel Systems, rendered conventional sales systems obsolete by incorporating relational databases, workflow, and graphical user interfaces into an enterprise-caliber sales application. Large organizations flocked to Siebel to enhance forecasts, manage the sales pipeline and capture sales data. As Siebel Systems achieved some market success, many more vendors entered the scene: SAP, Oracle and Microsoft each added CRM products to their respective suites of technology. Specialized vendors like Salesforce.com also jumped into the market, stating their position that “software is dead,” and backing that up with an Internet-based sales force automation application (SFA).

These vendors invested hundreds of millions of dollars into marketing programs to tell sales professionals and leaders how CRM and SFA would help their organizations improve sales results. Have these promises stood the test of time? The results are in and the answer is NO. CSO Insights’ 2009 Sales Performance Optimization Survey reported that 65% of surveyed companies are seeing LITTLE or NO improvement in sales performance after making significant investments in CRM/SFA projects.

CRM and SFA helped organizations track the activities of their sales teams, understand their prospect base, provide better forecasts, and develop a more complete customer history database. While these capabilities can improve overall company performance if used to address derelict or absent processes, they don’t, in themselves, specifically address sales effectiveness. When diagnosing their needs to address real sales effectiveness, sales leaders recognized that they wanted to accelerate the accumulation of experiences amongst their sales teams. To that end they started looking to collaboration tools to help improve sales effectiveness.

***Portals, wikis and blogs are not designed to address the specific challenge of sales effectiveness***

In recent years, Web 2.0 tools such as portals, blogs and wikis have exploded as a new collaboration paradigm. Sales organizations experimented with these tools as they provided capabilities for staff to share sales information like product positioning, competitive information and the like. Although these collaboration tools became loaded with information, they were poor at managing and disseminating knowledge. Jim Dickie, Managing Partner of CSO Insights explained, “They give you the Library of Congress without the Dewey Decimal System.” Such systems fail to help sales reps rapidly find the right answer to their questions. They have no way of distinguishing between content that is relevant and authoritative versus user generated opinions. This can lead to problems with corporate governance policies and pricing practices.

While completely useful as general purpose communication and collaboration tools for smaller work groups, portals, wikis and blogs are not designed to address the specific challenge of sales effectiveness.

Over the past decade, sales technologies have made salespeople more efficient, but not more effective. They haven't enabled salespeople to perform more effectively in the field, in the office, or to engage their customers more successfully. There are many reasons for this. First, they addressed the "what" of sales information, but not the "how" of sales performance. Second, while many of these technologies have great capabilities built into them, they were, for the most part, designed by engineers and implemented by IT, launched with a few perfunctory online training videos, and salespeople were left to their own devices to figure out how to use these systems, or whether they to use them at all. Third, technologies were often bought and implemented within their own silos, communicating poorly – or not at all – with other applications and conflicting with work processes built, sometimes carefully, around sales, operations, service, and the customer. Organizations can ill afford this status quo. As stated earlier, research suggests that the top concerns of sales organizations are to increase sales and enhance sales effectiveness.

### **APPLYING SALES KNOW-HOW TO ACHIEVE SALES EFFECTIVENESS**

Progressive sales leaders have capitalized on their organizations' collective sales knowledge and disseminated it in a way that provides sales reps with relevant knowledge whenever they need it, with the aim to improve performance throughout all stages of the sales process. Companies that can harness their sales know-how have attained new levels of sales effectiveness and achieved tangible business results, such as cutting ramp time in half for new reps, improving product and solution positioning throughout the sales cycle, and increasing competitive win rates.

***To improve the performance of salespeople, help bring new reps up to speed and ensure that sales knowledge is captured and shared, sales knowledge management solutions have emerged***

A new caliber of specialized sales knowledge sharing applications have come into the market that are helping sales organizations move the needle on key performance metrics. These solutions are software-driven platforms that automate the capture, management and dissemination of sales knowledge. Designed to make the best thinking of the sales force available to everyone, sales knowledge management solutions enable reps to address situations on-demand with the most relevant and authoritative information.

These specialized tools possess capabilities that SFA applications and general Web 2.0 utilities do not. They tap into information stored across disparate business applications and corporate repositories as well as the knowledge locked inside the heads of subject matter experts to create a knowledge sharing hub. Unlike wikis and blogs, the new breed of sales knowledge management tools can support corporate governance, security and business rules to disseminate information throughout distributed sales channels. Even better, these tools harness the power of existing SFA platforms and put them to work for the salesperson. The result is that sales professionals have access to the most relevant and authoritative

knowledge, on-demand, the investments made in other SFA technologies are leveraged, and the ROI for the entire sales technology portfolio is increased significantly.

These new tools also address the huge ‘user adoption’ challenges endemic to SFA and CRM. First and most important, these sales knowledge management tools disseminate relevant knowledge, not hundreds of search results a sales professional must sift through as with other search utilities. This translates to the answers sales professionals seek in their everyday world. Beyond the novelty of answers on-demand, these tools can be embedded within accepted work processes such as Microsoft Outlook®, CRM, SFA or corporate portals, rather than forcing individuals to learn yet another stand alone application. Finally, they harness social media and other culturally relevant automation to inspire and reward participation. Without user adoption, how do you expect to impact sales effectiveness that will drive tangible business results?

### **TANGIBLE BUSINESS RESULTS ACHIEVED THROUGH SALES EFFECTIVENESS**

Thus far we have discussed the business challenges sales leaders face, defined the role sales effectiveness plays in addressing these business challenges and how we can tap into existing resources to improve sales effectiveness. Now let’s focus on the tangible business results that sales effectiveness can contribute to organizations and how it can improve sales performance across a broad spectrum:

#### **REDUCE RAMP TIME FOR NEW HIRES & CHANNELS**

Although we hire experienced reps and recruit reseller partners with industry and domain experience, they still need to master product knowledge, messaging and positioning, and the company’s business practices, among other things. It’s no wonder that research shows on average it takes 9-12 months for new sales hires to become fully productive. Even with the best on-boarding practices and training courses, sales reps, resellers, agents, brokers and in-store associates still refine their skills through trial and error. Sales knowledge management tools can help cut ramp time in half by keeping sales professionals ‘on-message’ after training delivery, providing relevant answers on-demand and eliminating the guess work associated with trial by fire.

#### **IMPROVE OUTCOMES FOR PRODUCT LAUNCHES AND NEW PROGRAMS**

After product management releases new widgets, services or after product marketing introduces new programs or promotions, there is always an onslaught of questions, emails and phone calls that typically start with “how do I?...” or “what about?...” Sales knowledge management not only eliminates these repetitive questions but also shares the tips and tricks learned in the field so organizations can improve success metrics on campaigns, product launches and programs. Each of these translates to improved sales results.

#### **INCREASE AVERAGE SALES PRICE**

Sales knowledge management solutions help sales channels create linkage between products and/or services so sales channels can better position a complete solution. These knowledgebase solutions not only go beyond information on ‘what to bundle’ but also provide coaching and mentoring of how to position the solution and how to better articulate value. Some sales knowledge management tools even allow end users to contribute comments in multiple formats. This allows distributed sales channels to

having access to the tips and suggested approaches, as well as presentations and other documents which have helped others close larger transactions. This user generated content can be rated and scored on its merit so others can see what knowledge and information is most likely to help in each selling scenario.

### **IMPROVE COMPETITIVE WIN RATES**

Many sales reps believe the only tool they have for improving competitive win rates is discounting. Sales knowledge management helps reduce the sales persons' dependence on discounting by providing real-time answers that go beyond how to position against the competition. It also helps reps go beyond the marketing playbook and tap into the 'tribal knowledge' acquired in the field on how others beat the competition. Messaging and positioning reaches a new level of effectiveness as a result. Moreover, these systems provide access to knowledge around the clock and across time zones, overcoming the challenges to knowledge sharing associated with a globally distributed sales force. Now competitive knowledge becomes available to sales professionals at the moment of greatest need.

### **FACILITATE ORGANIZATIONAL CHANGE**

The economic climate has thrown us some challenges that have affected the landscape of sales operations. Transferring territory assignments, shifting from geographic coverage to discrete industries and mergers/acquisitions represent just some of the changes that have been imposed on sales professionals and channels alike. In many ways, this is similar to the ramp up challenges a new hire faces. Imagine now, that on the day you make these changes, if your individual contributors had a method for addressing any question with the authoritative answer any time of the day? You would have a highly effective sales operation that could maximize many more selling opportunities.

Each of these areas translates to increased sales results. Sales organizations that take advantage of sales knowledge management tools not only achieve higher levels of sales effectiveness, they achieve higher levels of sales performance – more production per selling head, more reps meeting or exceeding sales targets, and sales organizations achieving higher rates of return through their sales effectiveness programs.

### **WHAT TO LOOK FOR IN SALES KNOWLEDGE MANAGEMENT TOOLS**

Sales knowledge management tools are capable of making a big impact on sales effectiveness in a short period of time. Unlike CRM and SFA tools that take months to implement and longer to drive user adoption, sales knowledge management tools can be in place and driving business value in weeks. But buyers beware – not all tools are the same. The vendors in this market range in both market experience and product capabilities. The more bases you can cover from this checklist, the broader the impact of your sales effectiveness programs:

#### **□ DESIGNED FOR ALL CHANNELS**

Look for a solution that was built from the ground up to address the specific needs of salespeople. The solution must be simple to use and work within the sales team's existing workflow and across distributed channels. If the same tool cannot support field sales, call center reps, in-store associates, resellers, independent agents and brokers all from one platform, then you don't have the right tool. Don't create multiple silos for each channel –



utilize one system that can steward knowledge to the right sources and tap into the knowledge in the field to grow your knowledge asset

#### **FREEDOM OF CHOICE**

For the individual contributor, it should allow access through the sales professionals' tools of choice, such as Microsoft Outlook®, a portal, or even a BlackBerry® or iPhone® devices. And for the corporation, it should provide incremental options as well, such as the ability to tap into existing repositories and information from external sources, rather than creating another silo and the flexibility to embed in systems, embed in workflow or simply act as the host application.

### *Sales-focused solutions mean higher user adoption*

#### **COMPREHENSIVE ACCESS TO KNOWLEDGE**

The ideal solution should give salespeople one place to go for the answers they need. It should store or reference document-based information such as presentations, white papers and specifications. The solution should capture questions and answers, informal know-how, tips, tricks and best practices. This requires a combination of technologies such as search, knowledge management, expert directories, rating systems, business rules and security as well as the ability to tap into knowledge that is already buried away across existing content silos.

#### **SELF MANAGING KNOWLEDGE**

Seek a solution that not only captures sales know-how but also automatically manages it as well. Self-managing systems contain configurable business rules that allow sales teams to constantly evaluate how knowledge is used, rated, and impacted by events. This capability is essential as sales knowledge is ever-changing and it rapidly evolves. A sales knowledge management tool must have the automation to keep pace with the rapid change of sales knowledge. This allows the knowledge to be managed by exception, greatly reducing the burden on support teams to keep information fresh.

#### **SOLICITATION OF SALES KNOW-HOW**

It is not enough to simply make sales knowledge available. It's also important to proactively reach out and capture what sales teams are learning in the field. This process should be simple, unimposing and automated. Ideally, business events should be able to trigger responses, such as winning a large opportunity over a specific competitor. Look for a solution that captures ongoing experiences on the front line.

#### **FACILITATED QUESTIONS AND ANSWERS**

Seek a facilitated question and answer capability that enables sales professionals to ask questions without having to know who they must ask. The system should automatically identify the right experts and direct questions to them and do this in an automated manner. Sales people may not know that there is a subject matter expert and correspondingly not know who



to ask or may not bother to ask in the first instance. Any solution should have inbuilt intelligence to support these processes.

#### **SCALABILITY AND SYSTEM SECURITY**

With high user adoption comes the requirement for high performance and ability to scale. Tread carefully here as not all systems are built to sustain hundreds or thousands of users. Look for systems with administration capabilities that help manage and automate the management of end user communities, content, business rules, and security. The system should allow for assignment of rights to system functionality and to sets of knowledge and information on both a content level and individual user level.

#### **REPORTING CAPABILITIES**

Look for a solution that can reveal usage patterns, enabling sales leaders to correlate usage with sales performance and effectiveness. The system should also allow content contributors to monitor the use and effectiveness of their contributions and collect information on how poorly received information can be improved to further help sales teams.

#### **CONSIDER WORK PROCESSES AND TECHNOLOGY FOR TODAY AND IN THE FUTURE**

Look for knowledge management solutions that can map to your business architecture today as well as model to the changes in the future. Business architecture represents your organization in terms such as business functionality, people, resources and products. Knowledge management solutions that connect these inter-dependencies and the interactions between each element are good solutions. However, knowledge management solutions that can adapt as these interactions and inter-dependencies change make for great solutions. Don't settle for good-enough solutions that get the job done today. Seek out tools that can support change and adapt to your business architecture without requiring you to throw the baby out with the bath water.

### **CONCLUSION**

While many companies have cut expenses to preserve earnings-per-share contributions, at some point cost cutting provides a diminishing return and has a detrimental effect on their organizations, channels, and partners. Companies can ill afford to wait for the economy to improve in the hope that their sales results will follow. Smart organizations take a proactive position to improve sales performance and address the sales effectiveness gap.

It's a natural course for companies to explore how to obtain incremental value from their existing technology investments, especially against the backdrop of a lackluster economy. Although CRM and SFA tools have been the center point for many sales organizations, research shows that the effectiveness of these tools can be greatly improved for improved sales performance. Companies are finding new ways to tap into their existing assets to improve sales performance. Best-in-class companies are now using sales knowledge management tools to share knowledge that is stored in corporate systems or was locked in the heads of top performers and subject matter experts.

These sales knowledge management tools help companies disseminate relevant knowledge throughout distributed sales channels so that sales professionals get the right information, when they need it, to improve their outcomes throughout the sales process. By shifting the focus from the 'what to do' to 'how to do' side of the equation, organizations have realized significant improvement in sales effectiveness. And improved sales effectiveness translates to tangible business results, such as compressing ramp time for new sales reps and resellers, improving effectiveness of product launches and promotions, improving competitive win rates, and improving overall sales performance.

## ABOUT THE AUTHOR:

Dave Batt is CEO and founder of StreetSmarts, Inc., a vendor with a unique approach to driving organizational performance across a distributed workforce. Dave started his career running sales, service and distribution organizations; implementing strategies to improve sales productivity across distributed channels. Later in his career Dave took on executive roles with technology vendors like Siebel, Oracle, Microsoft and Sage Software, where he led product and business development strategies for multi-national operations. Mr. Batt continues to deliver insightful views on how companies can improve operational excellence, organizational performance and lower operating costs through the proper balance of people talent, business strategy and technology automation.

## ABOUT STREETSMARTS®

StreetSmarts® was first introduced in the market in 2003 as an Internet application with innovative capabilities - An enterprise-class application built upon one of the first consumer-focused "word of mouth" recommendation platforms for the Internet. StreetSmarts® evolved further in 2004 and released the first SaaS platform combining social networking, collaboration, knowledge and content management, to provide an enterprise knowledge automation solution designed to collect, capture and disseminate valuable organizational knowledge the moment it is required – available via any device, application or through the web. Unlike the social media tools available today, StreetSmarts® is engineered for organizations from the bottom up, with the appropriate business processes, security and auditing capabilities so necessary for social media initiatives across the enterprise.

StreetSmarts® continued its rich heritage of innovation with the release of StreetSmarts® v5.0 in January 2009. This enterprise-caliber application is optimized to help companies drive organizational performance throughout their diverse and distributed workforce. StreetSmarts® takes a unique approach to the market by connecting to existing business systems to extract value from an organization's existing knowledge bases, capturing know-how that was previously locked in peoples' heads and disseminating relevant information to people on-demand so they can do their jobs better.

Because of its adaptive, lightweight nature and built in usability features, StreetSmarts® is able to provide a working solution specific to each client's business requirements in a matter of days, rather than months of complex software deployments. In addition, this also allows clients to quickly react to changing new business practices and external market conditions without the need for massive customization or programming.

For more information on StreetSmarts®, visit [www.streetsmarts.com](http://www.streetsmarts.com), email [info@streetsmarts.com](mailto:info@streetsmarts.com) or call +1 650 351 1890

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